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Holiday

The offices of The Daily Star will remain closed today (Monday) on the occasion of Eid-e-Miladunnabi. Therefore, there will be no issue of the newspaper tomorrow (Tuesday).

NEWS BRIEFS

JS session adjourned till July 31

Parliament session was adjourned yesterday till 11 am on July 31. Speaker Humayun Rashid Chowdhury announced the adjournment at 6:19 pm after the placement of the budget for 1996-97 fiscal by Finance Minister SAMS Kibria, reports UNB.

BNPPP meets tomorrow

A meeting of the BNP Parliamentary Party (BNPPP) will be held tomorrow at 7:30 pm at the Sangsad Bhaban. According to Party sources the BNPPP will discuss party nominations for the September 5 by-elections to 16 JS seats and the party's decision regarding joining parliamentary committee meetings.

No fresh tax: Revenue Tk 17120cr; expenditure Tk 12103cr;ADP Tk 12500cr

Tk 8138cr budget deficit

By Staff Correspondent

Finance Minister SAMS Kibria yesterday placed in the Jatiya Sangsad the proposed budget for fiscal 1996-97 with an estimated revenue receipt of Tk 17,120 crore and total expenditure of Tk 25,258 crore, leaving a deficit of Tk 8,138 crore.

The total expenditure includes Tk 12,103 crore revenue expenditure and Tk 12,500 crore development expenditure. Placing the present Awami League government's first budget, the finance minister outlined its firm commitment for reforms, investments both foreign and local, and limiting deficit in the budget. The finance minister's speech which began in the House at 3:25 pm was broadcast and telecast live.

The budget aims at achieving a 5.5 per cent GDP

growth rate for fiscal 1996-97 but proposes in new taxes. Rather, it offers a wide range of reductions on income tax, corporate tax and customs duty. The GDP growth rate will be raised to 7 per cent in the next five years, the finance minister said.

The proposed budget sets a revenue receipt target of Taka 17120 crore, 10.3 per cent higher than the Taka 15512 crore estimated receipt in the revised budget for fiscal 1995-96.

It is expected that the total collection of revenue from duties and taxes under the NBR will be Taka 13040 crore, Taka 1740 crore higher than last year's collection, he said.

The growth in national income, normal inflation rate

See Page 2 Col 4

Highlights

Following are the highlights of the 1996-97 budget, reports UNB.

- Revenue earning - Tk 17,120 crore.
- Revenue expenditure - Tk 12,103 crore.
- ADP - Tk 12,500 crore.
- Highest rate of customs duty brought down to 45 per cent from 50 per cent.
- Formation of a special agriculture subsidy fund with Tk 100 crore.
- Lock-in restriction on foreign portfolio funds gone.
- Consultancy firms, accountancy firms, shipping agents, and businesses of some luxury items including dish antenna, motor car and air-conditioner brought under VAT.
- Education received highest allocation, Tk 2233.28 crore in revenue budget.
- With Tk 2440.14 crore, transport sector got highest allocation in development budget.

Budget at a glance

Head of the Account	(in crore of Taka)		
	Budget 1996-97	Revised 1995-96	Budget 1995-96
Resources			
A. Revenue Budget	17120	15512	15450
Revenue Receipt	12103	11814	11070
Revenue Expenditure			
Revenue Surplus	5017	3698	4380
B. Foreign Grant	2782	3005	3569
C. Foreign Loans	4212	3676	4422
D. Domestic Capital-Net	900	956	464
E. T&T Bond	145	325	435
F. Self Financing by Autonomous Bodies	150	150	150
Total Resources Available	13206	11810	13420
Use of Resources			
Annual Development Programme	12500	10447	12100
Food for Works	600	540	705
Non-ADP Projects	50	218	201
Net Outlay in Food Operation	56	605	414
Total	13206	11810	13420

Text of budget speech Pages 6-8

GDP growth rate fixed at 5.5 pc

The government has fixed the GDP growth rate at 5.5 per cent for this fiscal, down from previous year's target of 6.1 per cent in view of lower level of achievement, reports UNB.

Last year's (1995-96) achieved growth rate was 4.7 per cent which is about 1.4 per cent lower than the target.

According to the economic survey report 1996 placed in Parliament yesterday along with the new budget, the GDP growth rate was 4.4 per cent in the year 1994-95 and 4.2 per cent in 1993-94.

The present government is ambitious about raising the growth rate in next five years and hoped that it would be able to score a 7 per cent GDP growth rate in next five years.



