

Subsidies on farm inputs should remain : DCCI

recommended that the system may be kept in abeyance till July 1992, he said.

Imposition of duties on gas, electricity and fertilizer has been proposed in the budget. These need to be reconsidered. Rather it is proposed that by improving expertise and removing corruption and arresting system-loss of 50% in electricity distribution government income can be enhanced in this sector. In that case imposing of new duties on these items at the cost of users will not be required.

In the interest of saving, investment and development of sharemarket, it is suggested that Dividend Income should be tax-free as before and avoid double taxation. Otherwise, our already weak sharemarket is likely to become stagnant.

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Expressing his satisfaction Rahman said that in quite a few areas reduction of tax and duties has been proposed in the budget. To name a few withdrawal of development surcharge (DSC) on imported goods, regulatory duty on agricultural equipment, auto-rickshaw engine, automobile parts, 2.5 Kg tinned milk, etc. But actually it is found that import duties on power milk, BP Sheet and raw materials of aluminium utensils have not been reduced, rather there has been an increase of duties on these items. BP Sheet in Coil now charged 30 per cent instead of 20 per cent announced in the budget. This anomaly should be eliminated, Rahman said.

In quite a few cases admirable steps have been taken

in this budget, namely, increase of duties on luxury items like VCR/VCR components, collection of 5 per cent tax at source for TP Certificate, increase of Wealth Tax ceiling to 50 lac for self-occupied house, withdrawal of 15 per cent surcharge on income tax etc. This step is expected to bring good result in the relevant sectors.

The Chamber President further opined that in the context of over all economy of a developing country like Bangladesh it is very difficult to formulate an acceptable budget.

In this perspective government should take necessary steps to divert funds to the development sector by way of reducing administrative cost and loss in the public sector, he added.

Adequate measures needed to encourage investments: MCCI

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Metropolitan Chamber of Commerce and Industry (MCCI) Dhaka congratulated the Finance Minister for presenting 1991-92 budget which is oriented towards domestic resource mobilisation and deregulation.

In a statement on Thursday, MCCI President Syed Manzur Elahi said most of the budget proposals with particular reference to withdrawal of development surcharge, withdrawal of TP certificate, reduction in tax payment while filing appeal before the High Court, exemption of gain tax on sale of vacant land, proposal for acceptance of audited accounts in the case of public limited companies, etc. Raising of ceiling of income for submission of wealth statement, reduction of investment by tax holiday companies, raising of ceiling of exemption of resi-

dential house, etc. are welcome. However, we feel that there should have been adequate measures for encouraging investments, he said.

MCCI opined that presumptive assessment scheme is welcome but adequate safeguard against misuse should be provided in the rules.

Administrative reforms proposed in the budget for mobilisation of internal resources are bold steps and should be put into effect at the earliest, MCCI statement said.

The press release said the decision to introduce a system of declaring VIPs for income tax assesses is welcome. We expect that this will encourage proper tax-compliance.

However, increase in duties will adversely affect the pharmaceutical industry. Increase in custom duties for plastic sheets to 75 per cent will con-

siderably increase cost of production in pharmaceutical sector because such sheets are used for blister packing. Further, rate of custom duties on glass ampoules has been increased to 30 per cent from 10 per cent. For pharmaceutical industries, increase in custom duties for plastic sheets and glass ampoules should be reverted to the previous level, the statement added. MCCI chief said, we also welcome the budgetary proposals to reduce duties on essential medical services, modernise education system and measures adopted to help reconstruction and rehabilitation efforts following the recent cyclones and tidal bores.

Finally, MCCI President thanked the Finance Minister for having presented a people oriented budget.



Indiscriminate use of wood as fuel in brickfields are resulting in ecological imbalance and deforestation. —Star photo

Chittagong Chamber of Commerce and Industry (CCCI) has welcomed the proposed budget for 1991-92 and termed as a "pragmatic and welcome" one.

In a statement, President of the Chamber Amir Khasru Mahmud Chowdhury expressed the hope that the measures, proposed under the budget, to help develop the infrastructures in education, health and human resources development would go a long way for boosting economic activities for sustained growth.

The rehabilitation of the cyclone-affected people will be accelerated through the implementation of the new budgetary measures, he observed.

