

## Why even bother?

### Reducing fuel prices by Tk 5 won't ease people's suffering

LESS than a month into the highest ever hike of fuel prices in the history of independent Bangladesh, the government has done what experts and the common people have been demanding: revise the fuel prices. However, the amount by which they have reduced the prices is so meagre – and so thoroughly insufficient to address the corresponding increase in the cost of living – that we can't help but ask: Why even bother?

On August 29, the government reduced fuel prices by only Tk 5 per litre. The prices of diesel and kerosene have been lowered to Tk 109 per litre from Tk 114, which was set on August 5, raising the price from Tk 80. The cut constitutes a reduction of less than four percent compared to the increases by 42.5 percent in prices of diesel and kerosene enforced 24 days earlier.

Notably, the cut came only a day after the National Board of Revenue (NBR) reduced the import tariff on diesel by 11.25 percent in order to cut import cost. Following the unprecedented fuel price hike, economists and energy experts had suggested reducing import tariffs to reduce the prices, instead of shifting the burden on to the end consumers who are already struggling to make ends meet in an increasingly volatile economy. But unfortunately, we do not foresee the consumers being able to reap the benefits of this decision. The prices of essential items have already witnessed a sharp increase; launch fare was hiked by 30 percent, and bus fare by 22 percent on long routes and 16.3 percent on city routes. Can we expect to see prices of any product to go down because of a Tk 5 reduction in fuel prices? The answer is a definitive no.

Over the weeks, economists and energy experts have provided sound suggestions to counter the fuel price hike. For one, the Bangladesh Petroleum Corporation (BPC), which has been crying over incurring a Tk 8,014.51 crore loss in the last six months, could have utilised the Tk 46,858 crore profit it made since 2015. The government realised Tk 10,000 crore from the BPC in 2020 and 2021 alone, in addition to the revenue from VAT and other taxes. Where did the money go? The government is yet to disclose the details, despite repeated appeals for transparency from different quarters.

Ordinary people as well as businesses were already grappling with inflationary pressure in the economy brought about by the first round of fuel price hikes last November. The latest fuel price hike has thrown them into the throes of panic. We are saddened, but not altogether shocked, that the woes of the general public have failed to reach the ears of the policymakers. For everyone's sake, including that of the economy, we urge the government to reconsider its anti-people fuel hike and adjust prices to give them a break.

## Pension scheme bill a welcome move

### Govt must ensure efficient realisation of the UPS

THE need for a proper social safety net for Bangladesh's ageing population has been felt for a long time. Now, finally, the universal pension scheme (UPS) promised in the ruling party's 2008 election manifesto is picking up steam. We are glad to know that the draft Universal Pension Management Bill 2022 was placed in parliament on August 28. It is now with the relevant parliamentary committee for them to scrutinise and submit a report on within two months.

Under the UPS, citizens (including expatriates) aged between 18 and 60 years can pay an annual premium to receive a monthly pension of Tk 64,776 after the age of 60 and until the age of 75. The amount of this premium will be determined by a rule under the proposed law, but a citizen will have to make contributions for at least 10 years in order to avail the pension amount. And if an elderly person dies before the age of 75, a nominee will receive their pension for the remaining period.

The population of Bangladesh has an average age of 26 years, and the number of elderly persons is increasing alongside the life expectancy (currently at 73 years). As such, it is great to see the government putting a pension scheme in place in order to support those suffering from unemployment, disease, paralysis, or penury during old age. However, we cannot help but feel a bit cautious, given the government's streaky record when it comes to welfare programmes and the fact that they have only now begun implementing a scheme they had proposed 14 years ago. The opposition party's concerns that the proposed law may only be used for "doing business" must also be taken into account. Corruption is nothing foreign in large-scale government projects, and the UPS, which would include direct handling of citizens' money, could go wrong easily if ill-willed public officials become involved.

We urge the government to speed up the revision and approval of the Universal Pension Management Bill 2022 in a way that maximises benefits for citizens. Given that there is little scope for pension outside of the public sector, a centralised scheme such as the UPS is highly welcome as it can provide assistance to one of the most vulnerable sections of society. We hope the government will ensure transparency and efficiency at every stage of the realisation and implementation of the UPS.

## LETTERS TO THE EDITOR

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### People's safety on public transport

Heinous robberies are happening on our highways, especially on long distance routes. Buses are stopped late at night on deserted roads, looted, and women passengers are assaulted. In order to ensure passenger safety, the authorities must take effective measures. While public awareness should be raised, people should also have the option of calling 999 in such situations.

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# BB policies have begun to work



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BANGLADESH, which has been going through financial difficulties for several months now, can finally see a little light at the end of the tunnel, because a couple of good policies have started to kick in. Making the value of the US dollar float based on the market demand and supply is the best among the policies enforced since early this year, when macro instability began to surface. The floating exchange rate policy was introduced in 2003, but in the early 2010s, a few old-fashioned advisers at the Bangladesh Bank (BB) were gradually successful in reverting to a Pakistan-era policy, when the domestic currency value was artificially fixed and often overvalued. This is a populist stance, but harmful for trade balance

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and foreign exchange reserves. The central bank should not make the same mistake by walking backwards once the dollar crisis tapers off.