Prime Minister Sheikh Hasina and Finance Minister Shah AMS Kibria entering the Jatiya Sangsad before the national budget was placed. — Star photo

Duty on many other items reduced Tk 100cr Agri Subsidy Fund

By Staff Correspondent

To revitalize the agriculture sector, the 1996-97 budget has proposed to reduce duties on some agri-inputs which will cause a revenue loss of Tk 10 crore.

Finance Minister Shah AMS Kibria, in his budget speech yesterday, also proposed formation of a special Agriculture Subsidy Fund of Tk 100 crore in the annual development programme with a view to accelerating development in the agriculture sector.

Allocation for the agriculture sector has been raised to

Tk 748 crore under the ADP, up by 34 per cent from a Tk 558.54 crore allocation in the revised budget for 1995-96 fiscal year.

As a result, the share of agriculture sector increases to 6 per cent of the ADP from 5.34 per cent and it will be further increased gradually, Kibria said.

Under the special subsidy programme, allocations will be provided to the participating banks from the fund for subsidising 80 per cent of interest cost on the credit for purchase

of irrigation equipment and agricultural machinery.

Proposal has been made to reduce duties on seed potatoes and gypsum anhydrite fertilizer from 7.5 per cent to 2.5 per cent.

Reduction of duties have also been proposed on tractor, tractor tyres, tractor parts, fibre glass strainers and filters used in deep tubewells and tractor flaps from 7.5, 22.5, 15, 30 and 45 per cent respectively to a flat 2.5 per cent. See Page 2 Col 5

Inflation rate 5pc

The inflation rate for the last fiscal (1995-96) has been projected at 5 per cent, slightly lower than the previous year, reports UNB.

According to the Economic Survey Report of 1996, placed in parliament yesterday, the inflation rate was 5.2 per cent in fiscal 1994-95 as per Consumer's Price Index (CPI) of middle class families in capital Dhaka.

The inflation rate, which dropped gradually since 1990-91, rose sharply in 1994-95. Inflation was 8.9 per cent in 1990-91, 5.1 per cent in 1991-92, 1.3 per cent in 1992-93 and 1.8 per cent in 1993-94.

The report says, inflation was 9.3 per cent in 1989-90 while the average rate was 10.1 per cent from 1984-85 to 1988-89.

No new directions, says Saifur

By Staff Correspondent

Former finance minister M Saifur Rahman said the first budget of the Awami League government is the reflection of routine budgetary exercise and continuation of the policies and programmes that was initiated by the BNP government in 1991.

There is no new directions in the current budget, though I expected a visionary one from them since the AL government assumed power after 21 years, said Rahman, who presented nine budgets on behalf of the BNP government in its two

terms. He also said barring some widening of the Value Added Tax net, the Finance Minister made only few marginal adjustments.

Termining the budget backward-looking, he said that the Finance Minister repeatedly made reference to the past when it was expected that the budget would be a forward looking one.

Talking to The Daily Star last night, he, however, thanked the Finance Minister for this good wisdom of ac-

Allocations for defence, education sectors up

By Staff Correspondent

Allocations for defence and education sectors in the proposed revenue budget for 1996-97 have increased compared to that of the previous year while for agriculture, allied services, water resources and health and population control sectors allocations have decreased.

In the Annual Development Programme (ADP), however, allocations have increased for agriculture, education, religious affairs, and health sectors. For population control and family planning, the allocation under the ADP has decreased.

The proposed allocation for Defence is Tk 2215.88 crore, which is 14 per cent of the revenue budget for this fiscal year. The allocation for this sector has increased by Tk 281.21 crore over that of the previous year.

Allocation for education sector Tk 2233.28 crore, 18 per cent of the proposed revenue budget. The allocation has increased by Tk 88.25 crore over that of the previous year.

Allocation for education and religion under the proposed ADP is Tk 1768.67 crore, 14 per cent. See Page 12 Col 7

Instant reaction 'Budget to help boost private sector'

By Staff Correspondent

Leaders of some chamber bodies of the country in an instant reaction yesterday hailed the proposed national budget for the 1996-97 fiscal saying it would help boost the private sector.

The President of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) has termed the budget as a good one. Talking to The Daily Star, Salman F Rahman said, the budget might create a congenial environment for investors from home. See Page 12 Col 3

DSE welcomes budgetary initiatives

By Staff Correspondent

Leading share market operators of Dhaka Stock Exchange (DSE) have welcomed the 'initiatives' in the proposed budget for development of the capital market in the country.

They said that the share market would boom further due to withdrawal of one year lock-in system on initial public offering (IPO) for foreign portfolio investment, exemption of capital gains tax on the sale of bonus shares and fixation of five per cent quota for non-resident citizens of Bangladesh (NCB) in primary public. See Page 12 Col 1

Income tax exemption limit now Tk 60000

By Staff Correspondent

The proposed budget for fiscal 1996-97 has sought to raise the annual tax exemption limit for individual income to Tk 60,000 from the present Tk 55,000 annual.

