

Engine revs for high growth

VAT turns more pervasive; industry, agriculture get support; middle-class has reasons to feel down



PHOTO: STAR

Finance Minister M Saifur Rahman presents the national budget in the Jatiya Sangsad yesterday.

INAM AHMED

Pinning hopes on high-pitched industrial activities, robust agriculture and a wide cast of tax net, Finance Minister M Saifur Rahman yesterday went on a high gear while proposing the budget for fiscal 2003-2004.

Specially the readymade garments and textiles have much to toast. Taking cue from the post-multifibre arrangement (MFA) reality, he has also put special emphasis on revamping the textiles and readymade garment sectors. They get a wide range of incentives - from cuts in income tax rates to reduction of duty on raw materials.

But if anyone who is going to be hit by the budget is the budding middle-class with increase in duty incidences on a wide-ranging products - from cell phone set to milk to spices to car.

Saifur has approached the budget framework with a medium term vision, in line with the poverty reduction strategy.

A huge 51,980 crore expenditure, 18.4 per cent up from the current fiscal's, matches his vision for pushing the growth rate to 5.5 per cent in next fiscal and then to 6.5 per cent in FY06. He spelled his plan to increase public expenditure/GDP

ratio to 16.4 per cent in FY06 from the current 14.5 per cent.

In explaining his challenge, Saifur said, "The challenge in the current fiscal year has been to consolidate the success achieved in the past year and to further accelerate the pace of economic growth, develop a sustainable medium term strategy for economic prosperity and poverty reduction and to initiate appropriate programmes for implementation of that strategy."

But in going for high expenditure, he has to depend more on loans - domestic and foreign. Borrowing from banks will go up by 73 per cent and foreign borrowing is proposed to increase by 32 per cent. This will also lead to high interest repayment obligation in future.

To foot the bill for his ambitious spending programme, Saifur has proposed casting the tax net wider incorporating professionals, all establishments, election candidates and contractors. And his revenue receipt projection at Tk 36,171 crore shows a 16.2 per cent growth.

More emphasis has been given on identifying new taxpayers and monitoring tax realisation system. He also plans to employ audit, law

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Mixed bag on budget

STAR REPORT

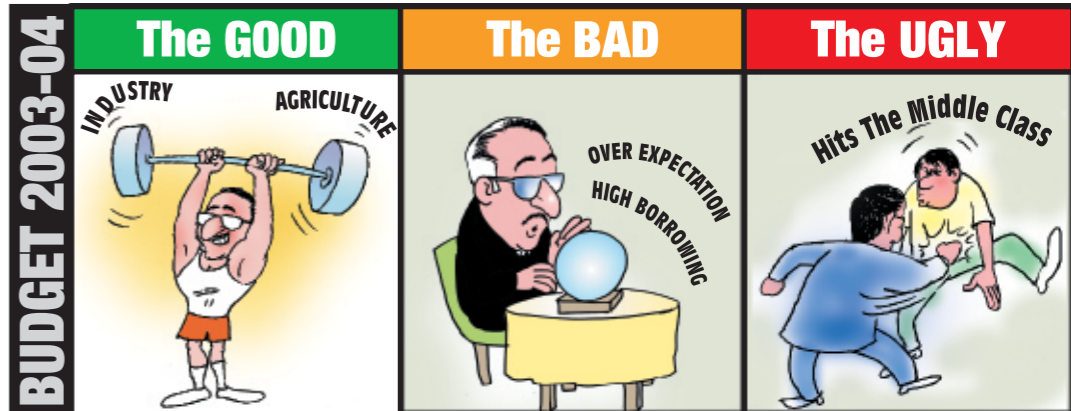
Economists and business leaders have expressed mixed reaction over the proposed budget for the 2003-04 fiscal, saying the policy package will have little impact on reducing 'discrimination in society.'

They stressed the need for improving expenditure quality under the Annual Development Programme (ADP) and added that positive steps in some areas will make no improvement if the issues like governance, corruption and violence are not properly addressed.

On the other hand, more emphasis on export-oriented industries and the agriculture sector are the positive sides of the proposed budget.

President of Bangladesh Economic Association (BEA) Qazi Kholiqzaman Ahmad said the proposed budget did not provide any sense of direction for reducing discrimination in society. "We have to look at the policy package. It will not lead to any improvement if steps are not taken to improve governance, curb corruption and control violence."

