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BNP may join JS session Sunday

By Staff Correspondent
BNP lawmakers did not attend the Jatiya Sangsad session when Finance Minister S A M S Kibria placed the national budget for 1998-1999 in the House yesterday.

Jatiya Party and Jamaat-e-Islami legislators were present in the House.

However, BNP MPs are likely to join the session on June 14, the next working day of the Sangsad.

Explaining the reasons behind the party's absence from the House, BNP standing committee member Khandaker Mosharraf Hossain, MP, said that they were willing to enter in the House yesterday. "But a large number of party MPs understandably tired after the Dhaka-Khagrachhari long See Page 12 Col 7

Inflation rate 6.6pc in April

The inflation rate was recorded at 6.63 per cent in April this year according to the new index against 2.51 per cent in June last year, reports UNB.

Finance Minister SAMS Kibria stated this while presenting his budget speech in Parliament yesterday.

Quoting experts, he said current inflationary pressure is due to "unexpected shortfalls in Aman production."

The rate of inflation was calculated at 6.28 per cent as per consumer price index of the middle class in Dhaka city and 6.63 per cent in accordance with the national consumer price index.

The survey report attributed the rising trend of inflation to pay-hike, enhanced fuel and power tariff following withdrawal of subsidy, and decreased Aman production due to unfavourable climate.

It, however, said that the inflation situation was tackled by food import in public and private sectors, all open market sale of foodgrains.

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5 service areas to be brought under VAT net

By Staff Correspondent
Nine new items have been brought under VAT net at retail level in the proposed national budget for fiscal 1998-99.

These items are: firearms, carpet, watch, cement and MS products, ceramic crockery, glass, crystal, pyrex and melamine, household decoration pieces made of ceramic, silver, brass, bronze, crystal glass, CI sheet and foam.

Proposing expansion of the VAT net at retail level, Finance Minister S A M S Kibria said that about 70 items were brought under it during 1996-97 and 1997-98 financial years. The proposal for 1998-99 financial year is a continuation of that practice. The proposed budget was placed in the Jatiya Sangsad yesterday.

Besides, five services have See Page 12 Col 8

President authenticates budgets

President Shahabuddin Ahmed yesterday authenticated the supplementary budget for 1997-98 and the proposed budget for 1998-99 fiscal for placing before the Jatiya Sangsad, reports UNB.

The approval was given at the President's office in Jatiya Sangsad soon after the Cabinet approved the same, said an official handout.

Finance Minister Shah A M S Kibria was present on the occasion.

Inside Today Article

Time is Out of Joints, the Centre Cannot Hold

Column: Do I Dare!
by A Z M Obaidullah
Khan
Page 4

Focus

Rural industrialisation: Removing disparities in development
Page 5

Business

Capital market gets incentives in proposed budget for 1998-99
Page 9



Prime Minister Sheikh Hasina accompanied by Finance Minister S A M S Kibria entering the Jatiya Sangsad yesterday before presentation of the National Budget for fiscal 1998-99. —Star photo

4.8km BJMB gas pipeline collapses

By Mizan Ali
The 4.8 km gas pipeline fixed underneath the Bangabandhu Jamuna Multipurpose Bridge collapsed and fell into the river early morning yesterday when water was run through it for leakage testing, according to official sources.

The whole length of the gas pipeline collapsed yesterday, said an official of the communication ministry requesting anonymity. He refused to elaborate.

The gas pipeline was being tested when it collapsed at about 3:30 am yesterday, said a source at the site.

It broke down after water was run through it at a certain force for about twelve hours, he said. The testing was to continue for 24 hours, he added. None was injured in the incident. The test is known as hydro tests done before supply of gas.

Communications Minister Anwar Hossain Manju visited the site yesterday morning. When contacted last night, he said the incident will be probed.

The pipeline was anchored underneath the cantilever slab of the bridge, said an expert adding, it could breakdown if the anchors were loosely fixed. Asked whether it could be refixed before the inauguration of the bridge on June 23, the expert said, "chances are less."

When contacted, Abdul See Page 12 Col 8

Italy escape shock defeat

JOHN PLAYER GOLD LEAF LIGHTS
WORLD CUP '98
UPDATES

BORDEAUX, June 11: Roberto Baggio scored with a controversial 85th minute penalty to give Italy a late equaliser in a 2-2 draw with Chile today, reports Reuters.

Baggio scored after Niger referee Lucien Bouchard ruled that Chile defender Ronaldo Fuentes had handled a cross from Baggio when the ball struck Fuentes's arm apparently without him attempting to gain advantage.

For most of the second half Chile appeared to be heading for their first World Cup victory for 36 years after a two goal burst from Lazio bound striker Marcelo Salas either side of halftime.

The River Plate player grabbed an opportunist's goal two minutes into injury time at the end of the first half after the Italian defence failed to clear a corner.

