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Rev income Tk 12,335 cr : Rev expenditure Tk 9,300 cr : ADP Tk 9750

Tk 7617cr deficit budget

By Staff Correspondent

Finance Minister M Saifur Rahman Thursday announced a Taka 19952 crore expenditure budget for fiscal 1993-94 with an overall deficit of Taka 7617 crore.

The budget shows no new taxation but proposes to collect an additional revenue of Taka 388 crore through various administrative measures during the fiscal year.

The total revenue receipts for the coming year has been estimated at Taka 12335 crore, 12 per cent higher than the revised estimate for the outgoing fiscal year.

On the other hand, the revenue expenditure for 1993-94 has been set at Taka 9300 crore, nine per cent higher than the current year's estimate.

After meeting the expenditure, there will be a revenue surplus of Taka 3035 crore. Adjusting this against the capital

and food account, there will be a net contribution of Taka 2800 crore to the Annual Development Programme (ADP) from the revenue budget in 1993-94. In the current year, there has been a Taka 2550 crore revenue surplus from which Taka 1870 crore would be available for the ADP.

The size of the ADP for 1993-94 is Taka 9750 crore with an outlay of Taka 6519 crore external resources.

Of the total revenue income, Taka 10035 crore will come from tax revenue and Taka 2300 crore will come from non-tax revenue.

Attired in a dark suit, the Finance Minister entered the House at 3:10 pm in a confident mood to present his fifth budget, the most by any finance minister of the country.

Rahman's proposed budget aims at restoring stability in

the economy, increasing the size and efficiency of public investment, restraining current expenditure, increasing revenue earning, private sector development and establishment of good governance.

Talking about macro-economic stability of the country, he said the fiscal deficit has been brought down to below six per cent of the GDP from 7.1 per cent in 1990-91. The current account deficit has also come down to below two per cent of the GDP from about seven per cent three years ago. The country's foreign exchange reserves now stand at 2.2 billion US dollar — equal to seven months' import bill, the Finance Minister said.

"Given these favourable conditions, Bangladesh has now a historic opportunity to come out of the vicious circle of low income investment and low

growth," the Finance Minister said.

He outlined that the medium-term strategy is to achieve acceleration of GDP growth rate to around seven per cent per annum starting with six per cent for 1993-94 to double the country's GDP at the end of the decade. Saifur said this would need a significant rise in the rate of investment from 13 per cent of the GDP in 1992-93 to 18 per cent over the years.

He stressed the need for raising national savings to pump in the increased investments and said, "Private savings are expected to gradually pick up as the reforms measures yield higher return on investment."

The Finance Minister also proposed to initiate a programme to modernise the country's budget system.

Expressing his earnestness regarding boosting the export-led economic growth, Saifur Rahman also announced that full convertibility of the Taka on trade account is under active consideration of the government as a step towards further deregulating the exchange controls.

"Our new development perspective is focused on the bottom 50 per cent of the population," Saifur said and added that investment in human capital and the social sector has been proposed to be raised from 17 per cent in 1991-92 to 21 per cent of the ADP in 1993-94.

He also pointed out that the proposed budget keeps an aggregate provision of Taka 1481 crore in the ADP for programmes that should generate quick employment.

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Seen from
the
Gallery

By Mahfuz Anam

People from Sylhet, now fighting for a separate division, must have felt terribly let down yesterday. One day in the year when the Sylheti dialect (oppo language) usually took precedence over Bangla in Parliament and on the electronic media, was when our seasoned Finance Minister would deliver his budget speech. But this year, much to the relief of us all, especially journalists covering the event, and of course to the disappointment of his fellow Sylhetis, Mr Saifur Rahman actually spoke in Bangla — clear, distinct Bangla. As a preparation for this day many of us have been improving our understanding of Sylheti — I being particularly blessed having an editor from the same district. See page 3 col 7

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Budget

Full text of budget speech
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Notice

Due to space constraint we are obliged to drop some of our regular pages today. We sincerely apologise to our valued readers for the inconvenience caused.

NEWS BRIEFS

ALPP meets today

A meeting of the Awami League Parliamentary Party will be held at 5 pm today at the conference room of the Leader of the Opposition in Sangsad Bhaban. Secretary of ALPP Begum Sajeda Chowdhury requested all Awami League MPs to attend the meeting, reports UNB.

BDR, BSF flag meeting today

FENI, June 10: A flag meeting between the Indian Border Security Forces (BSF) and BDR will be held here today (Friday) at the Deputy Commissioner's conference room, official sources said. Walyp Singh, District Magistrate of South Tripura will lead the four-member Indian delegation while Delwar Hossain, Deputy Commissioner of Feni head the home side, reports UNB.