He stated that the democratic government presented the budget in a short time. The budget reflects the government's prime objectives to establish a liberal market economy through provision of effective measures to remove the anomalies or discrepancies between the private and the public sector, he observed.

The CCCI President that the new fiscal measures as

Reconsider customs duty : NCCI CCCI terms budget as pragmatic

Star Economic Report

were proposed by the Finance Minister would help simplify the taxation system in a well-coordinated manner, thereby augmenting revenue earnings of the government.

Narayanganj Chamber of Commerce and Industry (NCCI) has urged the government to reconsider the tax proposals about raising the customs duty by an additional 10 per cent to replace the development surcharge.

In a statement issued to the press, the Chamber demanded the withdrawal of addition customs duty on cotton yarn imports in particular and to lower the tariff value for the item to curb smuggling.

The Chamber suggested that the duty structure and the

existing tariff value for soyabean and coconut oil imports should be readjusted keeping in view the trends in the international market. It stated that the proposed enhancement of excise duty on gas would adversely hit the household sector, besides trade and industry.

It suggested the lowering of the prices for momentum of economic activities in agriculture and transportation sectors.

The chamber appealed to the government to take a special note of the difficulties faced by the units in jute and jute mills sectors and felt that the borrowers of bank credits in such sectors should not be harassed in the name of recovery of overdue loans.

FBCCI supports decontrols

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The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), in its reaction to the proposed national budget for 1991-92, described the budget as a true picture of the country's economy and appreciated the measures taken to consolidate the country's shattered economy through denationalisation, restructuring of tariff and internal mobilisation of resources. The FBCCI regretted lack of pragmatic steps towards planned industrialisation.

The chamber observed that the budget had failed to provide any tax relief for capital machinery. On the other hand customs duty had been levied at flat rate on all kinds of industrial raw materials. In a meeting of its executive committee with FBCCI President Md Akram Hossain in the chair on Thursday, the Federation expressed the view that there was no measure in the budget for additional rebate for import of capital machineries.

No special facilities were provided in the budget for the import of essential raw materials. Moreover duties were imposed on all the raw materials, it said.

FBCCI also noted that industrialisation would be hampered due to reduction of tax holiday period from 2000 to 1995, reduction of investment allowance from Tk two lakh to one lakh, proposal for imposition of new taxes on the dividends of public limited companies and withdrawal of tax rebate on the dividends of private limited companies.

FBCCI said it favoured withdrawal of subsidy from revenue head in principle, but it would support subsidies for agricultural inputs for making the country self-sufficient in food.

DSE pleads for tax-free dividend earnings

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Dhaka Stock Exchange (DSE) has urged the government to reconsider the budgetary proposals about taxing dividend earnings, exceeding Taka 30,000 from public limited companies. Such earnings, irrespective of any limit, are tax-exempt under the existing fiscal measures, it has noted.

In a statement to the press, DSE Chairman Khawja Abdul Qudus said that the proposed budget had not mentioned anything about raising the existing exemption limit for taxable income at Taka 40,000. The limit should be raised to Taka one lakh, he suggested.

He also pleaded for reconsidering the proposal for lowering the investment allowance limit to 30 per cent or upto Taka one lakh, whichever the minimum, from existing 30 per cent or upto Taka two lakh, whichever the minimum.

The DSE Chairman observed that these fiscal proposals would dampen the investment climate and adversely affect the operations in the capital market and should therefore be withdrawn.

He, however, termed the overall budget as pragmatic. The measures announced through the budget for restoring discipline in the economy, streamlining financial sector operations and introducing tax reforms and curbing the growth of black money as very positive elements.

The DSE Chairman strongly commended the announcement by the Finance Minister to strengthen the privatisation moves. The decision to disinvest shares worth Taka 50 crore of the public sector enterprises in 1991-92 is a very bold one, he added.

Kuwait resumes oil production

MANAMA (Bahrain), June 14: Kuwait has resumed oil production for the first time since the Gulf war and is now pumping about 25,000 barrels per day (BPD), a senior official from the Kuwait Petroleum Corp (KPC) said, reports Reuter.

The official, contacted by telephone, could not say exactly when production from Kuwait's war-ravaged oilfields had begun.

But he told Reuter, "we have begun pumping oil at a rate of 25,000 BPD — the crude is being stored".

