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The Daily Star

SECOND EDITION

DHAKA SUNDAY AUGUST 13, 2023

REGD. NO. DA 781 | VOL. XXXIII NO. 202 | SRABAN 29, 1430 BS | www.thedailystar.net | MUHARRAM 25, 1445 HIJRI | 16 PAGES : TK 15.00

AUSTERITY MEASURES

Govt misses the mark

Saves Tk 15,000cr against target of at least Tk 23,000cr last fiscal year

REJAUL KARIM BYRON

In the end, the government's austerity stance did not yield much savings last fiscal year.

When the cocktail of belt-tightening measures was announced on the first working day of fiscal 2022-23, it was hoped that at least Tk 23,000 crore would be saved during the course of the year, a development that would help push down the elevated inflation level.

In reality, the savings amounted to Tk 15,000 crore as per initial estimates, The Daily Star has learnt from finance ministry officials involved with the proceedings.

"The savings were not much as the belt-tightening measures were not implemented faithfully," said one of the officials, adding that the final calculation of the savings made would take some time to materialise.

Besides, save for the ban on foreign tours by government officials, all austerity measures were relaxed nine months into the fiscal year.

The centrepiece of the austerity stance was the ban on the purchase of vehicles, aircraft, helicopters, ships, boats or barges. That ban was lifted.

In fiscal 2022-23's annual development programme, projects were classified into A, B and C categories. The A-category projects could go on as normal, while up to 75 percent of the allocation for the B-category projects could be spent. All C-category projects were put on hold.

This criterion was relaxed in March. The B-category projects could spend up to 85 percent of their allocation, while the C-category projects that are nearing the end were allowed to proceed.

> **"The austerity stance was a good step but the coordination, institutional strength, political commitment and accountability were lacking. It seems the ministries didn't get the memo about savings."**
>
> **Selim Raihan**
> professor of economics at DU

Subsequently, last fiscal year's ADP implementation status was business as usual, with no reflection of austerity.

The government had allocated to spend Tk 149,016 crore from its own funds towards ADP. That was revised upwards to Tk 153,066 crore.

Eventually, Tk 125,162 crore of the government's own fund was spent on ADP, which is more or less the same as in previous years.

It is the same case when it came to non-development expenditure.

In the first nine months of fiscal 2022-23, which is the latest publicly available data, the growth in non-development expenditure was 15.9 percent in contrast to 15.82 percent a year earlier, as per the finance ministry's fiscal report.

Were the growth in non-development expenditure lower than in fiscal 2021-22, it would have been safe to assume that the austerity stance was working.

"It was a failure," said Ahsan H Mansur, executive director of the Policy Research Institute.

The government should have gone for more severe austerity measures and the implementation should have been strict.

"The pressure on inflation would have been much less and there would not have been much need to print money," said Mansur, a former economist of the International Monetary Fund.

The government borrowed more than Tk 90,000 crore from the Bangladesh Bank last fiscal year to meet its budget deficit.

"Deficit financing through monetisation fuelled inflation -- there was money injection into the economy, which created additional demand," said Zahid Hussain, a former lead economist of the World Bank's Dhaka office.

Subsequently, there was no reining in inflation last fiscal year.

Inflation averaged 9 percent last fiscal year, still above the revised target of 7 percent.

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Dengue patient Tasnima Akhter Toa is on a drip at the capital's Mugda Medical College Hospital yesterday. The seven-year-old has been undergoing treatment at the hospital for five days. The hospital's floor is packed with dengue patients as the number of cases continues to surge. PHOTO: ANISUR RAHMAN

DENGUE OUTBREAK

WHO issues 'high risk' alert

Urges immediate measures as 14 more die; 2,432 new patients in hospital

STAFF CORRESPONDENT

The World Health Organization on Friday labelled the dengue outbreak in the country as "high risk", while 14 more people died and 2,432 new patients were hospitalised yesterday.

In anunprecedented alert issued concerning the situation in Bangladesh, the UN body has urged immediate measures to control the Aedes mosquito and alleviate the disease's impact.

With the latest count, the current number of dengue cases recorded has reached 82,506, putting additional pressure on medical facilities and intensifying the demand for injectable saline and other drugs.

Meanwhile, the total number of fatalities has reached 387.

