

GDP growth rate stands at 6.04pc

STAR REPORT

Gross Domestic Product (GDP) growth rate in fiscal 2000-2001 at constant price (base year 1995-96) is 6.04 per cent.

"If the estimation procedure used by the previous government (using 1984-85 as base year) is applied, the growth rate will stand at 6.6 per cent," Finance Minister SAMS Kibria said in his budget speech at Jatiya Sangsad Bhaban yesterday.

On the basis of new estimation procedure, GDP, on an average, increased by 5.35 per cent per annum during the period from FY1996-97 to 2000-2001, he mentioned.

"This remarkable growth was achieved despite the meltdown of South Asian economies in 1997-98

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Inflation rate drops in last two years

STAR REPORT

The inflation rate for the first nine months of the current fiscal, calculated on the basis of average monthly rates, stands at 1.59 per cent.

"Thanks to appropriate monetary and fiscal policies, inflation rate was significantly curbed during last two years despite sudden rise in petroleum products, economic meltdown in Southeast Asia and the devastating flood in 1998," said SAMS Kibria in his budget speech in Jatiya Sangsad yesterday.

The average inflation rate in Bangladesh for FY1999-2000 was 3.41 per cent, he mentioned adding

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Tk 822 cr more subsidy proposed

STAFF CORRESPONDENT

The amount of subsidy in the proposed budget for 2001-02 has gone up by Tk 822 crore over that in this year's (2000-01) budget.

However, the subsidy of Tk 4648 crore in this year's budget has gone up by Tk 930 crore to Tk 5578 crores in the proposed revised budget for the year.

The coming fiscal year's budget proposes a subsidy of Tk 5470 crore. Besides, block allocations gray area from where the government

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Budget 2001-02

Full text of the Finance Minister's Budget Speech on page 16-20 See more budget-related stories on page 11.

High on industry, low on fiscal balance

Kibria proposes second-generation reforms in Tk 44,765 cr deficit budget

BUDGET AT A GLANCE

RESOURCES	
Description	Taka in Crore
1. Revenue Receipts	27239
2. Foreign Loans	6659
3. Borrowing from Banking System	2158
4. Foreign Grants	3183
5. Domestic Capital (Net)	2237
6. Self Financing by Autonomous Bodies	250
7. T&T Bond	200
Total	42306

USE OF RESOURCES	
Description	Taka in Crore
1. Non Development Budget	22038
2. Annual Development Budget	19000
3. Non-ADP FFW included in Development Budget	622
4. Net Outlay for Food Account Operation	362
5. Non ADP Projects	284
Total	42306

STAR REPORT

Finance Minister Shah AMS Kibria yesterday proposed a budget for the next fiscal year that would attract applause from the domestic industry, especially the small and medium manufacturing, and agro-processing sectors. However, it shows little compassion for fiscal balance with increasing debt servicing, high domestic borrowing and a not so promising foreign financing prospect.

Kibria also promised second-generation reforms, if the present government comes back to power. But he neither explained how the uphill tasks in the realms of public administration, SOE privatisation, banking and commercial sectors would be accomplished, nor offered any explanation as to why the first phase of reforms had withered away.

Presented on the eve of the general elections, the proposed budget contained no harsh measures that would increase tax incidence for the public. Conversely, it proposed a number of social projects.

The proposed budget for fiscal 2001-2002 with Tk 44,765 crore total expenditure shows that overall deficit is set to widen by Tk 665 crore to Tk 17,529 crore from the outgoing fiscal's original deficit estimation of Tk

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No major changes in income tax rates

STAR REPORT

Some changes in the existing income tax system have been proposed in the budget for fiscal 2001-02 to make tax payment system easier, expand the tax net and to help small industries grow.

The current rates of income tax will however continue, Finance Minister SAMS said in his budget speech in the Jatiya Sangsad yesterday.

To remove the hurdle for small tax payers, the finance minister suggested re-fixing the income limit for payment of advance income tax from Tk one lakh to Tk two lakh.