There were no further details. KPC officials said last month pumping was expected to resume by the end of May.

An official at Kuwait National Petroleum Co told Reuter the Emirate's output was expected to rise to 120,000 BPD by early August. Kuwait's biggest and least-damaged oil refinery, Mina Al-Ahmedi, could resume processing crude by then, he said.

Industrial uplift will be impeded: BCI

Star Economic Report

Bangladesh Chamber of Industries (BCI) said on Thursday that new national budget presented by the Finance Minister before the Jatiya Sangsad would not help the process of industrialisation. On the contrary, it will impede the industrial development, BCI said.

An emergency meeting of the BCI Board of Directors was held on Thursday with Chamber President A M Subid Ali in the chair. While reviewing the budget, the meeting said the withdrawal of tax holiday for importing raw materials would create impediment in the industrial development and industrialisation directly.

The BCI called upon the government to reconsider the impediments towards rapid industrialisation for consolidat-

ing economic progress of the country.

BCI observed that absorption of the development surcharge in the tax in the name of its elimination and indiscriminate duty hike are not good signs for industrialisation. The chamber demanded reconsideration of the budgetary measures which would hamper industrial sector. The proposal to withdraw the exemption of taxation at its source in import of industrial raw materials for units approved by board of investment was also criticised by the BCI.

The chamber mentioned the increased duty on brass sheet, stainless steel pipe, welding electrodes, brass strip and said that this increase will affect engineering industries.

New 500 Taka note from today

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Bangladesh Bank will issue new notes of Taka 500 from its Motjheel office, Dhaka with effect from today (June 15), said a press release of the Bank on Friday.

These notes, also to be issued from other offices of the Bank subsequently, will remain in circulation as legal tender alongwith the 500 Taka notes issued earlier.

The new 500 Taka note, like the old ones in circulation, has security thread on the right hand side of its obverse side. But the new note has a silver colour 'Window Type' security thread instead of security thread with the imprints 'Bangladesh Bank' in microlettering in the existing notes in circulation. The present security thread will appear as a continuous line when it is seen against light.

Various business and social organisations have expressed mixed reactions on the budget proposals announced by Finance and Planning Minister M Saifur Rahman at the Jatiya Sangsad (parliament) Wednesday, reports BSS.

Bangladesh Hardware and Machinery Merchants Association in a statement of Thursday said the highest allocation to education and reduction of prices on some agricultural inputs would bring welfare to the nation but increased prices and introduction of VAT system on several consumer goods would enhance the distress of the general masses.

"New tax imposed on ballpoint ink and paper will affect the education of the poor student", the association said but added that the proposal for reduction of taxes from the CI sheets to be used in the reconstruction and rehabilitation work in the cyclone affected areas were very much reasonable.

The association also called upon the Parliament members

Call to examine new fiscal measures

to examine the new budget properly and offer the nation a realistic and people oriented budget for the coming fiscal.

Garments Exporters Assoc

The President of Bangladesh Garment Manufacturers and Exporters Association Mohammad Mosharrif Hossain said despite constraints in time and resources, the democratic government had presented the nation an acceptable budget.

"Appreciable steps have been taken to simplify and consolidate tax system and remove anomalies providing benefits to the low income group and honour to the high income group", he said in a statement.

Hossain also said the new budget had broken the conventional method of budget formulation reflecting the sentiment of the common people and the commitments made by the party in power.

Sachibhalaya Samity

Syed Mahiuddin and Sayed Ataur Rahman, President and General Secretary of Bangladesh Sachibhalaya Karmachari Samity, have expressed their surprise in the absence of assurance on the new budget for increasing salary of the Government employees.

In a statement, they said the proposal for imposition of new taxes on several consumer goods would add fuel to the flame as the market prices were already beyond the reach of the low income gov-

ernment employees.

The samity leaders also said increase in fees including registration of rented vehicles would result in further increase of bus fare which would cast adverse affect on the low income government employees.

"The low income government employees by no means will accept reduction of prices on luxurious items and increase in prices of consumer goods" the leaders said urging the Government to implement the Pay Commission report immediately.

Bangladesh Palli Chikitsak Samity, in a statement, hailed the new budget saying it had reflected the hopes and aspirations of the people compared with the previous budgets.

