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Prime Minister Sheikh Hasina and some leading members of the Treasury Bench at the Jatiya Sangsad during the presentation of the national budget yesterday. — Star photo

Tk 8162cr deficit budget

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The budget also proposes a number of programmes aimed at reducing poverty and helping for the first time the poor and elderly citizens with pensions on an experimental basis. It also seeks to boost agricultural production with more allocations in the previous year.

The proposed budget has projected a revenue earning of Tk 19624 crore — Tk 16153 crore from tax and Tk 3471 crore from non-tax heads — 14 per cent up from this year's Tk 17120 crore.

A lot of fiscal balance will now depend on realisation of these taxes, mainly customs duty and VAT. The budget aims at realising Tk 1950 crore from income tax, Tk 5010 crore from customs duty, Tk 230 crore from excise duties, Tk 5050 crore from VAT, Tk 2510 crore from supplementary duty and Tk 250 crore from other taxes and duties.

Of the total expenditure, Tk 12800 crore will be on development programmes and Tk 14545 cr on revenue heads. After discounting net outlay in food stock (Tk 49 cr) and loans and advances (Tk 563 cr), the rest expenditures will be on non-ADP projects (Tk 38 cr), food for works (Tk 265 cr) and capital expenditure (Tk 750 cr).

The estimated expenditure also shows Tk 700 crore for pay rise of government employees.

The budget deficit will be met through Tk 5342 crore foreign financing and Tk 2820 crore domestic financing.

The proposed budget's deficit is Tk 24 crore higher than this year's original estimated deficit and Tk 296 crore higher than the revised estimate.

Hoping to make a GDP growth of 5.7 per cent this fiscal, the finance minister outlined a five-point strategy for growth. These are reducing wastage, maintaining macroeconomic stability, promotion of private sector by eliminating unnecessary restrictions, supporting export-oriented industries and human resource development.

Speaking on reforms, Kibria said, "We must consolidate ongoing reforms before moving on to new areas. Payoffs of successful reforms are enormous, the penalties of failures could also be staggering. It is not sufficient to start reforms, one cannot reap the dividends of reforms unless they are completed."

Proposed tax burden

From Page 1

of cars, station wagons and jeeps.

Customs duty on ships to be scrapped is slated to increase to 15 per cent from 7.5 per cent.

Import duty on writing and printing paper is to increase to 22.5 per cent from 15 per cent.

Import duty on rice-huller parts has been increased to 15 per cent from 2.5 and on bicycle and cycle rickshaw chains to 45 per cent from 30 per cent.

Import duty on crown cork, crude china clay and quartz increased to 15 per cent from 7.5 per cent, on bicycle and polymethyl methacrylate, reed wire and other photographic film to 30 per cent from 22.5, on tractors to 7.5 per cent from 2.5 and import of CKD tractors will be allowed at 2.5 per cent import duty.

The Finance Minister proposed to introduce a separate infrastructure development surcharge at a rate of 2.5 per cent. The proposed surcharge will be applicable on all imports except on defence stores, imports for diplomatic and privileged persons etc.

He further proposed to impose 2.5 per cent customs duty on some mineral products, diesel engine, aircraft, ocean-

going vessels above 3000 DWT, testing equipment, laboratory equipment, some medicine and their raw materials, raw cotton and cotton waste and 7.5 per cent customs duty on textile air-conditioner and textile machinery.

Share IPO quota to go

By Staff Correspondent

Various quotas in the Initial Public Offering (IPO) will be eliminated to ensure the access of small investors to share markets, Finance Minister S A M S Kibria announced yesterday. In his budget speech, he however, said the quota for the non-resident Bangladeshis will be increased from five per cent to ten per cent to encourage them to invest.

Explaining the recent trends in the capital market, he said, the present government inherited a 'very fragile' capital market. "The main issue is not why share prices fell, but why these prices rose so high," he said.

He said, long term measures will have to be implemented for institutional development of this sector for which steps have already been taken, he added.

