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NEWS BRIEFS

NIMCO foundation

today Prime Minister Begum Khaleda Zia will lay the foundation stone of the National Institute of Mass Communication's (NIMCO) own building at 10:30 am at Kallayanpur, Mirpur in the city today. reports UNB.

Grindlays burglary convict arrested

By Staff Correspondent Police arrested a convict in the Grindlays Bank burglary case Thursday with a revolver in his possession. A police press release says, Hiru Reza, 30, who had been sentenced for 31 years in the case was challenged by police near Malibagh crossing at around 9:30 Thursday.

Photo Journalists meet PM

The members of the executive committee of the Bangladesh Photo-Journalist Association called on Prime Minister Begum Khaleda Zia at her Sugandha office last night. The delegation was led by the association president Salah Uddin and general secretary A K M Mohsin, reports UNB.

Budget pro-people with main thrust on human development: Saifur

By Staff Correspondent

Finance Minister M Saifur Rahman yesterday denied insinuations that the 1994-95 budget was proposed with an objective of helping the BNP win the next general elections.

The budget was not made with the elections in mind as there is still two more years to go before the next polls are held in 1996, he asserted at a post-budget press conference held at the Parliament conference room.

Announced on Thursday, the budget proposed to reduce prices of some farming inputs along with a cut in income tax both at the individual and corporate levels.

At the nearly two-hour long press conference, the minister also defended the proposed budget's poverty alleviation goals and responded to ques-

tions on military spending, the banking sector, the effect of tariff reduction on the local industries and problems in implementing the development projects.

He lamented the absence of the Opposition in the Jatiya Sangsad during the presentation of the budget. "I was the unhappiest man while presenting the budget in a half-empty House," he personally requested the boycotting Opposition members to return to Parliament, he said, but all attempts fell into "impervious ears."

"We will continue to persuade the Opposition to return to the House. It is not about the BNP and the Opposition but about a commitment to the democratic process," he added. "In the past we have-

seen that such situations led to the rise of unusual circumstances."

It is a pro-people budget, the minister claimed, and the main thrust sector of the budget is human resource development.

Responding to criticisms that the proposed budget does not have adequate provisions for alleviating poverty, he said, "It is not true that we have not placed adequate emphasis on poverty reduction measures."

In addition to targeted programmes, he added, increased social sector spendings would also help reduce poverty.

The minister pointed out that the budget proposes a 35 per cent increase in social sector allocations, compared to the current budget, amounting to Tk 7,300 crore.

Provisions have also been made to provide Tk 385 crore in rural credit through the Grameen Bank, he said. "The direction of the total social sector expenditure is towards poverty alleviation."

Defending the military expenditure, Rahman said that in a multipolar world a minimum internal security support is needed in any society as the nation cannot be altogether exposed. He added that the 11 per cent increase to Tk 1,824 crore, over the last budget, in military spending is only "normal."

"The revenue percentage allocated for defence should not cause any alarm as our military spending to GDP ratio is the lowest in the region."

According to the recently See Page 12 Col 7



Finance Minister M Saifur Rahman speaking at a post budget press conference at the Jatiya Sangsad yesterday. On his left are Education Minister Jamiruddin Sircar and State Minister for Finance Mojibar Rahman. —Star photo

Taka to be made fully convertible

By Staff Correspondent

The government is planning to make the Taka convertible on capital account within the next couple of months, Finance Minister M Saifur Rahman said yesterday.

Thus the Taka would become fully convertible as it was made convertible on current account in October last.

The minister was talking to newsmen at the post-budget briefing held at the conference room of Parliament.

"We are thinking of going for capital account convertibility within the next couple of months. I think the economy is in a strong position to go for capital account convertibility to attract foreign capital into the country," he said.

Bangladesh accepted Article Eight of the International See Page 12 Col 6

Tk 58cr DU budget

By DU Correspondent

The Dhaka University Senate yesterday approved Tk 57.98cr budget for the fiscal 1994-95 with a deficit of Tk 15.83 cr.

The treasurer of the University Prof Shahid Uddin Ahmed earlier placed the budget before the Senate.

In the proposed budget 56.21 per cent of the total expenditure has been allocated for the salaries and pensions of the teachers, officials and employees while the rest 43.79 per cent for other academic activities.

In the proposed budget funds have been allocated for air conditioning plant, computerisation and modernisation of the library, installation of a 500-line digital telephone exchange, providing the teachers to conduct Ph.D research in the country.

