

Janakantha editors

Bail petitions may be moved Sunday

By Staff Correspondent

Bail petitions on behalf of Toab Khan, Advisory Editor and Borhan Ahmed, Executive Editor, who were arrested Wednesday, are likely to be moved on Sunday.

The defence lawyers could not move the court for bail yesterday, reportedly for want of proper powers of attorney.

The two journalists, accused of hurting the religious sentiments of the Muslims, were sent to the Central Jail.

The Officer-in-Charge of Motijheel police station lodged a case against four journalists of the vernacular daily under section 295A of the Bangladesh Penal Code (BPC) on Wednesday. The two other accused are Atiqullah Khan Masud and ATM Shamsuddin, Editor and an Assistant Editor of the daily respectively.

The Chief Metropolitan Magistrate, Dhaka, issued warrants of arrest against the four journalists the same day.

The Bangladesh Federal Union of Journalists (BFUJ), the Dhaka Union of Journalists (DUJ) and the Janakantha staff held a protest rally in front of

Walkout marks DU senate meet

By DU Correspondent

A group of 23 senate members walked out of the second session on the second day of the annual senate meeting of Dhaka University yesterday. They demanded the announcement of the university's annual budget for 1994-95.

75 members out of 104 attended yesterday's meeting.

The members walked out at about 8.20pm after a stormy debate over the change in the agenda.

The session was adjourned till 10 am today (Friday).

Not enough for poverty alleviation

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and surplus generation. The 11 per cent growth in revenue earning is similar to the growth achieved in the current fiscal year, but substantially lower than the growth rate of the earlier two years," Prof Mahmud said.

There is, however, no room for complacency since the government's comfortable resource position also reflects its inability to intensify the ADP implementation, he added.

He said the important challenge facing the government is to improve its record of project implementation in order to realise the ambitious ADP target.

As part of the ongoing import liberalisation measures, the budget proposes reduction in the import duty rate for a large number of items, specially industrial inputs and machinery. This is likely to have a positive impact on industry and export," Prof Wahiduddin Mahmud said.

He also said that reduction of import duty on cotton yarn will benefit the weaving industry and the handloom sector, while the lower prices of diesel, fertilizer and imported irrigation equipment would benefit the agriculture sector.

There is, however, little justification for the proposed reduction in the coverage of supplementary duty on locally produced or import item, mostly luxury consumer goods, he pointed out.

He said the Finance Minister has also proposed some measures to improve incentives for investment although similar measures in the past have not been able to elicit a better response from private investors.

Dr Kholiquzzaman Ahmad

Commenting on the proposed budget economist, Dr Qazi Kholiquzzaman Ahmad said, "Our main objective is to alleviate poverty. For this we need growth. Some steps have been taken in the budget for attaining the growth."

Import duty on various items, specially on capital ma-

North Korea

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Korea," Foreign Minister Koji Kakizawa told lawmakers Thursday. "It is important to send the right message."

South Korean President Kim Young Sam telephoned Japanese Prime Minister Tsutomu Hata on Thursday to discuss the nuclear stalemate, presidential spokesman Choo Don-shik said.

"Japan believes the nuclear conflict should be resolved through negotiations, but realizes that because of North Korea's attitude, UN sanctions are inevitable," Choo said, citing Hata's comments.

US officials say a UN sanctions resolution could be only days away. The Security Council earlier adopted a non-binding statement calling for North Korea to agree to full nuclear inspections to dispel suspicions it is building nuclear weapons.

Tk 8096 cr deficit budget

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expenditure was shown as Tk 9,948 crore, compared to Tk 9,300 crore in the current fiscal. The ADP outlay is proposed at Tk 11,000 crore, as against this fiscal's revised Tk 9,750 crore. The rest Tk 785 crore will be spent in non-ADP projects, for work programmes, capital expenditure and other areas.

Tax revenue is expected to contribute Tk 10,625 crore and non-tax revenue Tk 3,012 crore.

Gross revenue surplus is estimated at Tk 3,689 crore and after adjusting for capital and food account, net contribution to the ADP from the revenue budget is expected to be Tk 3,996 crore.

The overall budget deficit of Tk 8,096 crore which was Tk 7,617 crore in 1993-94, will be met out of foreign aid of Tk 6,010 crore and internal resources of Tk 2,086 crore.

"Allocations to priority sectors such as education, health, family welfare, irrigation and flood control have been increased significantly," the Finance Minister said during his nearly 3-hour long budget speech. About 38 per cent of next year's ADP is estimated to be financed from domestic resources, as against 35.8 per cent this year.

Education will get the highest allocation of Tk 1,566 crore, an increase of nearly 60 per cent over that of the current year and health and family welfare will receive Tk 893 crore.

