

PROPOSED BUDGET

No concrete plan on rail network

HASAN JAHIH TUSHER

Efforts to improve rail networks across the country, a core demand of the people, appear realistic rather than realistic in the proposed budget as no concrete plan or priority was set.

Like previous years, names of some projects have been featured prominently in finance minister's budget speech about the rail sector.

What AMA Muhith said was surely encouraging for development of the rail sector, but his proposed budget hardly offers any plan or vision to improve rail networks except increasing the allocation. The railways ministry saw allocation 29 percent higher than the previous year's.

A 20-year Railway Master Plan was formulated in 2013 under which 235 projects were taken. Implementation of which would require Tk 2.33 lakh crore.

However, allocation of Tk 16,013 crore proposed for the railways ministry does not match with the master plan at any cost.

This allocation was about Tk 12,000 crore in last fiscal year.

Although allocation for railway's development has increased, execution

of the projects taken years ago is slow due to inadequate funding.

Muhith mentioned some progress in the rail sector, which includes transformation of 20.6km metre gauge line into dual gauge line, reconstruction of 21km railways, construction of 41 new rail bridges, procurement of 151 new passenger coaches, restoration of 59 passenger coaches and introduction of six new trains.

Insiders say most of the progress was made as part of the Indian Dollar Credit initiative. The Indian dollar credit fund is being spent on buying railway engines, coaches and wagons, but the project for expansion of rail networks has failed to see any headway, they add.

Of the rail projects, double-lining of Dhaka-Chittagong railway track has seen much progress, but rail communications would not begin through the Padma bridge when it would be opened for the public next year as the Padma Rail Link project saw hardly any progress in last one year.

The authorities are struggling hard to manage finance for this mega project even though Muhith claimed they had taken up a plan to construct

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Don't have a piece of land to set up a stall? Don't worry. You can be innovative like this vendor who runs a stall on a boat at the Sadarghat launch terminal in the capital. The photo was taken a few days ago.

PHOTO: ANISUR RAHMAN

ATTACK ON DU STUDENT BCL leader, seven others suspended by hall authority

A CORRESPONDENT

A student of Dhaka University was seriously injured allegedly by a leader of Chhatra League and his men in Bijoy 71 Hall on Thursday night.

Ismail Hasan, a master's student of anthropology department, was first given primary treatment at Dhaka Medical College Hospital. He was now undergoing treatment at DU Medical Centre.

Following the incident, the authorities of Bijoy 71 Hall yesterday suspended eight students, including Ariful Hasan Arif, vice-president of BCL DU unit and also a master's student of linguistic department, for torturing and beating Ismail.

The authorities also asked them to explain in three days why they would not be expelled from the hall permanently for the incident.

Ismail said he had a little collision with Ariful while he was eating along with his three friends in their hall's departmental store. After that, Arif hit him with a water jar without giving him a chance to talk.

"Later, some BCL activists of Bijoy 71 Hall joined Ariful and beat him up mercilessly, leaving him critically injured," said one of Ismail's friends.

Contacted, Ariful said, "I beat up Ismail for his misconduct. There's no political connection with this incident."

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37 dead in Manila

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robbery attempt by a "deranged" man.

"This is not an act of terror. There is no element of violence, threat or intimidation that leads to terrorism," Dela Rosa told reporters.

However, 37 people died from inhaling smoke from a fire that spread quickly because of flammable carpet on the gaming room floors, local police chief Tomas Apolinario told AFP.

Four of the victims were from Taiwan, according to the Taiwanese government.

The gunman initially disappeared into the chaos of smoke and running people, leading to a five-hour manhunt through the complex, which also includes a hotel and shops, according to Dela Rosa.

He said the assailant, who appeared to be a foreigner because he spoke English and looked caucasian, was found just before dawn in a hotel room having committed suicide.

"He lay down on the bed, covered himself with a thick blanket, apparently poured petrol on the blanket and burned himself," Dela Rosa said.

TERRORISM FEARS

Before the gunman had been killed and police had given any motive, there was an unconfirmed claim of responsibility from the Islamic State group. US President Donald Trump also branded it a "terrorist attack".