Drabhyamulla Protirodh Andolon

Anachar O Drabhyamulla Protirodh Andolon at a meeting in Dhaka on Thursday said that bulk of the population would suffer from the newly imposed taxes on consumers goods while the richer section would benefit from the proposal for bringing upto 200 grammes of gold from abroad. "This proposal in the new budget will encourage smuggling in future", a statement of the organisation said and called upon the government to withdraw the anti-people provisions from the new budget.

Secretary General of Bangladesh Shikhhak Samity Nazrul Islam in a statement, hailed the Government



The Branch Manager's Conference of Al Baraka Bank Ltd was held on Thursday at its Head Office, Dhaka. Barrister Sultan Ahmed Chowdhury, Vice Chairman of the Board of Directors opened the Conference. Dr AMA Rahim, Executive President and Executive Vice President M Eusuf Chowdhury also spoke on the occasion.

Withdrawal of taxes on essentials demanded

Star Economic Report

Consumers Association of Bangladesh has termed the proposed budget for 1991-92 as "very ambitious". Its success and effectiveness will depend on implementation of the steps announced by the Finance Minister. It feared that maintenance of price stability would be difficult without effective supportive policy moves by the government.

The price of soyabean oil, it noted, has already increased though the Finance Minister claimed in his budget speech that the proposed readjustment of the price of soyabean would have no impact in the market.

The association demanded the withdrawal of the proposals to raise taxes and duties on gas, paper and ink. It also pleaded for the withdrawal of the tax proposals on freeze as it was an essential household article for the middle-class and low middle-class income groups in the urban areas and was no longer a luxury item.

Former FBCCI chief

Former President of the Federation of Bangladesh Chambers of Commerce and Industry Akhtaruzzaman Chowdhury, who is also an opposition MP, has termed the proposed budget as a document of failures.

In his reaction to the proposed budget for 1991-92, he was critical of its proposal to shorten the tax holiday period by five years. He termed the proposals for tax cuts under the budget as a great hoax. While it has announced the withdrawal of eight per cent surcharge on dutiable imports, it has at the same time proposed to impose an additional ten per cent import duty to compensate for the revenue loss, he observed.

Value Added Tax (VAT) at the rate of 15 per cent has furthermore been proposed to replace sales tax at five to 10 per cent at the import stage, he pointed out. This, he feared, will aggravate the price situation. Akhtaruzzaman Chowdhury

said the major brunt of new fiscal measures will fall on the common people. There is no departure from the earlier budgets under the autocratic regime.

BJSA

Bangladesh Jute Spinners Association (BJSA) has termed the proposed budget "a very realistic one" in the context of exigencies for disaster management as well as limited resources.

In a statement issued to the press, Chairman of the Association M Mahmud noted the government had only limited time for the announcement of the budget. Yet then, the budget has several positive features, he added while noting that the proposals for tax reforms, the highest allocation for education, the emphasis on productivity, work efficiency, price stability and open market economy are its strong and positive elements.

He commended the budgetary proposals for strengthening the mechanism for exchange rate management to

enable the export sector to remain competitive. He also welcomed the decision to lower the corporate tax in the industrial sector.

The Association Chief however made pleas for withdrawing the proposal for raising the excise duty on gas. The proposed enhancement would adversely affect the use of fertiliser, and impede efforts to raise agricultural output and boost industrial and export-oriented activities.

Khulna Chamber

Vice President of Khulna Chamber of Commerce and Industry Iqbal Hossain in his post-budget reaction urged the government not to introduce VAT. He suggested that the tax holiday period should not also be disturbed. He pleaded for withdrawal of tax proposals relating to edible oil, agricultural machinery, electrode and paper board. The registration fees for passenger vehicles, he suggested, should not also be hiked.

He, however, welcomed the policy objectives of the proposed budget for 1991-92. The budget will help develop the industrial sector and promote competitive trade practices, he added. He maintained that the government had rightly proposed to withdraw taxes on baby food and house building materials, lower import duty on raw materials for medicines and introduce new system about taking no objection certificate from income tax department for disposal of land.

Madaripur Chamber

Madaripur Chamber of Commerce and Industry has termed the proposed budget for 1991-92 as a "carbon copy" of the earlier ones under the autocratic government.