Besides, there are also funds for the faculty of Pharmacy, scholarships schemes of the maintenance and services of the research equipment and for purchasing chemicals for different departments.

Prof. Emajuddin Ahmed meanwhile decided to keep the proposals of a Senate member Prof. Kamrul Ahsan See Page 12 Col 5

Striking teachers stage sit-in today

By Staff Correspondent

The striking non-government school and college teachers will begin an indefinite sit-in demonstration in the city today to press home their demands.

At least 1.5 lakh male and female teachers and employees from across the country are expected to participate in the sit-in, being preceded by a series of agitational programmes during the last two months, organisers said.

The Central Liaison Committee of the striking teachers and employees has organised the sit-in scheduled to begin in front of the Jatiya Press Club at 10 in the morning.

According to the Liaison Committee sources, the Topkhana Road from near the Foreign Ministry up to the Purana Paltan crossing and the High Court area would be blocked to traffic for staging the demonstration.

Japanese trade team arrives today

A 40-member Japanese business delegation arrives in Dhaka today on a four-day visit to acquire a first-hand knowledge about the investment prospects in Bangladesh, reports UNB.

The visit of the high-powered delegation is taking place in response to an invitation from Prime Minister Begum Khaleda Zia extended to the Japanese business community during her visit to Japan in late March.

The delegation, known as the Keidanren delegation, will be led by Kazuo Haruna, chairman of the Marubeni Corporation, a leading trading company of Japan. He is also the vice-chairman of the board of counselors of Keidanren.

Keidanren is a private non-profit organisation representing all branches of economic activities in Japan. The delegation will also include repre-

sentatives of leading Japanese industrial undertakings.

The delegation is expected to examine the prospects for investment of Japanese companies in different industrial sectors in Bangladesh.

"The government is attaching much importance to the visit of the Japanese delegation," a source at the Board of Investment (BOI) said.

A detailed brief on investment prospects in Bangladesh has already been prepared which will be presented to the delegation, the source added.

The delegation would like to have specific discussions with government functionaries and representatives of local trade and industry on investment opportunities in Bangladesh.

Members of the Japanese delegation are expected to visit Export Processing Zones See Page 12 Col 4

BNP plans no major move immediately

By Asluzzaman

The ruling Bangladesh Nationalist Party (BNP) policymakers decided to let things ride and do not plan to take any major initiative immediately to end the political impasse created due to the Opposition's continued boycott of Parliament session, party sources said yesterday.

"We tried our best. After a series of private level contacts, we formally appealed to the Opposition parties to join a dialogue to resolve the problem but they declined," a top leader of the BNP told The Daily Star.

He said the ruling party's efforts were aimed at bringing back the boycotting Opposition parties to Parliament on the day of placing of the national budget for 1994-95. But "we had to place the budget without the Opposition parties in the House," he regretted. See Page 12 Col 4

Construction of Rupsha bridge soon: PM

Prime Minister Begum Khaleda Zia yesterday called upon all to forge a greater unity and build up national consensus in the greater interest of democracy and development, reports UNB.