He added his second four minutes after the interval, rising above marker Babio Cannavaro to plant a firm downward header past a falling Gianluca Pagliuca in the Italy goal.

Salas, who joins Lazio in an 18 million dollars deal next season, was a constant threat to the Italian defence, particularly when he combined with Inter Milan's Ivan Zamorano.

Salas should have given Chile an equaliser halfway through the first half and Zamorano got the better of his marker Alessandro Nesta on several occasions.

Italy had taken the lead after nine minutes thanks to their previously untried striking partnership of Baggio and Christian Vieri.

Captain Paolo Maldini set Baggio free with a long clearance from defence. Baggio stroked the ball into Vieri's path with a perfectly weighted pass from the left and the Atletico Madrid forward buried a first time shot in the bottom right hand corner of Nelson Tapia's goal.

Baggio and Vieri had never played together in a competitive match before today.

The last penalty Baggio took for Italy in a World Cup was the kick he missed in the shoot out which gave Brazil victory in the 1994 final.



Italian players jubilate after forward Christian Vieri scored the first goal at the Parc Lescure in Bordeaux during the World Cup Group B first round match between Italy and Chile yesterday. —AFP photo

Tk 30096 cr expenditure budget: Revenue income Tk 20776cr : Deficit Tk 9320cr: ADP Tk 13600cr

Thrust on industry-led growth

By Toufique Imrose Khalidi and Inam Ahmed

Vowing to protect the country from "the shocks of world economy", Finance Minister S A M S Kibria yesterday proposed budgetary measures to prop up industry but net in more resources to pay for social and infrastructure development.

Kibria placed a Tk 30,096 crore expenditure budget that envisages Tk 20,776 crore in revenue income and plans to spend Tk 13,600 crore for development projects.

Education, as usual, officially became the highest recipient of both taxpayers' money and development funds. In all, it will receive Tk 4596.14 crore, 9.4 per cent higher than the revised allocation of the current fiscal.

Defence, the usual second, drew much more than expected. Defeating the government's objectives as well as donors' objections, allocation for military purposes shot up by 13 per cent. This year, defence allocation was originally Tk 2457.53 crore, which has been proposed to go up to Tk 2786.43 crore.

However, the dream for an

industry-led growth was evident. The already-identified thrust sectors will benefit from cheaper imports of raw materials and intermediate goods, according to the proposals.

Proposing "gradual and moderate adjustments in Customs duties," he said the highest rate should be brought down to 40 per cent from 42.5 per cent.

This, he said, will help local industries increase quality and competitiveness.

There were also plans which clearly showed government's sympathy for agriculture. Special incentives also came for the ailing capital market.

The sectors which received special attention in terms of reduced duty and other incentives included computer software, agro-based industries, solar power, plastic and plastic products, leather, textiles and readymade garments.

"We had to establish a balance among divergent and conflicting interests of trade and industry and tried to establish an equilibrium acceptable to all," Kibria said in his budget speech.

The minister, however, warned much of government efforts would depend on political stability.

"International economic stability is not alone sufficient for development, political stability (at home) is also essential," he told parliament.

"We have been able to protect See Page 12 Col 3

Different political parties yesterday gave mixed reaction to the proposed National Budget for 1998-99.

While the ruling Awami League hailed the budget, Jatiya Party rejected it and Jamaat-e-Islami said the budget lacked "clear direction" for recovery from economic stagnation.

The main opposition BNP is scheduled to discuss the proposed budget at its parliamentary party meeting today and is likely to come up with its reaction after that.

General Secretary of AL Zilur Rahman, in an instant reaction, said that it was a timely

budget for implementing the election pledges of the party and taking challenges of the 21st century.

In a statement last night, he said that a clear political direction was there in the budget for building up a poverty and illiteracy-free Bangladesh as dreamt by Bangabandhu.

Jatiya Party Chairman H M Ershad rejected the new budget saying that it was not prepared in the interest of the people. "We cannot accept this budget," he said in his instant reaction, according to a UNB report.

Ershad said people did not See Page 12 Col 7

Education sector gets highest allocation

The education sector is the highest recipient of the new budget for fiscal 1998-99 with proposed increase of 9.4 per cent over the revised allocation of the outgoing year, reports UNB.

In the new budget, allocation for the education sector has been proposed to be raised to Tk 4596.14 crore against Tk 4199.98 crore of the revised budget for 1997-98.

"We are already receiving See Page 12 Col 4

Computers to be made duty-free

By Staff Correspondent
Good news for computer users. Or those who are planning to buy a new one.

A desktop computer with a Pentium processor can be as cheap as Tk 20,000, which is now selling for Tk 34,000, say hardware dealers.