According to another proposal individual taxpayers will not be required to file statement of assets and liabilities along with their returns in 1996-97 assessment year, if their total annual income does not exceed Tk two lakh. Previously this limit was set at Tk one lakh.

To encourage domestic and foreign investment, the budget

proposed to reduce the tax rate of banks, insurance companies, financial institutions and non-resident companies from 47.50 per cent to 45 per cent. Finance Minister SAMS Kibria said, it would result in an annual revenue loss of about Tk 17 crore.

The budget has proposed to reduce the deduction of tax at source on export from the existing 0.50 per cent to 0.25 per cent.

Presently, capital gain on sale of share listed with Stock Exchange is entirely exempted from tax while such gain on sale of bonus share is not. To encourage more foreign investment, the budget proposed to exempt capital gain on sale of bonus share from tax.

In determining the income of the banks, presently a sum equal to 5 per cent of the total outstanding loan including interest thereon or the amount of actual provision for bad and doubtful debt and interest thereon, whichever is less, is allowed as business expenditure. At the same time the amount of interest which is not brought in the profit and See Page 12 Col 6

Miladunnabi today

Holy Eid-e-Miladunnabi marking birth and death anniversary of Prophet Hazrat Muhammad (SM) will be celebrated today with due solemnity and religious fervour, reports UNB.

President Abdur Rahman Biswas and Prime Minister Sheikh Hasina gave separate messages on the occasion.

The government has announced the day as a national holiday. Various government, socio-religious and cultural organisations have drawn up elaborate programmes to mark the day.

Editorial on page 4

National flags and bunting inscribed with 'Kalema Taieba' both in Bangla and Arabic will be hoisted on both sides of roads and traffic islands.

Islamic Foundation and Islamic Cultural Centre in the districts will arrange discussions. See Page 12 Col 8

Cabinet approves budgets

The Cabinet approved the supplementary budget for 1995-96 and this year's proposed annual budget placed in Parliament yesterday, reports UNB.

It also endorsed taxation system and revenue collection activities for the current financial year (1996-97).

The approval was given at a special Cabinet meeting held in the Cabinet room of Jatiya Sangsad with Prime Minister Sheikh Hasina in the chair.

Ministers and State Ministers in-charge of different ministries attended the meeting. Cabinet Secretary, Principal Secretary to the Prime Minister and Secretaries concerned were present.

VAT network to be expanded

By Staff Correspondent

The Finance Minister in his budget speech yesterday proposed to expand the VAT network to firms like shipping agency, audit and accountancy firm, consultancy and supervisory firm and leasing company.

He also proposed to bring luxury items like motor cars, air conditioners, dish antennas etc under the purview of VAT.

Although the Finance Minister in his speech said that no new taxes would be imposed to increase government revenue, he proposed to reorganise duties on some items.

These include: 30 per cent See Page 12 Col 6

Losses by SOEs now Tk 2300 cr

By Staff Correspondent

Finance Minister SAMS Kibria yesterday in his budget speech said that losses of state-owned enterprises, excluding banks and railways, increased from Taka 1,400 crore in 1994 to Taka 2,300 crore.

According to some economists, if losses in the SOEs could be prevented, gross domestic saving in Bangladesh would increase by two per cent, Kibria added.

He also said unannounced deficit, which are not directly put before the public representatives, pose serious threat to the 'very economic structure of the state.'

The finance minister also said that the irregularities and inefficiency in financial sector See Page 12 Col 2

Tax holiday

By Staff Correspondent

The 1996-97 budget has proposed to extend tax holiday to the expansion units of manufacturing industries, tourism industries and organisations providing infrastructure facilities.

Presently, there is no provision to allow tax holiday to any expansion units of such organisations which are not enjoying tax holiday.

To remove this discrimination and considering the greater interest of industrialisation, we propose that tax holiday be extended to the expansion units of all such organisations. Finance Minister SAMS Kibria said.