Later yesterday, the IS group's self-styled Amaq news agency carried a brief message in Arabic on Telegram, which said: "Islamic State fighters carried out the attack in Manila in the Philippines yesterday". It gave no further details.

But Filipino officials were adamant it

was not related to terrorism, and was the work of an individual.

"This particular situation in Manila is not related in any way to a terrorist attack," presidential spokesman Ernesto Abella told reporters.

Dela Rosa said the man, acting alone, walked into one of the gaming rooms and fired the rifle at a large television screen, then poured gasoline onto a gambling table and set it alight.

He said the man then fired again at a stock room containing gambling chips and filled a backpack with chips worth 113 million pesos (\$2.3 million).

The man left the room and went upstairs to the hotel section, but left the backpack, according to Dela Rosa.

The police chief said 18 of the 54 injured people were in hospital. He said the others sustained only minor injuries.

SCREAMING GUESTS

People inside the casino recounted a terrifying ordeal when the shooting broke out.

"I was about to return to the second floor from my break when I saw people running. Some hotel guests said someone yelled 'ISIS'," Maricel Navaro, an employee of Resorts World, told DZMM radio.

ISIS is another acronym for the Islamic State group.

"When we smelled smoke, we decided to go for the exit in the carpark. That's where we got out. Before we exited, we heard two gunshots and there was thick smoke on the ground floor," Navaro said.

Outside the complex, relatives of people trapped waited yesterday to hear news of their loved ones.

New VAT system won't hurt people

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The budget is ambitious but implementable, he said.

"Every budget is ambitious. Have you ever seen a budget smaller in size than those in previous years?"

He said the country is now going through a different level of development. "We have moved from one plateau to plateau. Now, we are moving towards another plateau."

Muhith said he didn't give any scope for legalising undisclosed money in the last two fiscal years, and undisclosed incomes were legalised as per the existing rules.

About irregularity in the banking sector, he said irregularity takes place in banks in every country. "We are trying to check it."

Muhith said that no "looting" was taking place in the private sector. "There are problems in one or two banks. The banks concerned and Bangladesh Bank are looking into it."

In the proposed budget, excise tax has been raised to Tk 800 from the existing Tk 500 on each bank account having a balance between Tk 1 lakh and Tk 10 lakh at any time of a year.

"It is very difficult to define the rich. People with deposits of Tk 1 lakh or more are affluent enough. They have the ability to bear the additional burden of the increased excise duty."

He said the size of the budget increased to Tk 400,266 crore from Tk 99,962 crore in 2008-09 with enhancement of the government's implementation capacity.

"How could any questions be

raised about the implementation capacity? Rather, it should be praised."

The government has been putting emphasis on private sector investment since it came to power in 2009, he said, adding that the private sector makes up 80 percent of the economy.

"We know that the country's development will not be possible without private sector investment."

Muhith said a lot of foreign aid is stuck in the pipeline. "This money has to be used... We have taken steps to enhance utilisation of foreign aid."

On job creation, he said one percentage point increase in GDP growth results in creation of three lakh jobs.

Referring to gas price, he clarified that he had not said gas price would be increased anytime soon.

The government plans to start importing liquefied natural gas (LNG) from the next year. Once imported LNG is added to the pipeline, gas prices would have to be adjusted to the prices on the international market, said Muhith.

"When this happens, we will need to raise the gas price."

Muhith said the government would review the interest rate on savings certificates in next two months to narrow the interest rate gap between the savings instruments and the bank's deposit rates.

If the interest rate gap remains very high, this would distort the market, he pointed out, adding that the government plans to review the deposit rate of savings certificates every

month.

Muhith said the government is taking steps to bring down costs of sending remittance.

Agriculture Minister Matia Chowdhury said rice prices went up recently as an impact of sudden floods in the haor areas.

"The prices will come down very quickly as we have taken steps to import rice under government-to-government arrangements."

The relief work, particularly related to food, would continue in the haor areas until the next harvest time, she added.

The planning minister said the investment-to-GDP ratio has gone up to over 30 percent. "It is important because if we don't have over 30 percent investment-to-GDP ratio, we will not be able to attain more than 7 percent GDP growth."