In the revised 1993-94 budget, revenue receipts have been estimated at Tk 12,280 crore, slightly lower than the original projection of Tk 12,335 crore. The tax revenue will register an increase of Tk 100 crore. Revenue expenditure has been revised upward by Tk 150 crore at Tk 9,150 crore.

The revised ADP is placed at Tk 9,600 crore, scaled down from the original projection of Tk 9,750 crore in the 1993-94 budget. Taking the development of rural infrastructure under the Food for Work Programme into account, the total public sector investments will amount to Tk 10,147 crore.

The sectors which received additional allocations in the revised budget are education—Tk 275 crore, rural infrastructure—Tk 125 crore, rural electrification—Tk 100 crore and roads and highways—Tk 220 crore.

Besides, an additional amount of Tk 444 crore has been provided for the Jamuna Multipurpose Bridge Project.

The Finance Minister also proposed the withdrawal of the Jamuna surcharge levy from 1994-95.

The expenditure package for 1993-94 included a non-recurrent allocation of Tk 545 crore for the voluntary separation programme of public sector enterprises. The minister also proposed to allocate Tk 300 crore for the voluntary separation programme in the coming fiscal year.

The Finance Minister said that the total revenue loss on account of tax reduction and withdrawal will stand at Tk 437 crore in the proposed budget while the new measures of indirect taxes in total will yield Tk 55 crore, showing a net loss of Tk 382 crore. As a result of this, the total revenue will stand at Tk 9,729 crore only, showing a shortfall of Tk 129 crore in attaining the projected target of Tk 9,850 crore for the National Board of Revenue. The minister proposed to bridge the gap by taking appropriate administrative measures.

Outlining a strategy for accelerated growth and poverty alleviation, Saifur said: "We have made significant progress and a new window of opportunity awaits us for accelerated development."

He called for a broad-based economic growth with specific measures to alleviate poverty of those who cannot effectively participate because of lack of entitlement.

"This is no partisan proposition. At this crossroad of our economic history, I urge all political parties, professional and social groups and the nation at large to lend support to the economic programmes of the government for achieving the common goals," he added.

He also stressed the need for improving project implementation, reforming the legal

measures for the poor, Rahman said, explaining "It means the state is not protecting the interests of the poor."

As a result, inequality would increase, the market would reduce, aggregate demand would decline and all these would slow down investments.

"Any sound budget should aim at increasing direct tax which this one doesn't," he said. "A good budget also aims at increasing freedom of choice, equality and efficiency."

He said this budget, in the name efficiency, will cause mismanagement.

Mozaffar Ahmed

Mozaffar Ahmed of the Institute of Business Administration (IBA) said while listening the Finance Minister's budget speech, it appeared that he was launching an election campaign for the BNP. He claimed a lot of success, but could not justify those.

Contesting the Finance Minister's claim of 7.5 per cent growth in the industrial sector, Prof Mozaffar said the claim seems to be a 'guesstimate' because the chambers have repeatedly pointed to the closure of a number of industries.

The Finance Minister's claim of a buoyant share market has not been substantiated, the economist said. The entry in the share market is restricted because of clever manipulation by a few business houses.

The Finance Minister's prescription for privatisation is hollow since the modalities are not mentioned in his speech.

He said the government in the economic field Bangladesh now faces a 'new window of opportunity'. To seize upon this opportunity "all political parties, professional and social groups" support will be crucial, he added.

Earlier, before making the formal budget speech, the Minister for Finance made an unscheduled personal appeal to the Opposition MPs to join the budget session.

The future economic programme for which the Finance Minister sought broad-based support has four main elements: Acceleration of economic growth, alleviation of poverty through close cooperation between the government and NGOs, food distribution for the hard-core poor and greater emphasis on health education and family planning.

To implement this economic programme the Finance Minister has proposed to increase public sector investment, provide support to agriculture and fisheries and livestock sectors and import liberalisation and several tax incentives for industries.

The ADP for 1994-95 has been proposed at Taka 11,000 crore. The revised ADP for

1993-94 is Taka 9,500 crore which, according to some analysts, is too optimistic.

The main stimulus for the agriculture sector will be reduction in price of diesel by one Taka per litre, reduction in Urea price by Tk 350 per ton and reduction in customs duty on low lift pumps and power tillers. Cotton producers in Bangladesh, however, will be hurt by the withdrawal of duty on import of raw cotton. The Poultry industry will benefit from withdrawal of duties on poultry feed, medicines and capital machinery. Duties and taxes on hormones and hybrid breeding cows have been withdrawn to provide incentive in the fisheries and livestock sector.