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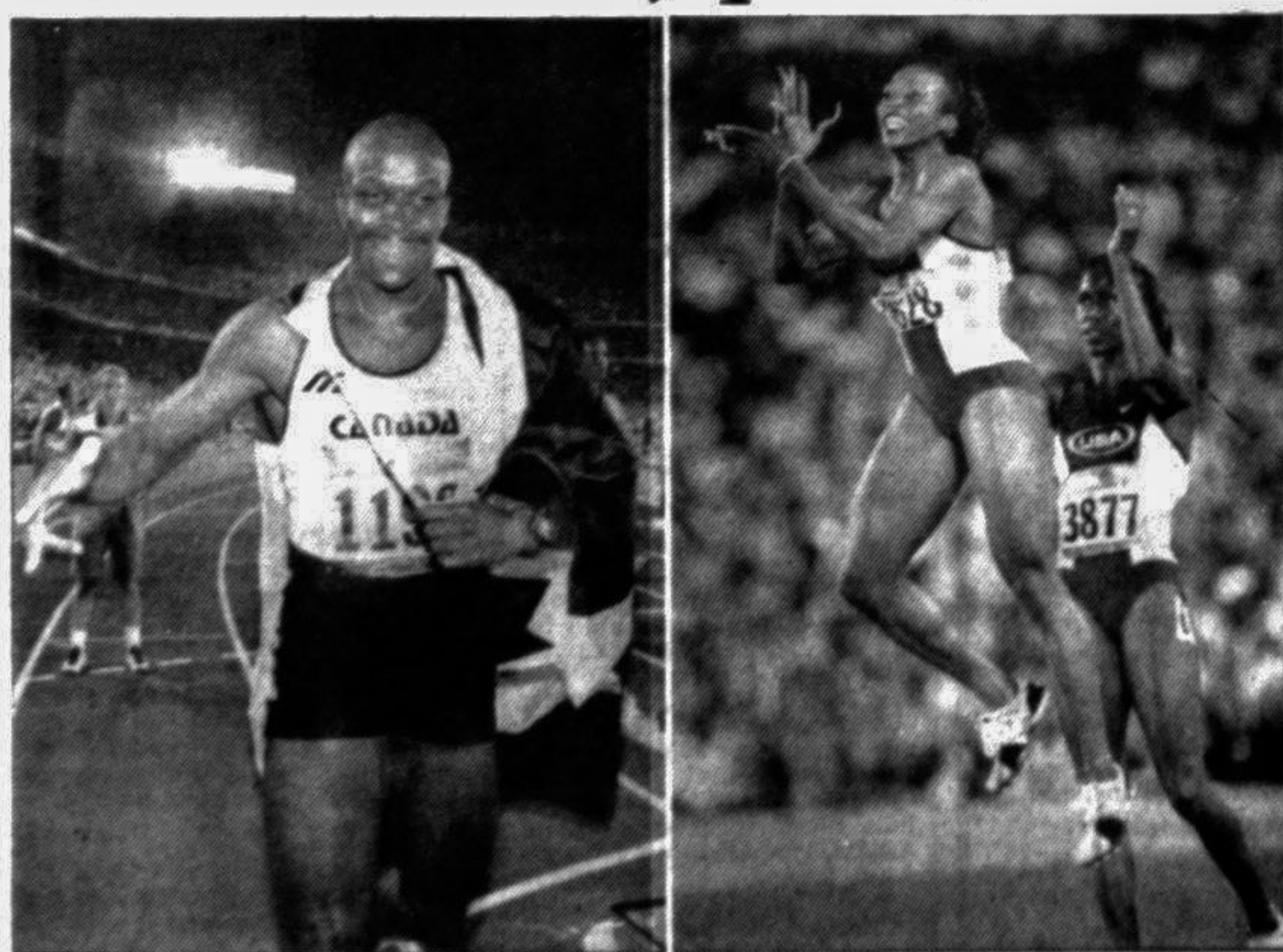
Bengal Fine Ceramics Limited announces with pleasure that over Tk. 60 Crore have been received against subscription for public issue of shares of Tk. 3.55 Crore which was closed on 18th July, 1996.

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Fastest Adam, quickest Eve



Draped in Canada's maple leaf Donovan Bailey (L) is ecstasy personified while Gail Devers of the USA leaps in joy after winning the Olympic gold in their respective 100m sprints at Atlanta on July 27. Details on page 10. — AFP/UNB photo

LATEST FROM ATLANTA
Surprise winner of Marathon
 Ethiopian policewoman Fatuma Roba, never a winner in a major international competition, ran away from her more seasoned opponents for a surprising victory Sunday in the Olympic women's marathon. Roba, the first African woman to win a medal in the marathon since the event became part of the Olympics in 1984, dropped to her knees and kissed the track after crossing the finish line to the cheers of a near-capacity crowd at 85,000-seat Olympic Stadium. Her time of 2 hours, 26 minutes and 5 seconds was three minutes faster than her previous best. She finished two minutes ahead of her nearest rival, 1992 gold medalist Valentina Yegorova of Russia. The margin was the largest in the brief history of the Olympic event.