He hoped the finance minister, in consultation with the prime minister, would review some of the issues in the proposed budget.

Bangladesh Bank Governor Fazle Kabir said state banks have been recapitalised because they provide various services to the customers such as channelling payments for government projects, social safety net allowances and utility bill payments without charging any commission.

"We are trying to improve the asset quality of state banks. Once their asset quality improves, they won't need recapitalisation."

MA Mannan, state minister for finance, and Md Nojibur Rahman, chairman of the National Board of Revenue, also spoke.

Fresh taxes may fuel inflation: CPD

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Debapriya said the finance minister proposed raising the government's expenditure by a whopping 26 percent without giving any clear outline of how the implementing agencies, with their existing capacity, would efficiently manage the higher allocation.

Although the CPD didn't disagree with the government's expectations and aspirations, it expressed doubt about the methods for executing the proposed budget.

Debapriya said the budgetary structure creates a financial illusion as the reality does not match the figures used to frame it.

"Most surprising is the deficit financing part. It appears that a huge spiral in foreign financing was shown to match the figures," he said, citing an 80 percent growth projection of gross foreign aid flow in fiscal 2017-18.

The finance ministry showed that \$7.6 billion of foreign aid would fly into the country in the next fiscal year, which would be a record.

Bangladesh managed to utilise foreign aid of \$2.7 billion at most in a fiscal year, which was in fiscal 2015-16.

Noting the allocations in various sectors, the CPD said the provisions for agriculture and allied sectors are higher than the outgoing fiscal year's, but their share in the total budget is contracting over time.

Debapriya also said the allocations for education and health sectors were still low in terms of the country's gross domestic product.

On tax measures, the think-tank said the tax-exempted threshold, which has been kept unchanged at Tk 2.5 lakh, is relatively lower in

Bangladesh.

"There is scope to raise this," it said, while citing the tax-free income ceiling in India, which is Rs 2.5 lakh -- equal to about Tk 3.13 lakh.

The CPD also believes the minimum tax rate should be reduced to 7.5 percent instead of 10 percent to encourage more people to pay taxes. The income tax on the first slab is 5 percent in India and 4 percent in Sri Lanka.

The civil society body said no clear implementation plan to enforce the new VAT law was given in the budget proposal and neither an assessment of the additional revenue generation from its implementation from July 1 was made public.

"Effective implementation of the act will be uncertain and challenging," the think-tank said.

CPD Distinguished Fellow Mustafizur Rahman said the government gave a big concession by way of exempting many goods and services from VAT to reduce the pressure on people.

The list of items for supplementary duty was not changed amid demands from businesses to protect domestic industries.

"But primarily we think that prices will rise," he said, adding that it cannot be said that the measures have been framed to gain popularity.

"There are some areas where there is a tax burden," Mustafizur added.

The CPD said VAT would be imposed at a uniform rate on the supply of gas and electricity.

CPD Research Fellow Towfiqul Islam Khan said the NBR advised the Power Division not to increase the prices of electricity and to claim rebate after imposing 15 percent

VAT.

But it appears that the government may need to increase subsidy if the retail prices are not increased.

"The government's policy decision is unclear in this regard," he said.

The CPD said a number of targets -- such as the 7.4 percent GDP growth and the 5.5 percent inflation goals -- set by the government for next fiscal year were tenuous, while the aim to increase the foreign aid flow would be "impossible to attain".

Private investment of some Tk 66,000 crore and public investment of nearly Tk 50,000 crore will be required in fiscal 2017-18 to achieve the targeted growth.

The CPD, however, said economic growth does not become meaningful unless enough jobs are created and the unemployment rate brought down.

Citing the Labour Force Survey, it said 4.7 lakh people got jobs per year between 2013 and 2016, down from 13.3 lakh between 2010 and 2013.

During 2006-2010, 16.8 lakh people got employment annually.

Net employment in the manufacturing sector has fallen 9 percent. The decline in female labour force was 11 lakh at a time when the manufacturing sector posted 11 percent average growth during 2013-2016, the CPD said.

Debapriya said the decline in manufacturing sector jobs indicates the changes in the investment scenario.