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5-tier income tax rates for individuals proposed

Finance Minister Shah A M S Kibria has proposed a number of changes in income tax in a bid to reduce the tax rate, widen the tax base, check tax evasion, encourage investment and make the income tax system modern and realistic, reports UNB.

He proposed a five-tier tax rates for individuals, same tax rate based assessment system for both resident and non-resident Bangladeshi tax-payers, two-tier corporate tax rate structure to attract foreign investment and to raise the contribution of the private limited companies.

At present, there exist four-tier rates for individual tax-payers of which the lowest is 15 per cent, Kibria said in his budget speech on fiscal measures.

Kesri retains Congress leadership

NEW DELHI, June 12: Sitaram Kesri, who brought down India's previous coalition government, was re-elected today as the chief of the Congress (I) Party after a bitter leadership challenge, reports AFP.

Oscar Fernandes, a senior Congress official, said Kesri won by a margin of more than 6,000 votes over Sharad Pawar, a former defence minister, and another senior member of the party, Rajesh Pilot.

Kesri polled 6,224 votes while Pawar secured 882 votes and Pilot got 354 votes out of a total of 7,557 votes. A total of 97 votes were invalid," Fernandes said.

The government, he pointed out, has formed an Agriculture Commission, and set up a new agriculture extension and research system to help boost production. On farm credits, he said, the government has decided to contribute Tk 100 crore to rural credit fund of Bangladesh Bank. A credit programme of at least Tk 1,000 crore will be ensured for the cereal sub-sector by Bangladesh Bank with the support from the government as well as from its own resources.

Fishery and Livestock sectors, a crucial segment in poverty alleviation programmes, have been allocated Tk 130 crore in the ADP, he said.

In the revised budget for 1995-96, Tk 502.34 crore was allocated for the crop sub-sector. But in the revised budget for 1996-97, the allocation rose to Tk 735.66 crore, marking a rise of 46.4 per cent. Total allocation for crop sub-sector in 1997-98 is proposed to be raised to Tk 843.3 crore—an increase of 14.6 per cent over that in the current years revised budget, he said.

Meanwhile, in the revised budget for 1996-97, revenue receipts exceeded the estimate by Tk 25 crore and reached Tk 17145 crore while the revised total expenditure was lower by Tk 247 crore, totalling Tk 25011 crore.

The revised overall deficit for 1996-97 was Tk 272 crore lower than the estimated deficit of Tk 8138 crore. This cut in deficit and expenditure was due to a slash in ADP by Tk 800 crore to Tk 11700 crore.

The finance minister's speech was punctuated with shouts from the Opposition Bench when he referred to the share market scam and outlined new VAT and tax widening process. But a table thumping Treasury Bench lent their support to the minister when he announced certain measures to help the poor and vulnerable and unemployed and other highlights.

Earlier, carrying a new briefcase, Kibria, presenting budget for the second time in Parliament, arrived at the House at 3-15 pm with Prime Minister Sheikh Hasina. But he preferred to take his seat at the other end of the front bench.

He also reiterated the government's top priority on poverty alleviation and social justice. He unveiled features of a social programme to help the poor and elderly and vulnerable groups of people. The proposed funds for helping the poor and creation of jobs for youths through an employment bank and shelters for the homeless totals Tk 150 crore, he said.

Highlighting the importance of agriculture in the national economy, Kibria said the sector contributes 32 per cent in Gross National Product. Because of a courageous decision by the government to subsidise agriculture sector with an initial outlay of Tk 100 crore in

the ADP which increased to Tk 212 crore due to fertiliser imports to offset local production shortage, the sector had a growth of six per cent, he added.

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To reduce tax burden of the low income group, he proposed to reduce the lowest tax rate from 15 per cent to 10 per cent and five-tier tax rates for individuals.

Also proposing to reduce the amount of minimum tax from Tk 1200 to Tk 1000, the finance minister hoped that the tax-payers would voluntarily submit their income tax returns showing taxable income.