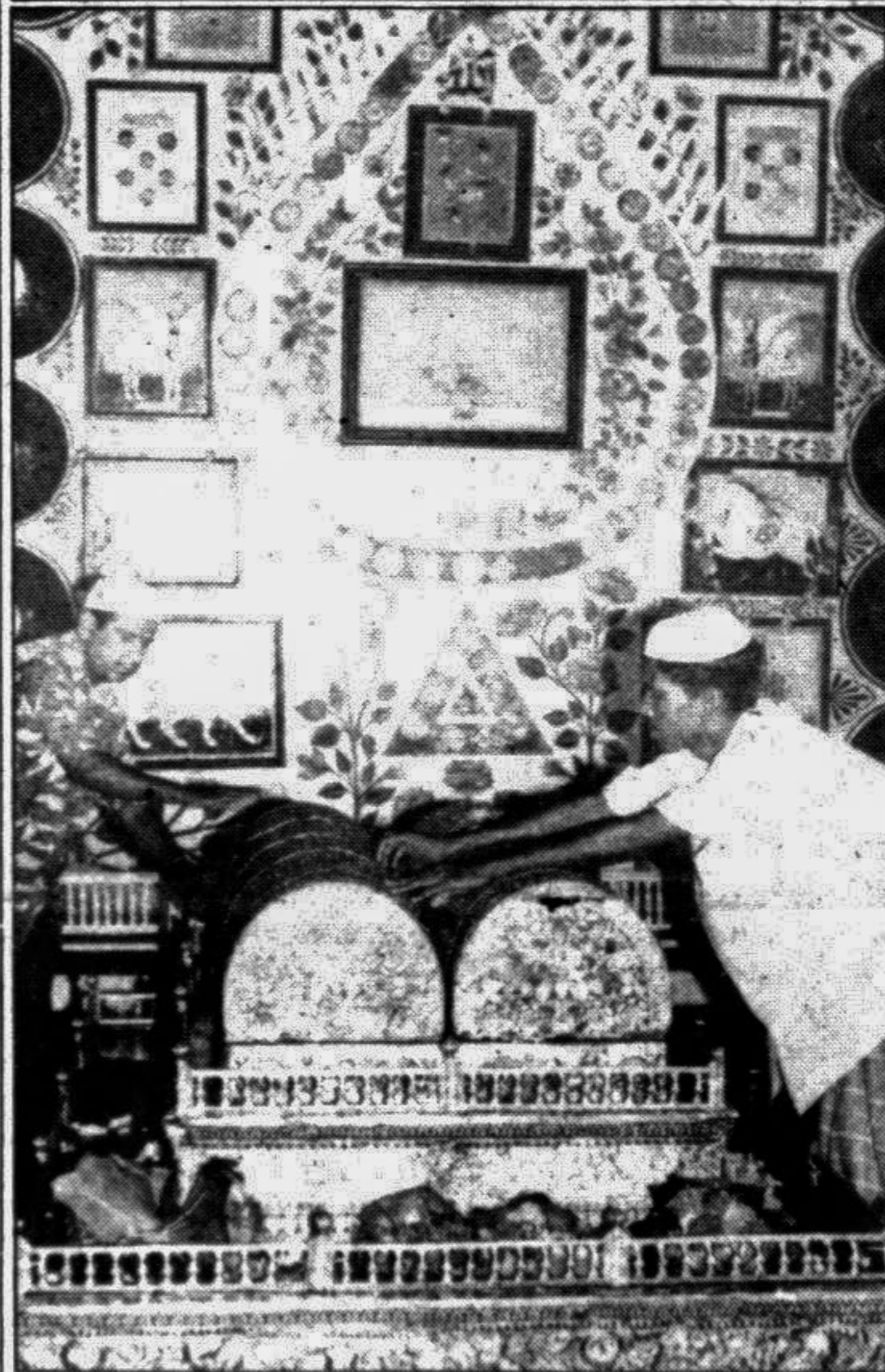
Begum Zia made the call when a delegation of the Greater Khulna Development Coordination Committee met her at Sugandha office last night. The committee was represented by leading leaders of different political parties of Khulna district.

Begum Zia assured them that the construction of long cherished Rupsha Bridge will begin soon and the Dhaka-Khulna-Mowa highway will be completed shortly.

"You have got united irrespective of party interests for the development of Khulna. Similarly, we all have to be united for the interest of the country," she said.

Speaker Shaikh Razzak Ali, Foreign Minister ASM Mostafizur Rahman, Khulna City Corporation Mayor Shaikh Taibur Rahman, Whip Ashraf Hossain and convener of the committee Abu Mohammad Ferdous were among the delegation.

The delegation put forward various demands including construction of the Rupsha Bridge, rapid completion of Dhaka-Khulna-Mowa highway, setting up of EPZ and con- See Page 12 Col 4



The Tazia inside the Husseini Dalan in the city getting a face-lift yesterday for the coming Ashura, tenth day of the holy month of Muharram. —Star photo

Advertisement for a bumper prize contest. It features the Statue of Liberty and a car. Text includes: 'And now for the BIGGEST The Daily Star Quiz WorldCup USA94', 'BUMPER PRIZE', 'FANTASTIC CHANCE FOR YOU TO BE AT THE WORLD CUP FINAL AT LOS ANGELES, USA', 'Tk. 1,25,000—worth Bumper Prize includes an Economy Class return Dhaka-Los Angeles-Dhaka air ticket, a ringside ticket to the final at Rose Bowl (Los Angeles) and US \$ 1000.—as living expenses.', 'You may also win the following regular prizes', 'Powervision CTV 21', 'Philips BW TV 17', 'Turbo Stereo Recorder', 'Philips Bulbs', 'All prizes courtesy Transcom Electronics Limited Licensed Manufacturer of Philips Lighting Products PHILIPS', 'Get your copy of The Daily Star now. You may send as many entries as you wish.'