Tax payers having income below Tk 2,00,000 will not be required to pay advance income tax. They will pay their due income tax at the time of submission of income tax return.

To avoid complexity in collection of tax at source, the budget proposed to withdraw collection of tax at source by airlines on the agency commission paid to travel agents. Income tax will be collected from the travel agents under normal procedure.

Tax exemption till June 2005 has been proposed on income from seed production, marketing of locally produced seed and poultry

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A beaming Finance Minister Shah AMS Kibria (right) accompanies Prime Minister Sheikh Hasina to the parliament minutes before unveiling a Tk 44,765 crore deficit budget for 2001-02 fiscal yesterday.

Edn sector remains at the top

STAFF CORRESPONDENT

Education sector got the highest budgetary allocation as usual. Placed in the Jatiya Sangsad yesterday, the proposed national budget for the fiscal 2001-2002 shows that Tk 6,028 crore has been allocated for the education sector. The amount constitutes 14.69 per cent of the total expenditure in the combined revenue and development budget.

Proposed allocation for education

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Import of rice discouraged

STAFF CORRESPONDENT

The government announced a package of policy decisions and resource allocation for agriculture sector in the proposed budget for 2001-2.

The package includes allocation for soil test, raising the capital of the two agro-credit banks, raising import duty on rice, continuing subsidy on fertiliser and measures to encourage vegetable export.

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Processions denouncing, hailing budget

STAFF CORRESPONDENT

Different political parties and organisations brought out processions and held rallies in the city yesterday hailing and denouncing the proposed budget for 2001-2002 fiscal.

The Dhaka city unit of Awami League brought out a procession from its central office at Bangabandhu Avenue at 6:15pm welcoming the budget. Jatiya Sramik League also brought out a separate procession and held a rally hailing the proposed budget.

City AL joint-secretary Akhterul Alam led the procession. Later, a rally was held in front of the Jatiya Press Club. Akhter said the government of Prime Minister Sheikh Hasina presented a people-oriented budget.

He said the country under the dynamic leadership of Sheikh Hasina achieved tremendous development in last five years and the proposed bud

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Saifur predicts a bankrupt economy

STAFF CORRESPONDENT

Former finance minister and BNP lawmaker M Saifur Rahman said the proposed budget would lead the country towards a weak and bankrupt economy.

He said that the next caretaker government would face serious difficulties in running the country with the foreign currency reserve declining below one billion dollars.

Saifur said the revenue collection decreased but the expenditure of the

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How much for Defence?

STAFF CORRESPONDENT

What is the exact allocation for the defence sector in the proposed budget for fiscal 2001-02?

The budget documents placed in the Jatiya Sangsad yesterday by Finance Minister SAM S Kibria showed three different figures.

In his budget speech, the finance minister proposed a Tk 3,460 crore allocation for the defence sector in the coming fiscal year.

But the budget brief placed by him in the House showed the defence allocation at Tk 3,549 crore including Tk 15 crore in the development budget.

Another budget document titled "Demands for Grants and Appropriations" mentioned Tk 3,744 crore as defence expenditure.

Kibria also proposed revision of the current fiscal year's (2000-01) allocation for the defence sector to Tk 3,320 crore from Tk 3,207 crore.

The budget documents showed

differences in these two figures too. The Demands for Grants and Appropriations said the current fiscal year's allocation is Tk 3,327 crore and the revised one is Tk 3,487 crore.

The finance minister in his speech mentioned various steps

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Duty up

SPECIAL CORRESPONDENT

The new budget for fiscal 2001-02 has proposed enhancement of import duty on a number of consumer goods and industrial items to give incentive to local industries.

These are:

* Biscuits, chocolates, waffles

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Duty cut

SPECIAL CORRESPONDENT

The budget for 2001-02 financial year has proposed reduction of import duty on some items and exemption of duty and VAT on some others.

Import of power generator and wheel chair will remain exempted

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