"It needs to be investigated where jobs are being created and what types of jobs are those. It appears that the economy is going through a big change," he added.

Fahmida Khatun, executive director, and Khondaker Golam Moazzem, research director of CPD, also spoke.

Many houses torched in Rangamati

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However, there was no official confirmation about it and The Daily Star could not independently verify the claim.

Following the attack beginning around 10:00am, some 300 Chakma families from three villages fled their homes in panic, according to community people.

Some unverified photos posted on Facebook show dozens of men, women and children carrying backpacks and handbags crossing a canal, presumably to safety.

The district administration has imposed section 144 in the area around noon, prohibiting large gatherings. But several attacks were reported even after that.

Tension was running high in the area since Thursday evening, after police recovered the body of Nurul Islam Nayan, lying beside a road (Khagrachhari-Dighinala) at Charmile in Khagrachhari, a bordering district of Rangamati.

Nayan was the organising secretary of Longadu sadar union Jubo League, a pro-Awami League youth body. He used to carry passengers on his bike in and outside Rangamati for living.

His body was brought to Rangamati yesterday morning from Khagrachhari district hospital, where the autopsy was done.

Several hundred Bangalee people then brought out a procession in Longadu Sadar around 9:00am, carrying his body. They claimed Nayan was killed by indigenous people.

Before the procession they held a rally in Sadar area. There, Shafiul Islam, general secretary of Longadu upazila Jubo league, said two indigenous men hired Nayan's bike and that he was found dead after that.

Indigenous people refuted his claim. They said the two people who hired the bike were Bangalees.

Leaders, activists and supporters of all other political parties also attended the rally and the procession, locals said.

Later, the agitators attacked the indigenous people's homes, first in Tintila village and then in Manikjurchara and Battyapara, community people said.

Some 80 indigenous families are believed to live in Tintila village alone.

Shafiul admitted to have brought out a "peaceful" procession but said he had no idea who carried out the attack.

Police arrested at least three people over the attack.

Talking to The Daily Star, Abu Tayeb, project implementation officer of Longadu upazila, said they were making a list of burned homes. "So far we have made a list of 110 such houses."

Mominul Islam, officer-in-charge of Longadu Police Station, told this newspaper that some Bangalee people brought out a procession accusing "Pahari (hill) people" of killing Nayan.

"The procession turned rowdy and they [protesters] carried out vandalism in different areas."

But he downplayed the scale of the attack, saying some 10 to 15 homes of "Pahari people" were vandalised and torched.

Asked about the unconfirmed reports of a number of deaths, he said, "Nobody was killed in the attack."

He added police were yet to establish who killed Nayan and why.

Kiron Prasad Chakma of Tintila said they informed the local police and the army as soon as the Bangalee people started gathering for the procession. "But police did not act fast enough."

The OC dismissed the claim, saying

"Army men were deployed. But things did not happen as promised by the protesters."

Lt Col Rashidul Hasan, director, Inter-Services Public Relations Directorate (ISPR), told The Daily Star by phone that following the attack, members of joint forces were deployed to bring normalcy in the area. He, however, could not provide any detail of the attack and its degree.

Protesting the attack, the Dhaka city unit of Parbatya Chattagram Pahari Chhatra Parishad held a rally in front of the national museum.

Speaking at the programme, Ananya Chakma, who studies at Dhaka University, said she was planning to go home for summer vacation but her house was attacked.

"Where will I go now?" she said.

CONDEMNATION

Different rights organisations, including Ain o Salish Kendra, expressed deep concern over the attack and demanded the arrest and punishment of the attackers.

In a statement, ASK said the attack on the homes and shops of the hill people even after law enforcers, army and local administration were informed is unexpected.

Democratic Youth Forum in a press release said leaders of eight hill tract organisations, including Parbotto Chattagram Nari Sangho, Gonotantik Jubo Forum and Hill Women's Federation, strongly protested and condemned the incident.

President of Sammilita Samajik Andolon Ziauddin Tarek Ali and its General Secretary Saleh Ahmed also condemned the attack in a statement.

(Our Rangamati and Khagrachhari correspondents contributed to the story.)