The industries sector will be the beneficiary of the sweeping reduction of import duties proposed by the Finance Minister. The highest rate of import duty will be 60 per cent except for items sensitive on health and religious grounds. The principal beneficiary of tax reduction will be the textile industry as duty on capital machinery for textile mills, textile spares, dyes and raw cotton will either be withdrawn or reduced. Ceramic industry will benefit from tariff

reduction. Leather goods manufacturing industry will have to pay lower duty on raw hides and skins. This, however, may cause problem for the tanning industry.

For the construction industry there are mixed signals. Big construction firms will pay lower duty on import of construction equipment. However, higher duty on cement and MS billet will push up construction cost across the board.

The private sector is likely to benefit from what is apparently a liberal direct tax package. Direct tax assessment will be easier. Export-oriented tax holiday companies will be exempted from deduction of income tax at source; Tax rate for companies will be lower. Exemption limit for personal income tax will be raised from Tk 50,000 to Tk 55,000 and maximum limit for perquisites will be Taka 72,000. House owners will not have to pay wealth tax on the house or flat they live in.

Tax rates relating to some major consumer items have been changed. Although the text of the budget speech says that petrol price will be raised to Taka 15 per litre, the minister said that petrol price will

remain unchanged. The basis for duty assessment for petroleum products will be made ad valorem from specific. This will mean that future increases in import price of petroleum products will attract import duty which it presently does not. Duty on edible oil and sugar has been reduced. In view of the current high international price of these commodities this reduction may not translate into lower price for consumers. Television sets will be cheaper. Although import duty on tallow has been reduced, soaps may become dearer because of introduction of VAT on this ingredient for soap manufacturing.

Reduction of import duty on medical equipment and appliances will help the hospitals and clinics. This may not translate into lower cost for patients because the clinics set their price through their trade associations.

Cigarettes will be dearer because of higher duties. Kerosene price will be lower by a Taka per litre. This will be helpful for the rural households. The reduction in price of furnace oil will lower operating cost of PDB but will not benefit power consumers.

Share trading may reach Tk 260cr

The yearly turnover of shares and debentures on the stock market is estimated to reach Tk 260 crore by the end of fiscal 1993-94 rising from a little over Tk 14 crore in 1990-91, Finance Minister, M Saifur Rahman informed Parliament yesterday, reports BSS.

The Finance Minister in his budget speech said that it is nearly 19-fold increase in a matter of three years.

It is very reassuring to note the rise in investors' confidence as reflected in the huge increase in the stock market activities, the Finance Minister said.

Similarly, he said market capitalisation which stood at Tk 1100 crore in 1990-91 has risen to Taka 4000 crore though these figures are as yet very modest.

2 subsidiary loan accords on JMBA

Two separate subsidiary loan agreements were signed Wednesday between the Jamuna Multipurpose Bridge Authority (JMBA) and the Ministry of Finance, under the relevant provisions of the IDA and ADB loan agreements for the project, reports BSS.

Under the loan agreements the Bangladesh government will on-lend to JMBA a total of 400 million US dollars provided by IDA and ADB (200 million dollar from each) for financing the Jamuna Multipurpose Bridge.

The interest rate for IDA's loan will be only 0.75 per cent and for ADB's one per cent per year.

Press Note on non-government teachers

The government yesterday said there was no justifiable reason for holding sit-in strike by a section of a particular teachers organisation at a time when a good number of facilities have been given to them, a Press Note of Education Ministry said yesterday, reports BSS.

The Press Note said attention of the government has been drawn to a news item of the programme of sit-in strike by a section of particular teachers organisation on June 11, in addition to the benefits already given, Tk 25 crore was sanctioned towards the non-government's Teachers Welfare Fund at the personal initiative of the Prime Minister to ensure that each non-government teacher could on retirement get an honourable retirement allowance, provident fund and other facilities. (Incomplete)

Least concerned

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Market, who listened to the budget speech yesterday, said: "It was good, I believe. People will be benefited as tax on sugar and edible oil was cut. Only a few minutes back, I refused to purchase edible oil from an agent of a company because its price is high. I will buy oil only after the price is in accordance with the new budget proposals," said the shop owner, Altaf Hossain.

"I did not listen to the budget speech. I don't want to," said a businessman who came to purchase essentials from the New Market. "This government has failed in all respects and I am not interested in what it says."

Many housewives and students expressed 'positive reaction' to the proposed budget. Tax cut on sugar, oil, cycle, motorcycle and television was welcomed.

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The Midnight File

S Yemen accepts truce offer

ADEN, June 9: Breakaway Southern Yemen has accepted Northern Yemeni President Ali Abdullah Saleh's call for a ceasefire effective from this evening, Southern official told Reuters. "We have accepted the call for the ceasefire," said the official, who works in the office of Abdel-Rahman Ali Al-Jifri, Vice-President of the self-declared Southern Yemeni state.