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Foreign financing swells on bloated deficit

STAR REPORT

Projecting a growth of 5.5 per cent for the next fiscal, Finance Minister M Saifur Rahman yesterday proposed a Tk 51,980 crore budget, 18.4 per cent higher than this fiscal's revised figure.

The huge jump in expenditure comes with a Tk 15,809 crore overall deficit, which is 23.66 per cent

higher than the revised deficit of this fiscal.

The proposed budget also aims a Tk 28,969 crore revenue expenditure, which is 14.5 per cent higher than the revised outlay of this fiscal.

Going for a high-level spending spree, he banked on Tk 9,309 crore in foreign financing, another big

33.17 per cent jump, much of which will from come foreign loans.

Foreign grants will see a little increase to Tk 2,596 crore or a meager six, a real worry for any finance minister. For, he will have to count more interests on foreign borrowing that has been proposed at Tk 9,805 crore, 32 per cent up from the revised figure of this fiscal.

And bank borrowing is also projected to increase by a big leap to

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Professionals' tax return now mandatory

Self-assessment made tougher

STAR REPORT

Drastic tax reform measures have been proposed in the new budget on the issue of self-assessment and tax returns by all business establishments and professionals.

Besides, pension income has been made tax free in the proposed budget. The budget has also pro-

posed to set up a central intelligence, monitoring and audit cell at the National Board of Revenue (NBR) to plug tax leakage.

Businessmen and professionals will have to pay a minimum tax of Tk 12,000 and directors of companies will pay a minimum tax of Tk 30,000 under the self-assessment scheme, according to the proposed budget. If

they do not follow the self-assessment procedure, their tax return will be assessed following normal procedures.

As far as mandatory tax return is concerned, the proposed budget said every business establishment having a trade licence must submit tax returns. Professionals - having a

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AL to file defamation suit against SQ Chy

STAFF CORRESPONDENT

Awami League General Secretary Abdul Jalil will file a Tk 1,000 crore defamation suit against the Prime Minister's Parliamentary Affairs Advisor Salauddin Quader Chowdhury.

"Legal preparations are under way for filing the case within the next couple of days. I'll file the case as general secretary of the party (AL) as Salauddin Quader Chowdhury

defamed the Awami League by terming it an anti-religion party," Jalil told The Daily Star last night.

He referred to an interview given to a Bangla daily where Chowdhury termed the AL an anti-religion party.

On Wednesday last, Chowdhury filed a defamation case with the CMM court accusing Jalil of making defamatory comments about him in a letter to the prime minister on June 2.

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SQ Chy's case transferred to metropolitan magistrate

COURT CORRESPONDENT

The defamation case against The Daily Star Editor Mahfuz Anam, the Prothom Alo Editor Motiur Rahman and Awami League General Secretary Abdul Jalil was transferred to a metropolitan magistrate for trial yesterday.

Chief Metropolitan Magistrate

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BUDGET 2003-04

UP

Less Smoke More Fire:
Supplementary Duty up to 45% from 30%

Too Hot to be Cool:
Supplementary Duty up to 40% from previous 30%

Spice too hot to touch:
New duty of 25% imposed

Bitter Fruits: supplementary duty up to 40% from 30%

Hot Refrigerator:
New duty of 15% imposed

Cars flying too high:
Supplementary duties on 3 types of cars go up to 0 to 15%, 20% to 40% and 60% to 75%

DOWN

Boozers Rejoice:
Supplementary duty on hard drinks reduced to 250% from 350%

Diamonds & precious stones are forever this year:
Customs duty cut down to 7.5% from 32.5%

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Budget projects govt's failure, says AL

STAFF CORRESPONDENT

Former finance minister Shah A M S Kibria yesterday termed the proposed budget for the 2003-04 fiscal 'a document of the government's failure' and said it would leave negative impact on the economy and raise the prices of essentials.

By reducing customs duty on diamond and alcoholic drinks and slapping supplementary duty on salt, spare parts of cycle and rickshaw, the four-party coalition government has proved that it is against

the common man, he said.

He was speaking at an instant press briefing by the Awami League (AL) at the Sangsad Bhaban following presentation of the proposed budget by Finance Minister M Saifur Rahman in the House.

AL General Secretary Abdul Jalil, Deputy Leader of the Opposition Abdul Hamid, AL International Affairs Secretary Syed Abul Hossain, Opposition Chief Whip

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Shah A M S Kibria