Regarding his proposal for introduction of same tax rate based assessment system for both the resident and non-resident Bangladeshi individuals, he said it is discriminatory to treat the non-residents and residents differently.

Kibria said most of the countries in South and South-East Asia have lowered their corporate income tax to attract foreign investment. "To attract foreign investment, we have to provide similar incentives."

At present, publicly traded companies and non-publicly trade companies are taxed at the rate of 35 and 40 per cent respectively, while the banks, insurance companies, financial institutions and non-resident companies are taxed at 45 per cent.

Gold import upto 5 kg allowed

By Staff Correspondent

People travelling abroad will be allowed to import of upto 5 kg gold and upto 15 kg silver on payment of duties and taxes, according to the proposed budget.

Till now, passengers could import gold and silver of up to 2 kg.

The Finance Minister also proposed that in the interest of the local jewelry sector, the baggage rule would be amended curtailing male passengers' duty free entitlement of 200 gm of gold jewelry to 50 gms only.

Tk 700 cr kept for pay scale

Government has kept a provision of Tk 700 crore in the national budget for the coming fiscal year for meeting increased expenditure to implement the new pay scales for government officials and employees, reports UNB.

Finance Minister Shah A M S Kibria in his budget speech yesterday said the amount has been earmarked for taking suitable measures in the light of recommendations of the Pay Commission which is expected to submit its report soon.

The new pay scales will be effective from July 1, 1997.

"Had there been no increased expenditure on salary and emoluments, it would have been possible to increase investment in productive sectors through Annual Development Programme," the finance minister said.

Highlights

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goods.

- Allocation for Food for Work and Rural Infrastructure Development: Tk 553 crore.

- Allocation for education sector: Tk 2342.83 crore in revenue budget and Tk 1685.62 crore in ADP.

- Revenue expenditure in defence sector: Tk 2457.53 crore.

- Unexpected revenue expenditure: Tk 1253.00 crore (including Tk 700 crore for implementing new Pay Scale).

- Tk 7327 crore investment in physical infrastructure sector.

- Tk 1000 crore credit programme for cereal by Bangladesh Bank.

- Tk 100 crore allocation for railway track on Jamuna Bridge.

- Tk 12 crore lump allocation for scientific research.

- Tk 2 crore special allocation for development of cricket.

- Setting up of a Housing Fund of Tk 50 crore.

- Establishment of a Employment-Generation Bank.

- Superannuation Allowance for uncared poor elderly people.

dustry (FBOCI) president Yousuf Abdullah Harun and Metropolitan Chamber of Commerce and Industry (MCCI) president Samson H Chowdhury were not available over telephone for comments.

BSS adds: The Khulna Chamber of Commerce and Industry (KCCI) in a statement issued to the press last night hailed the proposed national budget.

The KCCI said, the budget is welfare-oriented and it attaches due emphasis on education, agriculture, electricity and local industries.

BSS adds: Acting president of Rajshahi Chamber of Commerce and Industry, Salahuddin Raju, last night termed the proposed national budget people-oriented and said that the general people would be benefited in all respect.

In his reaction, Md Ismat Reza Khan Manu, President of Rajshahi Brick Manufacturing Association, said the proposed national budget was a development-oriented one and it would help develop the industry, agriculture and transportation sectors of the country.

Secretary General of Bangladesh Frozen Foods Exporters' Association Dr Altabuzzaman has said the new budget may help increase foreign exchange earnings.



Leader of the Opposition in the Parliament Begum Khaleida Zia and some leading members of the Opposition Bench at the Jatiya Sangsad during the presentation of the national budget yesterday. — Star photo

Manikganj bypolls

Nomination of

JP candidate

declared valid

The Election Commission yesterday declared valid the nomination paper of the Jatiya Party candidate in Manikganj-3 bypolls, which was earlier cancelled on ground of bank loan default, reports UNB.

It gave the judgement following Wednesday's hearing on an appeal petition submitted by the JP candidate challenging the legality of the cancellation, EC sources said.