In his post-budget reaction, M. Lutfur Rahman Khan, President of the Chamber, criticised the proposals for imposition of taxes on edible oil, gas, powder milk and road transportation. The burden of Value Added Tax will fall on the common man, he observed.

He, however, welcomed the increased allocation under the revenue budget for the education sector.

Gopalganj Chamber

Gopalganj Chamber of Commerce and Industry has called for reducing the corporate tax rate in the industries sector. In a statement issued to the press, Nurul Huq Chowdhury, President of the Chamber, observed that the proposed budget was essentially dependent on foreign aid. In view of the resource constraints, it has, however, some welcome features also, he added.

Rangpur Chamber

Al-Haj Rahtmuddin Bhabha, President of Rangpur Chamber of Commerce and Industry, has called for reconsidering the tax proposals relating to gas, in view of its likely adverse impact on fertilizer and electricity sectors. He, however, observed that the budget, on the whole, was a balanced one.

A discussion meeting of the Board of Directors of the Dhaka Chamber of Commerce & Industry (DCCI) was held on Thursday under the chairmanship of DCCI President Mr. Mahbubur Rahman on the Budget for 1991-92 presented on Wednesday before the Parliament. Expressing his initial reaction, Mr. Mahbubur Rahman said that the Finance Minister in his budget speech tried to present a real picture of the country's overall economic situation.

Mahbubur Rahman said that Government emphasised the importance of internal resource mobilisation for the country's economic development. Collection of increased revenue income through structural change and coordination in the system of tax collection is the main objective of the budget, he added.

Keeping in view the expansion of education in general and compulsory universal primary education in particular, highest allocation has been earmarked for education sector, he said and added education and skilled manpower is the life-blood of economic development. As such higher allocation of fund for this sector will definitely help to accelerate our national development, the DCCI President added.

He further stated that the business community is definitely in favour of withdrawing subsidies from unproductive sectors. Withdrawal of subsidies should be done phase by phase. But in our present context subsidies should not be withdrawn from agriculture inputs nor should fresh duties be imposed on these inputs.

Diesel is a very important input of irrigation pumps used in agriculture. At present Bangladesh Petroleum Corporation is making abnormal profit from this item. This should reasonably be reduced.

In that case the cost of transportation and electricity will also come down. It may be mentioned here that the price of petroleum product was raised during the Gulf War. By now, in almost all the countries of the world prices of petroleum products have been reduced except in Bangladesh where the enhanced price is still continuing. This may reasonably be reduced.

Mahbubur Rahman said the period of tax holiday upto the year 2000 declared earlier by the government for rapid industrialisation has been proposed in this budget to be curtailed to 1995. This appears to be absolutely unjustified. Because, many industrial entrepreneurs have by now started setting up industries in the hope of getting this benefit. The revised proposal will put them into unbalanced situation and their enterprises are likely to suffer due to shift in the policy. Moreover, any sudden change in a long term policy will definitely discourage industrial investment, he added.

One per cent service charge imposed on all loans in addition to the already existing high rate of interest will very adversely affect the borrowers. The proposed 15 per cent service charge on the subscribers of WASA system will also cause great financial difficulties to them.

Rahman further said that in principle we are not against the introduction of Value Added Tax (VAT). But he felt that wide publicity and extensive training are important pre-requisite for the introduction of this system. Otherwise instead of increasing revenue income, this system may pave the way for accelerating corruption and further complication in the Revenue System.

Therefore, the chamber

Budget to help liberal market economy, says Sylhet Chamber

The Sylhet Chamber of Commerce and Industry on Thursday said the National Budget presented by the democratic Government within a short time after the natural disaster reflects its aim to establish liberal market economy in the country, says a press release.

The Chamber hoped that simplified taxation system would help in-increase revenue income of the Government.

In a message congratulating the Finance and Planning Minister Saifur Rahman, the Chamber leaders appreciated proposals for exemption of development surcharge in regulatory duty proposals relating to income tax, refixation of duty on some items and supply reduction of import duty on CI sheet.

The Chamber, however said proposal to reduce tax holiday period to 1995 from 2000 will seriously hamper industrialisation.

They suggested to reduce duty on ballpoint pen ink, registration fees on motor vehicles. Railway and power development board should be made profitable concern by implementing necessary measures immediately, the Chamber said.