13 ROK soldiers killed in blast

SEOUL, June 10: Thirteen South Korean soldiers died and 10 were injured today in an explosion during an artillery firing exercise near the demilitarized zone (DMZ) bordering North Korea, a Defence Ministry spokesman said. The soldiers were taking part in an artillery firing drill near Yonchon, some 60 kilometers (40 miles) north-east of Seoul, when the blast occurred, the spokesman said, declining to give more immediate details, reports AFP.

500 more homeless in Jamuna erosion

PABNA, June 10: Some 500 people of 300 families in 15 villages of two thanas were rendered homeless due to erosion by the river Jamuna, district administration sources said.



Finance Minister entering JS with budget

Commentary

Philosophy for a big leap

By A Special Correspondent

Using quotations from eminent economist Kenneth Arrow, fourteenth century philosopher Ibn Khaldun, an unnamed sixteenth century philosopher, French philosopher Romain Rolland and British philosopher Edmund Burke, Finance Minister M Saifur Rahman in his budget speech yesterday called upon the members of Parliament to summon the courage to adapt Bangladesh's policies and institutions to meet the challenges of adjustment to the fast changing economic world.

Saifur Rahman has identified four areas for policy attention: restoration and sustenance of stability in the econ-

omy, increasing the size and efficiency of public investment while restraining current expenditure and increasing revenue earning, private sector development and establishment of good governance.

The Finance Minister is frustrated that the 'awful mess' left behind by the previous profligate regime had prevented him to guide the economy for a big leap in terms of growth. However, the government's intense efforts have created a 'historic opportunity' for a big leap starting from the next fiscal year.

To realize this, Saifur Rahman has proposed to increase public sector savings by

collecting higher tax revenues and restraining current expenditure and to invest this saving in quality projects. Rahman is hopeful that his policies for private sector development will also start bearing fruit and significantly supplement the aforementioned increase in public investment. An ambience of good governance created through re-structuring of the machinery of government, closer attention to maintenance of law and order, curtailment in the power of the bureaucracy and empowerment of the people through strengthening of local government bodies will ensure that public and private eco-

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Budget at a glance

Heads	[In crore of Taka]		
	Budget 1993-94	Revised 1992-93	Budget 1992-93
A-REVENUE BUDGET			
Receipts-Statement-II	12335	11060	11004
Expenditure-Statement III	9300	8510	8550
Revenue Surplus	3035	2550	2454
B-FOREIGN GRANT-Statement-IV	3078	2991	2948
C-FOREIGN LOAN STATEMENT-IV	4004	3674	4105
D-DOMESTIC CAPITAL			
NET-Statement-V	(-) 25	15	(-) 193
E-Self Financing by Autonomous bodies statement IX	431	260	445
Total Resources Available	10523	9190	9759
F-USE OF RESOURCES			
Annual Development Programme Statement-VIII	9750	8121	8650
Food for Works-Statement-VII	559	418	566
Non-ADP Project-Statement-IV	97	117	116
Net outlay in Food operation-Statement-VII	81	506	403
Others	36	28	20
Total	10523	9190	9755
Surplus/(-) Deficit	4

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Tariff burden, tax relief at a glance

Staff Correspondent

- TARIFF BURDEN**
- 7.5 per cent duty on all imported books (previously nil).
 - Duty on imported rice 7.5% (previously nil).
 - Duty on imported wheat 15 per cent (previously 7.5%).
 - Stamp duty doubled; Revenue stamp duty now Tk 4 instead of Tk 2.
 - Increase on foreign travel tax.
 - Increase of duty on mangoes from all sources from existing 60 per cent to 75 per cent.

TAX RELIEF

- Income Tax ceiling raised from Tk. 40,000 to Tk. 50,000.
- Lowering of Company Tax from maximum of 55 per cent to 50 per cent.
- Withdrawal of house assessment system.
- Exemption limit for income from housing from Tk. 20,000 to Tk. 30,000.
- Advance income tax limit raised from previous maximum Tk 60,000 to Tk. one lakh.
- Proposal to reduce rates of duties on no less than 2,870 items (not specified). Presently there are about 12,800 items that have duties imposed.
- 50 per cent reduction of duty on cotton.
- Ceiling of Turnover Tax increased from Tk 5 lakhs to 7.5 lakhs.
- VAT withdrawal from cotton and poultry.
- VAT withdrawn on milk products such as butter, ghee and curd.
- VAT withdrawn from insecticides.
- Reduction on duty on milk imported in bulk from 45 per cent to 30 per cent.
- Tariff reduction on uncut diamond, gold and silver.
- Reduction of duty on agricultural, textiles, dairy, poultry, pisciculture and cold storage industries.
- Reduction of duties on motorcycles and three-wheeled vehicles.
- Reduction of duties on imported fish, poultry and livestock feed duties on pumps and accessories including those used in agriculture to be reduced.
- Reduction of duty on PVC resin.