The Returning Officer concerned after scrutiny cancelled the candidature of Mohammad Ramjan Ali, district JP president and Manikganj pourasava chairman, on June 9.

Meanwhile, Chief Election Commissioner Muhammad Abu Hena called at President Justice Shahabuddin Ahmed at Bangabhaban yesterday.

The CEC apprised the President of the steps taken by the Election Commission so far for holding Manikganj by-election in a free and fair manner.

GDP growth

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The Survey says that the contribution of agriculture to the GDP has been decreasing since 1990-91 when it stood at 38 per cent.

The foodgrain production for the first time is expected to exceed 202.5 lakh metric tons. It was 190.6 lakh mt in 1995-96.

But the growth rate in the industrial sector decreased to 3.6 per cent in the current fiscal year from 5.3 per cent in 1995-96.

Similarly, the growth rate in the manufacturing sector decreased in the current year. It shot down to 3.3 per cent in 1996-97 from 5.3 per cent in 1995-96.

The growth rate in the construction and electricity-generating sectors will stand at 3.6 per cent and 5 per cent respectively against 4 per cent and 9.9 per cent in 1995-96.

ADP

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plus, capital account — Taka 567 crore, food receipts Tk 49 crore, T and T Board — Tk 150 crore and self-financing Tk 175 crore.

The current year's revised ADP included Tk 5725 crore from domestic resources and Tk 5975 crore as foreign aid.

In the ADP for the coming fiscal year, the highest allocation of Tk 2265.66 crore has been earmarked for the transport sector, and Tk 1685.62 crore for the education and religious sector. The ADP allocation in the education sector is Tk 101.94 crore higher than that of the current year's allocation of Tk 1583.68 crore.

The ADP budgetary allocation earmarked for other major sectors included Tk 1472.68 crore for power, Tk 539.75 for oil, gas and natural resources, Tk 624.29 crore for agriculture, Tk 988.53 crore for rural development, Tk 1064.40 crore for water resources, Tk 1131.78 crore for health, population and family planning, Tk 150.66 crore for industries, Tk 284.52 crore for communication, Tk 50.55 crore for mass communication, Tk 870.08 crore for physical planning, water supply and housing.

The lowest tax rate has been fixed at 10 per cent instead of the previous 15 per cent. The amount of minimum tax has been reduced to Tk 1000 from Tk 1200.

It has also been proposed that non-resident Bangladeshi tax payers will not be treated differently and they will have to pay taxes in the same assessment system as for the resident Bangladeshis.

The budget proposed merger of various tax rates previously applied to different types of institutions, which ranged between 35 and 45 per cent. An uniform tax rate of 40 per cent for the non-publicly traded companies, banks, insurance companies, financial institutions and non-resident companies has been proposed to attract foreign investment.

Considering the insignifi-

tion for poverty alleviation will languish somewhere near the bottom of the list. The opposition will reject it and the ruling party will hold a victory procession — this is all predictable," he said.

Jamal Uddin, an American Bangladeshi currently visiting Dhaka, said the government was very dependent on taxes, but its taxation department was grossly incompetent. "They are trying to milk the productive industries while non-productive white elephants kept devouring hard-earned public money," Jamal said.

People's reaction

From Page 1

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Budget anti-people

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Saifur noted that the BNP government refunded Tk 1,600 in borrowed money. "We had to borrow money from the banking sector only in the 1995-96 fiscal and that also because of a series of hartal calls by the then opposition."

Responding to the projected growth rate of 5.7 per cent in 1996-97, he said that 90 per cent credit for this growth goes to the agricultural sector which was endowed with favourable weather. He recalled growth that the rate crossed the five per cent mark only four times since Bangladesh came into being and during all those periods the country was blessed with bumper crop production.

He expressed deep concern at the falling level of foreign exchange reserve. He also contested Finance Minister Shah AMS Kibria's claim to inheriting a weak capital market, and said, "we had boosted up business volume of the stock exchange from Tk 200 crore to two billion US dollars."