News Analysis

Non-expansionary mode of deficit financing to boost investment

By Inam Ahmed

The continued non-expansionary mode of financing the deficit of the proposed budget for 1994-95 is being considered a major strategy in sustaining the macro-economic stability.

The financing of the Tk 8096 crore deficit, proposed, mainly from non-bank sources will not cause any monetary expansion and thus will leave plenty of scope for increased private and public investment and foreign sector growth.

According to statistics of the proposed budget, the total of Tk 2086 crore domestic financing comes from non-bank sources and the Tk 6010 crore foreign financing is also non-expansionary in nature.

This indicates a healthy and cautious fiscal stance which will ultimately help achieve the desired export growth and credit expansion.

Since the government will not cause any monetary growth within the framework of a six per cent GDP growth target consistent with a policy of

monetary stability, the scope for credit expansion in the private and public sector will be adequate.

The domestic financing will come mainly from four heads - permanent debt (net), floating debt (net) public account and extra budgetary resources.

The contribution of the Tk 234 crore permanent debt (net) will come from prize bonds, wage earner development bonds and national investment bonds. The Tk 313 crore floating debt (net) contribution will come mainly from treasury bills on tap for corporations. These treasury bills on tap for corporations, a special type of bills purchased by the corporations against their surplus funds, will provide the financing to the extent of about Tk 300 crore for the government.

On public account head, deposits in national savings schemes will constitute the major portion of the Tk 1365 crore domestic financing while extra budgetary measures like self-financing will cover an-

other Tk 174 crore.

These are all non-banking funds and will not cause any monetary expansion helping keep the inflation under tight control. Traditionally, the government's domestic deficit financing had been sources mostly from the banking sector which had contributed to sudden inflationary trends as high as 11 per cent. Such financing was generally done through special treasury bills.

Now, to maintain the budget posture, the government needs a careful and energetic cash management through wage earner bonds and in the sourcing areas, various savings schemes are to be looked after.

Any shortfall in financing may force the government to adopt unintended recourse to the banking system for financing.

Moreover, to make the budget posture a success, the government has to streamline the problems existing in the micro-level, which for the last three years have been posing a major obstacle to investment.

Business leaders hail budget for not imposing new taxes

By Staff Correspondent

Country's leading chambers of commerce and industry, trade associations and business leaders yesterday hailed the proposed budget for 1994-95 for not imposing new taxes while increasing overall revenue earnings.

The Metropolitan Chamber of Commerce and Industry (MCCI), in its reaction to the proposed budget, said that it maintained the trend and policy direction set by the finance minister in 1990-91.

"The increased allocation for the '94-95 the annual development programme (ADP) represents a significant improvement over that of the previous year and should help economic growth," the MCCI said.

The MCCI pointed out that the largest segment of business comprising small and medium sized companies in the trading and service sectors had been ignored in the bud-

get proposals. "This will not help widen the tax net. Past experience has shown that many of the good intentions have not been translated into reality due to lack of effective implementation."

About the emphasis on human resource development, particularly on education in the proposed budget, MCCI said "enhancement of minimum individual taxable limit, changes in appeal administration and rationalisation of tax slabs are steps in the right direction."

The MCCI said the proposed budget is likely to encourage export-oriented industries but noted that due attention was not given to industries catering to domestic consumption.

The chamber pointed out that acceptance of pre-shipment certificate value in case of goods where tariff value ex-

ists is a positive development. The savings envisaged from the proposed administrative reorganisation is indeed laudable step, it said.

DCCI

The Dhaka Chamber of Commerce and Industry (DCCI), said the proposed ADP for its growing dependence on domestic resources said it is appreciable that duties and taxes on a large number of industrial raw materials have been cut.

The DCCI hailed withdrawal of Jamuna surcharge, lowering of duties on agricultural inputs, highest development allocation to the education sector and setting GDP growth rate at 6 per cent.

However, it pointed out that the proposed budget had lowered corporate tax by 2.5 per cent only. It demanded that the rate be lowered by 5 per cent. See Page 12 Col 1