Computers and accessories will be duty-free as proposed by the finance minister in his budget speech yesterday. Even a UPS (uninterrupted power supply) system will not be taxed if imported as part of a computer set-up. The duty on UPS has been proposed to go down from the existing 30 per cent to 15 per cent. But UPS importers will have to pay the existing 15 per cent VAT.

President of Bangladesh See Page 12 Col 2

Per capita income up by 7.92pc

Country's per capita income in the current fiscal year (1997-98) stands at Tk 12,181 marking a 7.92 per cent rise over the previous fiscal year, says the Economic Survey of Bangladesh 1998, reports UNB.

In 1996-97, the per capita income was Tk 11,288 and the growth 5.9 per cent.

The survey, placed in parliament yesterday, shows that the gross domestic product (GDP) in the current fiscal year is Tk 154,092 crore and the growth rate 9.83 per cent.

In the current fiscal, according to the survey, the growth in agriculture is 3.1 per cent and in industry 7.3 per cent.

See Page 12 Col 6

AL hails budget, JP, Jamaat reject

By Staff Correspondent
Different political parties yesterday gave mixed reaction to the proposed National Budget for 1998-99.

While the ruling Awami League hailed the budget, Jatiya Party rejected it and Jamaat-e-Islami said the budget lacked "clear direction" for recovery from economic stagnation.

The main opposition BNP is scheduled to discuss the proposed budget at its parliamentary party meeting today and is likely to come up with its reaction after that.

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Defence budget up by 13 pc

The proposed defence allocation in the national budget for 1998-99 is about 13.38 per cent more than in the outgoing fiscal year, reports UNB.

The net allocation for defence was Tk 2457.53 crore in 1997-98 while in the new budget for 1998-99, Tk 2786.43 crore has been proposed, marking an increase of 13.38 per cent.

In the revised budget for FY 1997-98, the allocation was increased to Tk 2600.8 crore.

However, the total budget for the Defence Ministry stands at See Page 12 Col 6

Tax burden

By Staff Correspondent
Construction materials and some household items will become costlier as several more essential items will now come under the VAT net at retail level. They include cement, CI sheet, ceramic crockeries, melamine, silver, brass, foam and wristwatches.

Services at air-conditioned garments shops and pathological laboratories will also become costlier as they will come under the VAT net. Security service companies and some trade services will also be brought under the VAT net.

Air tickets will become more expensive as VAT has to be paid on them.

Cigarettes will also cost more as supplementary duties on those have been increased.

Government servants who have a taxable income or See Page 12 Col 1

Tax relief

By Staff Correspondent
Individual income tax assessment tiers have been reduced to four from five.

Highest rate of customs duty has been reduced to 40 per cent from 42.5 per cent.

Duty of 2.5 per cent on health devices like pacemaker, heart valve and kidney dialysis machine has been abolished.

Duty rates have been reduced on agro-based industrial products like tin can, food flavour.

All duties and taxes on computer, computer parts and software have been waived.

Duty on primary polymer basic raw material for plastic industry has been reduced to 25 per cent from 30 per cent.

Customs duty on double-decker bus, trucks and tax-cabs has been reduced.

Supplementary duty on cars up to 1000 cc has been reduced.

Highlights

Following are highlights of the proposed budget for 1998-99:

- ★ No fresh tax has been proposed.
- ★ Duties on raw materials and intermediary products reduced to give support to local industries.
- ★ Special duty and other facilities proposed to encourage some industries, specially export-based industries.
- ★ Systematic reforms proposed to check harassment and corruption in revenue collection and also to curtail the discretion of the customs and tax officials.

The budgetary proposals in detail:

- To support the local industries, duties on following raw materials and intermediary products have been reduced:
 - Raw materials under 190 HS codes.
 - Raw materials and intermediary products under 852 HS.
- 2,591 products (HS Code). Considering export possibilities, the setting up of backward linkage, national priority, environmental cooperation and employment opportunity, special incentives have been given in the following sectors:
 - Agro-based industries (food flavour, tin can, crown cork and lag cap, glass-made bottle and jars).
 - Withdrawal of duties and VAT from computer and its accessories and reduction of duties on UPS.
 - Reduction of existing duty of 30 per cent to 25 per cent on polymer, basic raw materials for plastic industry.
 - Withdrawal of duty and VAT from photovoltaic generator.
 - Instead of 15, 25 and 30 per cent duties on different types of pigment used in leather industry, 15 per cent duty has been proposed amalgamating all See Page 12 Col 1

Govt ad rate in newspapers to rise by 30 pc

By Special Correspondent
Newspapers and periodicals will continue to enjoy the duty-free import of newsprint.

But they will be allowed to import newsprint equal to the quantity of locally produced newsprint they purchase.

This was stated by the finance minister in his budget proposals for next fiscal as a See Page 12 Col 8

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