Customers and particularly politicians dislike the idea of letting the dollar's value float in the market, since the value skyrocketed to reach above Tk 115. Economists think the dollar's value should not be higher than Tk 110. While these stakeholders all have a point, BB's decision can be explained by German economist Rudi Dornbusch's theory of exchange rate overshooting. With the onset of multiple oil shocks, the inflation-tormented US economy faced the highest volatility in prices in the 1970s.



VISUAL: KAZI AKIB BIN ASAD

**Making the value of the US dollar float based on the market demand and supply is the best among the policies enforced earlier this year.**

That was more so for its exchange rate, sprouting confusions in policymaking. Dornbusch rightly pronounced the theory of exchange rate overshooting in 1976, which says the exchange rate will overshoot following its float, but it will eventually come back to the market-determined equilibrium. If you hold a football deep under the water, the ball will jump above the water level once it is released before it gets settled at a normal float. Since the dollar was artificially depressed below the market-desired level in Bangladesh, the world's strongest currency just overshot once the central bank was eventually compelled to unleash it.

The overshooting in Bangladesh was worse than what he predicted simply because Dornbusch did not know about the currency devils in the country who make abnormal profits through arbitrage and illicit hoarding. Nor did he know about the money launderers who siphoned off more dollars than usual, aggravating the crisis. The Bangladesh Bank's policing and catching on currency manipulators has been quite effective and praiseworthy.

The concern is that the forex reserves are depleting and are still under pressure. Trade deficits are widening without encouraging notes. And that is

follows a down-and-up path in the wake of a good corrective policy. In 1973, American economist Stephen Magee used the concept of a J-curve in American trade balance, which followed a downhill in 1972 despite the US currency devaluation in 1971. But it displayed an uphill growth in 1973. The path looks like the English letter "J" – hence the name. The time to reach the recovery varies across economies. Bangladesh is likely to see an improvement in trade balance and dollar availability in a year or less.

However, the central bank's efforts and innovations must continue to control imports, expedite exports, and rationalise the channels of remittance. While most countries have moved to electronic remittance for speed and certainty, Bangladeshi exchange houses in overseas are still making remitters follow the mediaeval procedures of filling out forms, writing cheques, labelling addresses in the envelopes, mailing them, and waiting for days, if not weeks, until the money really reaches the Bangladeshi destinations. The Bangladesh Bank should remove the bureaucracy and advise other banks and exchange houses to adopt the fastest and simplest avenue to send remittance. Doing

so will dampen the spirits of hundi culture, diverting more funds through official channels and may add another extra five billion dollars to the annual accounts or remittance. The central bank must discover the best practices in this regard. Although remittance is almost half of export income, its modernisation and swiftness will add more peace and safety to the country by raising its volume.

The measures of austerity by the government, restriction on luxury good imports, and the central bank's steps to tighten imports have started to slow the pace of import. Big loans must be controlled while encouraging the loans for small and medium enterprises – which will generate ample employment opportunities. Big loans never care for the interest rate because they will default by plan; the current economic slowdown will be another good excuse for them to default on loans again in the future. The central bank should push the politically pampered, habitual defaulters towards the capital market, while taking good care of the small entrepreneurs for the sake of employment and safe banking.

Despite some successes, the central bank's failure to free the lending rate from the government-imposed nine-percent ceiling will dampen much of its policy effectiveness achieved so far. Inflation will not be tamed without putting a brake on big loans. The government's untimely fuel price adjustment has added salt to the wound caused by inflation. This proves that Bangladesh's policymaking is always behind the curve, and its fiscal authority, or the finance ministry, pays no attention to the central bank's goals or the sufferings of the people from the flames of high prices.

It is valid to ask why fuel prices were not adjusted downward in 2014–2020, when oils in the international market were dirt cheap. That could have contributed to further growth acceleration and consumer benefits. Bangladesh will continue to face problems in the energy sector so long as the energy policy is not transparent and short-sighted. The country must dismantle the incompetent, corruption-prone Bangladesh Petroleum Corporation (BPC), and allow free import by private agencies so the prices are determined by the market demand and supply. Otherwise, the central bank will not be able to do its prime job of maintaining a moderate level of inflation that is conducive to higher growth and better development.

## Mahbub Talukdar: A Lonely Sherpa



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AN election commissioner in Bangladesh usually does not have a positive image these days. But Mahbub Talukdar was an exception. He spent the entirety of his five-year's tenure under strict and difficult conditions. The Election Commission (EC), headed by Chief Election Commissioner (CEC) KM Nurul Huda, did not have a good impression; rather, it lacked public trust and was known to be the EC of overnight voting and voterless polls.

