

COMMITTED TO
People's Right to Know

REGD. No. DA 781 VOL. XII No. 227 DHAKA FRIDAY JUNE 11, 2004 BHADRA 22, 1409 BS ZAMADUIS SANI 27, 1423 HIJRI 20 PAGES PLUS MAGAZINE PRICE: TK. 12.00

www.dailystarnews.com

Focus falls on rural economy



REJAUL KARIM BYRON and SHARIEF KHAN

Finance Minister Saifur Rahman yesterday tabled in parliament a Tk 57,248-crore budget for next year that transcends the current one by 16 percent and emphasises on increased cash flow to rural economy, besides introducing several populist programmes.

Although the populist initiatives attracted greater attention, the comparative budget allocations in sectors like agriculture or law and order were not that big. Agriculture received a 6-percent allocation of the overall budget, same as what the defence sector got.

Though the finance minister have been stressing law and order improvement, as reflected in his statement -- "Our desired goal of achieving pro-poor economic growth will be seriously affected if it is not possible to improve non-economic environment like further improvement of law and order situation, curbing corruption and establishing good governance in all areas" -- yet the allocation for law and order enforcement and public security is only 4 percent of the budget.

Development and non-development budgets taken together, education and information technology sector gets the highest allocation of 13 percent, followed by payment of interest accounting for 11 percent, transport and communications 10 percent, local government and rural development 9 percent,

energy 8 percent and health 7 percent of the budget.

Ignoring the criticisms of his reform programme, the chief planner and finance controller of the government clearly indicated that the reforms will continue, but they will be more caring. That explains the Tk 30-crore fund he has proposed to counterbalance voluntary retirements and retrenchments.

Mainly to cover expenses of the

Fighting crime, graft seen vital for pro-poor growth

populist programmes, the proposed budget targets to collect Tk 43,189-crore revenue in financial year (FY) 2004-05, which is 16.7 percent higher than the current year's revenue target but still leaves a deficit of Tk 15,948 crore.

Despite the fact that collection by National Board of Revenue (NBR)

Saifur targets 6pc GDP growth in FY05, 7pc by FY08

STAR REPORT

The government is set to start implementing a medium-term macro-economic framework which is seen to boost the annual growth rate of gross domestic product (GDP) from 5.52 percent as estimated in the current fiscal year (FY) to 6 percent in FY2004-05.

The framework aimed at achieving a pro-poor economic development is also expected to push up the GDP growth rate to 7 percent by FY2007-08.

"After last year's GDP growth of 5.3 percent, this year's estimated growth is 5.52 percent. It will increase to 6 percent in FY2004-05, 6.5 percent in FY2005-06 and 7 percent in FY2007-08," Finance and Planning Minister M Saifur Rahman said in his budget speech at the Jatiya Sangsad yesterday.

The GDP growth rate was 5.26 percent in FY2002-03 after posting a slower growth in the 2001-02 fiscal.

Per capita GDP has been estimated at US\$421 for the current fiscal, which was \$389 in FY2002-03. On the other hand, per capita gross national income (GNI) has been estimated at \$444 for FY2003-04, which was \$411 in the last fiscal year.

Farm subsidy doubles, but below expectation

STAFF CORRESPONDENT

It appeared to be a cause for rejoicing of the farming community as Finance and Planning Minister M Saifur Rahman yesterday proposed to double the farm subsidy from existing Tk 300 crore to Tk 600 crore.

Still the subsidy figure fell far short of what the Ministry of Agriculture had pleaded for, Tk 1200 crore, for the salvage of the 11 million hard-pressed peasants of the country.

"I propose to double the allocation on agricultural subsidy and agricultural incentives from Taka 300 crore to Taka 600 crore in the next fiscal year," Saifur in his budget speech said yesterday.

He said it was the Bangladesh Nationalist Party-led alliance government that had earlier upped the agriculture subsidy to Tk 300 crore from Tk 100 crore in Awami League's rule.

The finance minister said cash incentive for export of agricultural products, fruits and vegetables will be raised to 30 percent from 25 percent. The government will provide necessary incentives for production of Robi crop.

The central bank would finance Bangladesh Krishi Bank, Rajshahi Krishi Unnayan Bank and other nationalised banks at 5 percent rate

New pay scale from January

STAFF CORRESPONDENT

The government will implement a new pay scale for its employees and officers from January next year, according to a budget proposal Finance and Planning Minister M Saifur Rahman placed in parliament yesterday.

"In fulfilment of our election pledge, a pay commission will be constituted at the beginning of the next financial year for fixing of pay scales of the officers and employees of the government and autonomous bodies keeping in view the increased cost of living," Saifur said in his budget speech.

The medical allowance of all government employees will be raised from Tk 300 to Tk 400 a month with effect from July 2004.

Saifur proposed keeping a provision of Tk 200 crore to fill most essential government vacancies. Ministries or divisions have been grouped into four clusters to promote specialisation in the civil service.

He said the organogram of police department would be restructured to make the police force stronger and more effective. The police department alone will get an additional allocation of Tk 306 crore next year over their budget for the

Vat net widened, suppl duty raised

STAFF CORRESPONDENT

The proposed budget has stressed increased revenue earning through expansion of the value added tax (VAT) network.

Supplementary duty on a wide range of products has been increased.

The budget, unveiled by Finance Minister M Saifur Rahman

in parliament yesterday, has brought a number of new areas under the VAT for expansion of the network.