Saifur Rahman expressed his doubt about earmarking an allocation of only Tk 700 crore for implementing the new national pay scale when the amount of money involved was projected to be Tk 2,000 crore. "They (the government) are not

giving true reflection of what the pay rise would require."

He further alleged that the government has under-projected the revenue earning from the newly proposed 2.5 'blanket surcharge' on imports, which he reckoned to be Tk 1,000 crore instead of Tk 350 crore as projected by Kibria.

He criticised the government for the decline in foreign aid disbursement and observed that the ADP was not adjusted with the inflation rate. "If we calculate the proposed ADP allocation of 1997-98 in comparison with that of 1996-97, it is rather downsized."

Earlier, initiating the briefing Prof Badruddoza Chowdhury told newsmen that a full reaction of BNP on the proposed budget would be communicated later after a "critical analysis" is done.

He said the proposed budget would affect the poor people, peasants and small industries much. "Taxes on writing papers to by-cycle, and even on shoes have been increased. And what's left? Be aware, if one possesses a telephone, he would also have to file income tax returns," he added.

He alleged that the proposed budget was charted out to turn Bangladesh into a market of foreign goods.

Proposed tax relief

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Customs duty on the import of completely knocked-down (CKD) bus, minibus and truck will be cut from 15 per cent to 7.5 per cent.

Duty on most of the auto parts is proposed to be reduced to 22.5 per cent from 30 per cent.

Customs duty on insulated road milk-tanker will be reduced from 45 per cent to 2.5 per cent.

"To encourage assembling of electronic products, I propose to bring proper amendment of the existing SRO related to electronics sector allowing import of certain electronic parts and accessories at 15 per cent customs duty instead of 30 per cent at present," the finance minister said.

Customs duty is being reduced on computer accessories like toner cartridge and ribbon from 30 per cent to 15 per cent, on all parts of battery except plate and grid from 30 per cent to 22.5 per cent, on plastic and paper-made diagnostic agents (strip) from 45 per cent and 30 per cent respectively to 15 per

cent, on mercury, potassium iodide and natural rubber from 22.5 to 15 per cent, on MS wire above 10 mm from 45 to 30 per cent and on gypsum anhydrite from 7.5 to 2.5 per cent.

Customs duty on limestone will be reduced to 7.5 per cent from 15 per cent and 5 per cent supplementary duty on paper bags and sacks for the cement industry has been withdrawn. Duty on silico-manganese steelbars will be reduced to 30 per cent from 45 per cent.

Duty on heavy normal paraffin and liquid chlorine will be reduced to 15 per cent from 45 and 30 per cent respectively. Fifteen per cent supplementary duty on heavy normal paraffin has been proposed to be withdrawn.

Customs duty has been reduced on irrigation pump raw materials, ERW pipes and stainless shafting to 30 per cent from 45 per cent, on raw materials for razor blades, perforated one-half inch stainless steel blade to 22.5 per cent from 45 per cent and on wool waste to 15 per cent from 30 per cent.

limited contribution of the private companies to the tax revenue, it was proposed that the taxation department will accept the return of a private limited company without any question if it files a return showing 10 per cent higher income over the last assessed income and pays tax on the basis of such income or pays tax which is not less than 10 per cent of the equity or two and a half per cent of turnover and shows income which is proportionate to the tax so paid. However, the minimum amount of tax under this procedure shall be Tk 25,000.

VAT net

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and satellite cable operators have been proposed to be brought under the purview of VAT.

However, the taxpayers of such goods and services will pay turnover tax at the rate of 4 per cent whose turnover is less than Tk 15 lakh a year.

It has been proposed that the manufacturers of PVC pipe, metal container, the chassis of motorised vehicles, soap, electrical bulb, battery and wires and cables will not be entitled to any Cottage Industry Benefit and they will be liable to pay 15 per cent VAT or turnover tax.

The rate of turnover tax of those whose annual turnover is less than Tk 15 lakh, has been increased to 4 per cent.