Prime Minister Begum Khaleida Zia puts her signature on the proposed budget and the supplementary finance bill after approving those at a special cabinet meeting in her Jatiya Sangsad office yesterday.

Cabinet okays new, revised budgets

The cabinet yesterday approved the national budget for the fiscal 1993-94 and revised budget for the fiscal 1992-93 with the Prime Minister Begum Khaleida Zia in the chair, reports BSS.

Finance Minister M. Saifur Rahman placed both the new and revised budget before the cabinet for its approval at its meeting here at the committee room of the Sangsad Bhaban.

Ministers and state ministers in charge took part in the discussion on the new and revised budget.

After the cabinet meeting, Finance Minister M. Saifur Rahman, a step behind the Prime Minister Begum Khaleida Zia, entered the Jatiya Sangsad straight at 2.55 pm to place the budget in the House.

Economists guarded in their opinion

By Staff Correspondent

Economists of the country have termed the current budget fine tuned to the international dynamics but pointed out that the success would depend on the government's sincerity and capacity to harness maximum benefits for the people.

Giving instant reactions to The Daily Star Thursday, some of the economists, however, observed that the budget had dabbled in "some jugglery of figures" and had failed in promising adequate incentive for a harmonious growth of the private sector.

It also lacked a review on the sectors in which the goal set last year could not be achieved, they said.

Dr Qazi Kholiqzaman Ahmad said that there were many promises in this year's budget which he truly wanted to believe.

The main thrust of the current budget was on privatisation, increased deregulation and globalisation of the economy, he observed.

"While the government's intention is well expressed, there was little encouragement for private investment," Dr Ahmad said.

Pointing out the five per cent growth rate in the country's GDP, he said "It does represent

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Opposition politicians term it 'rhetoric'

By Staff Correspondent

Opposition political parties of the country, giving their reactions to the proposals in the new budget, said that the document would not help resolve the economic crisis confronting the nation.

Termining the budget speech as a piece of rhetoric, the opposition leaders said, the text of the budget had failed to give any specific direction to ride over the problems existing, especially in the country's agriculture and industrial sectors.

They observed that the budget had been proposed virtually to satisfy the urban middle class.

Abdus Samad Azad, acting president of the Awami League (AL), in a statement issued to the press last evening, said that the

ruling Bangladesh Nationalist Party (BNP), by withdrawing subsidy to the agriculture sector, had once again proved that it had no sympathy for the peasants.

The budget castigated the farmers rather than rewarding them for boosting production, he said.

The budget would also fail to attract investment and to increase production in the industrial sector, the AL leader added.

Montul Hoque Chowdhury of the Jatiya Party (JP), giving his reactions, said, "The budget speech was a jugglery of words full of famous quotations. But it had no relevance with the BNP rule."

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3 pc inflation rate likely

By Staff Correspondent

The inflation rate in fiscal year 1992-93 is expected to remain confined to 3.0 per cent as against the previous year's rate of 5.1 per cent, according to the Bangladesh Economic Survey 1992-93.

The price of food stuff has increased by 5.1 per cent in the current FY compared to the previous year, while the prices of energy and electricity has risen by 5.6 per cent, house and homestead by 7.6 per cent, clothes and footwear by 3.4 per cent while other essential items, by 5.9 per cent.

Previously in 1991-92 fiscal year the rate of increase was: food 5.1 per cent, electricity and energy — 8.2 per cent, house and homestead — 1.5 per cent, clothes and footwear — 2.0 per cent and other essential items — 3.3 per cent.

Energy policy soon

By Staff Correspondent

The government will soon announce a comprehensive energy policy, Finance Minister told the Jatiya Sangsad yesterday while placing the national budget for the year 1993-94.

He said that foreign investment offers of hundreds of millions of dollars have been received for the power sector which demonstrate the growing confidence of the investors in the government's economic policies.

He said that the government increased use of power and natural gas by 11 per cent under the Fourth Five-year Plan to meet the growing demand of

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Duty rates to be reduced

By Staff Correspondent

Finance Minister M Saifur Rahman stated that in the proposed finance act statutory duty rates would be reduced and fixed at 100 per cent or below except in cases of alcoholic beverage and other goods detrimental to health and hygiene.

He said that so far rates of customs duties were reduced by executive orders without ever bringing any change in the extremely high rates of statutory duties prescribed in the first schedule of the Customs Act.

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