Being a member of such a controversial EC, Mahbub Talukdar had a completely different impression among the people – that he performed his duty with integrity and sincerity. Staying true to his commitment towards the people of the country, he spoke the truth at all times, despite all the difficulties he faced. He boldly stated what others did not, pointing out the flaws in our electoral system, criticising overnight ballot-stuffing, which elections were rigged, and how democracy was under duress. He was one of those rare people who did not hesitate to call a spade a spade.

Before becoming an election commissioner, Mahbub Talukdar was well-known as an author. One of the country's finest authors, he wrote stories, poetry, children's poems, novels, plays and research-based articles. He wrote for almost all the top newspapers in Bangladesh. The weekly *Bichitra* magazine used to publish his novels in its heyday.

His identity as an author was overshadowed to some extent when he became an election commissioner. Two of his books, *Bongobhobone Paanch Bochhor* and *Amlar Amolnama*, can be considered as valuable documents on the power structure of Bangladesh.

It is known that Mahbub Talukdar was the assistant press secretary of Bangabandhu Sheikh Mujibur Rahman's government. After forming BAKSAL, Bangabandhu told him to stay with him. Like many others, he too received Bangabandhu's affection and care.

After Bangabandhu and most of his family members were brutally killed on August 15, 1975, Mahbub's luck ran out. He was made an OSD (officer on special duty), demoted, and subjected to injustice and unfair treatment. He wrote in his book *Amlar Amolnama*, "Being made OSD after the change of regime in 1975 was a matter of pride for me. It is as if I finally got the seal of approval. When Bangabandhu and his family were killed, accepting this minor inconvenience made me feel compassion. It seemed like a natural occurrence. Later on, I realised that nothing could be more honourable [than being made an OSD] for standing by Bangabandhu. I would not have cared if I lost my job."

Mahbub Talukdar transcribed Bangabandhu's autobiography. Bangabandhu narrated, and he recorded and wrote. Covering the events in Bangabandhu's life from his birth till 1954, a manuscript of 300 pages was typewritten and prepared. Mahbub left the manuscript at his

office on August 14, 1975. He could not retrieve it after August 15. Later on, Ershad burnt many documents from Bangabandhu's time in the government. It is assumed that the manuscript may have been among the documents that were reduced to ashes.

As his assistant press secretary, it was Mahbub's responsibility to record each and every one of Bangabandhu's speeches. He preserved speeches recorded in spoils, many important documents, personal letters written to Bangabandhu, Pakistani intelligence files on Bangabandhu and many other archival materials. He handed all of these over to Prime Minister Sheikh Hasina in 2019. He mentioned all this in his unpublished book *Nirbachonnama*.

As an election commissioner, Mahbub Talukdar was depicted as anti-Awami League and pro-BNP. It is true that BNP had suggested his name for the Election Commission. When I spoke to him about this, he said, "I heavily criticised Ziaur Rahman in my book *Bongobhobone Paanch Bochhor*. I was made an OSD for 1,223 days during Khaleda Zia's regime. I was close with Bangabandhu, Sheikh Kamal, Dr Wazed

Miah, Sheikh Moni and others. It pains me to speak against Bangabandhu's daughter Sheikh Hasina. But I have no other option if I think about the country and the nation's best interests. She is taking the country towards an unknown destination with fabricated elections and an authoritarian rule."

He elaborated on these thoughts in *Nirbachonnama*.

In 1971, Mahbub was a student of Dhaka University. Soon after, he went to Kolkata and joined the first government of independent

Bangladesh under Tajuddin Ahmed's leadership, working with the information ministry. He retired as an additional secretary in 1999. Throughout his career, Mahbub worked as the director general of many institutes including Bangladesh Shilpakala Academy. He also held critical secretarial roles in different ministries.

In the initial days of his career, Mahbub was a journalist working in the daily *Ittefaq*. He also taught at the then Jagannath College, Bangladesh University of Engineering and Technology (Buet), and Chittagong University.

Mahbub Talukdar was an organised, skilled, efficient and industrious individual. He did not confine his work to the role of election commissioner. He wrote a 1,200-page book detailing his observations, incidents of injustice and anomalies and incidents happening behind the scene during his tenure.

"This book cannot be published while I am still alive. It contains highly sensitive information. It will be published posthumously," he had said.

When Mahbub joined the Election Commission, he knew his days were numbered. Cancer had spread throughout his body. He contemplated his remaining years, but did not waste them thinking about death. He utilised every waking moment.

For five years in the EC, Mahbub Talukdar was like a lonely Sherpa. While the EC almost always maintained a servile attitude, he was an exception. He showed that there are still some people who have backbones, who can still take a truth-faring stance and challenge the overall status quo. Mahbub Talukdar's acts enraged the people in power, but gained people's love.

Mahbub was a man of many talents. He was a dependable bureaucrat, a skilled administrator, and a powerful author. The people of Bangladesh will remember him for his courage, firm stance, truthfulness and honesty.

**Translated from Bangla by Mohammed Ishiaque Khan.**