In this context, Health and Family Welfare Minister Zahid Maleque said that instructions have been given to import saline, if necessary, as the dengue cases have increased tenfold in the country.

According to Maleque, the daily requirement for injectable saline has shot up to 40,000 bags per day,

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Uncapped Tanzid in Tigers' Asia Cup squad

STAFF CORRESPONDENT

Bangladesh Cricket Board (BCB) yesterday announced a 17-member squad for the upcoming Asia Cup.

Opener Tanzid Hasan Tamim received his maiden call-up to the national side after an impressive run for the Bangladesh A side in the recent Emerging Asia Cup. The left-handed batter scored 179 runs in four matches including three half-centuries. He joins Liton Das and Mohammad Naim as the three batters for the opening position.

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Fears of diseases grow as waters begin to recede

Over 36,500 families affected in Ctg floods; roads to 3 upazilas in Bandarban still closed

STAR REPORT

The spread of water-borne diseases is now a major concern in Chattogram where receding floodwaters are revealing a trail of devastation.

Thousands of residents have been left without access to safe water, and an increased occurrence of diarrhoea, jaundice, typhoid and skin diseases may be imminent, health experts say.

"Between two and seven days after a flood, people usually get the symptoms of water-borne diseases," said Abdur Rob, associate professor of medicine at Chittagong Medical College.

People who got wet in floodwaters are also at risk of developing skin conditions, according to Barnali Barua, assistant professor of dermatology at the college.

Over 36,500 families have been affected by the flood in Chattogram, said administration officials.

At least 16 people had drowned in floodwater in Chattogram, said Saifullah Majumder, the district relief and rehabilitation officer.

Due to incessant rains, different areas in Chattogram saw

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Star BUSINESS

Banks face liquidity crunch

Most of the banks are facing difficulties in running their day-to-day banking activities owing to tightening liquidity caused by the dragging foreign currency crisis, slower deposit growth and lacklustre loan recovery.

This has forced lenders to turn to the call money market to secure funds in order to meet their payment obligations.

Multiple factors such as slower deposit growth, weak pace of loan recovery and the purchase of dollars by banks from the Bangladesh Bank have brought about the current situation.

STORY ON B1

Sixty-year-old Mohammad Rafiqul Islam is beaming after picking a fresh load of yet-to-bloom water lilies, the stems of which are a delicacy across the country, from a river in Barishal's Gaurnadi upazila yesterday. Every time he sells these at the local market, he gets to make around Tk 500-700. PHOTO: TITU DAS

10 held from 'militant den'

Counter-terrorism police bust 'new outfit' in Moulvibazar

MINTU DESHWARA *and* MOHAMMAD JAMIL KHAN

Counter-terrorism police yesterday arrested 10 people – six women and four men – in a raid on a suspected militant hideout in Moulvibazar.

The Counter Terrorism and Transnational Crime (CTTC) unit of Dhaka Metropolitan Police conducted the special drive, codenamed Operation Hill Sight, in a remote hilly region of the district's Kulaura area.

The new outfit – Imam Imam Mahmuder Kafela – follows the ideology of Ghazwa-e-Hind (Battle of India), and aims to establish control in the Indian subcontinent, CTTC chief Md Asaduzzaman told The Daily Star after the raid that ended around 10:30am.

Ghazwa-e-Hind refers to the Hadith that predicts the great battle for India, according to Hudson Institute, a Washington-based think-tank.

The arrestees include Shariful Islam, 40, Amina Begum, 40, Habiba Binte Shafiqul, 20, from Satkhira; Hafiz Ullah, 25, from Kishoreganj; Khairul Islam, 22, from Narayanganj; Rafiul Islam, 22, from Sirajganj; Shapla Begum, 22, from Pabna; Maisha Islam, 20, from Natore; and Sanjida Khatun, 18, from Bogra.

They also had three children with them, said Asaduzzaman, adding that the raid lasted about four and a half hours from around 6:00am.

Police recovered around 3kgs of explosives, 50 detonators, combat boots, boxing bags, several sacks of jihadi books and Tk 3.61 lakh in cash from their houses, he added.

Investigators said the detonators are neither handmade nor homemade.

"We suspect the detonators were illegally smuggled into the country," said a top CTTC official, requesting anonymity.

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