Russian troops shell Afghan territory

DUSHANBE, June 9: Russian border troops shelled Afghan territory from Tajikistan today after Afghan-based rebels killed a Tajik soldier in a sustained cross-border rocket attack. The Tajik soldier died today when the Afghan-based rebels fired 26 rockets at the border post-11 on the Central Asian Republic's frontier with Afghanistan. Another Tajik soldier was injured, reports Reuter.

Opposition rejects budget

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party would lie with the present government.

"What can the government do if the people refuses to pay fresh taxes imposed on them unilaterally by the BNP alone, Hasina asked. Asked whether she would give a call to the people not to pay fresh taxes, she said, 'time will decide the course'.

Sheikh Hasina criticised Finance Minister Saifur Rahman's remarks in the House that it was the constitutional obligation of the Opposition to attend the budget session of Parliament. She said that Saifur Rahman could not advise the Opposition MPs since he had lost even security money in the last parliamentary elections.

Jatiya Party (JP) leader Moudud Ahmed told the newsmen that placing of the budget in a half-empty House, with the entire Opposition remaining outside Parliament, reflected the undemocratic character of the government. Such an incident is unprecedented in Bangladesh, he added.

Moudud argued that the government had no moral right to place the budget before the ruling party MPs alone because a Parliament always consisted of both the treasury

and opposition benches. The present budget would have no credibility, the JP leader said.

Suranjit Sengupta of the Ganatantri Party (GP) maintained that the budget was 'more an imposed one than placed' in a people's Parliament. The BNP, by presenting the budget in Parliament without the Opposition, had once again shown its undemocratic attitude.

Jamaat leader Sheikh Ansar Ali felt that the government exhibited its undemocratic, unparliamentary and extremist attitude by placing the budget in the House with the Opposition benches empty. This actually amounted to placing of the national budget at the meeting of the BNP parliamentary party, he said.

Salaudin Kader Chowdhury of National Democratic Party (NDP) also rejected the budget saying that it had failed to earn political legitimacy from the people.

The Opposition leaders, however, declined to make any comment on the economic aspects of the proposed budget.

Meanwhile, Rashed Khan Menon of the Workers Party (WP), at a separate press briefing said that the proposed budget was a document of the stagnant economic situation in the country.

The Workers Party leader also felt that the proposed budget had failed to earn credibility because the people's representatives of the Opposition bench had been forced not to take part in Parliament proceedings.

Income tax

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cent on savings certificates purchase after June 30 this year to attract individual investors to the share market. At the same time, the condition of compulsory investment in national investment bonds by tax holiday companies has been proposed to be withdrawn to facilitate their investment in other activities.

The minister also proposed to exempt the export of tax holiday companies from tax deduction at source.

To reduce the burden of bad and doubtful debts on the banks, it has been proposed to increase the allowable deduction for their provision from 4.5 per cent to 5 per cent of the total outstanding debt and interest of a bank.

To enhance the confidence of the tax payers in the process of determination of his tax liability, Saifur proposed to amend law to the effect that the assessing officer will record in writing his objection or reasons for his dissatisfaction and allow the assessee to file his views in writing. This will make the assessment process more transparent. He also proposed the setting up of a "taxes settlement commission" where all assesses, excepting the limited companies having a paid up capital of more than Tk 50 lakh, will be eligible to file appeals. The commission will have to dispose of a case within six months of the receipt of the application.

The rate of tax payable while filing an appeal has been reduced from the present 50 per cent to 25 per cent.

Highlights

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- * Duty reduction on diesel, kerosene, urea and furnace oil
- * Expansion of VAT net to wholesalers and retailers
- * Provision of Tk 300 crore for voluntary retirement
- * Highest customs duty to be reduced to 60 per cent from 75 per cent
- * Compulsory investment in national investment bonds by tax holiday companies to be withdrawn
- * Customs duty on import of gold reduced to Tk 300 per tola from Tk 363
- * Baggage rule to be liberalised
- * Rate of tax payable for filing appeal reduced from 50 per cent to 25 per cent
- * Reduction of customs duty on television from 60 per cent to 45 per cent
- * Small industries with turnover up to Tk 15 lakh to be taxed at the rate of 2 per cent
- * Cigarette and bidi prices to go up with supplementary duties
- * Travel tax to be increased by Tk 50
- * Stamp duty on transfer of property in municipal areas to be reduced from 12 per cent to 10 per cent
- * Duty reduction on bicycle from 75 per cent to 30 per cent and motor cycle from 60 per cent to 45 per cent

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