The areas are: services rendered by amusement and theme parks, picnic spots, house cleaning and maintenance agencies, lease financing institutions, express mail service

SEE PAGE 14 COL 2

Income tax ceiling upped, stringent anti-evasion planned

STAR REPORT

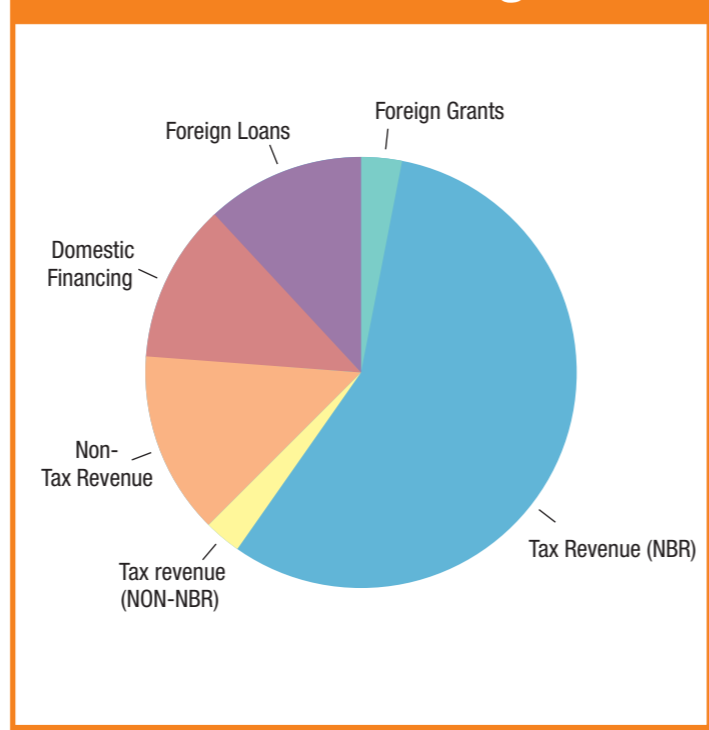
Aiming to increase tax base and simplify payment procedure, Finance Minister M Saifur Rahman yesterday suggested a number of income tax measures, which include introduction of Tax

Ombudsman, formation of a separate monitoring directorate and awarding the top ten taxpayers with commercially important person (CIP) status.

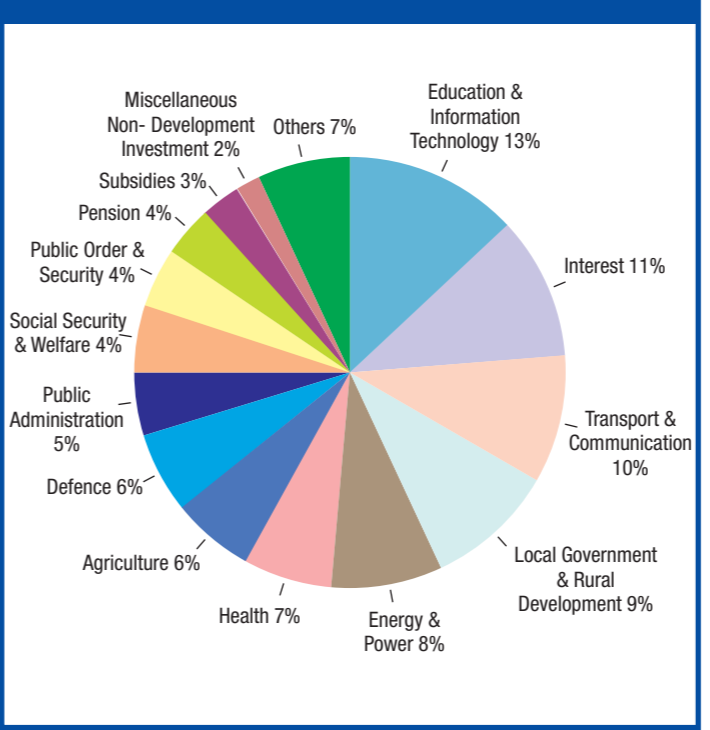
The minister suggested raising

SEE PAGE 11 COL 7

Non-Development & Development Budget: 2004-2005 (Taka 572.48 billion) Resources coming from



Non-Development & Development Budget: 2004-2005 (Taka 572.48 billion) Use of Resources



Budget ambitious, unrealistic Kibria says

STAFF CORRESPONDENT

Former finance minister SAMS Kibria yesterday dismissed the proposed budget for 2004-05 fiscal year as 'highly ambitious' and 'unrealistic' and said it has been tailored to deceive people.

"The proposed budget has no specific directions to fight against poverty, price spiral of essentials, social security of people, new industrialisation and employment and health facilities to the poor," said Kibria, also a member of main opposition Awami League's Advisory Committee.

Leaders of other opposition parties agreed with Kibria in terming the proposed budget as ambitious that the government has fashioned to cheat people.

Giving his instant reaction to newpersons after Finance and Planning Minister Saifur Rahman tabled the budget proposal before the House yesterday, the former finance minister said the budget cheated people by dishing out false information.

"Though the finance minister told the House that there was no new tax burden on people, he set a target to realise Tk 5,340 crore more revenue in the proposed budget compared to the current fiscal," Kibria observed.

He wondered how the government will realise Tk 5,430 crore in additional tax without imposing fresh tax.

Kibria said the budget has earmarked Tk 57,000 crore as expenditure



SEE PAGE 11 COL 1

Tax breaks for textiles

STAFF CORRESPONDENT

The finance minister yesterday suggested a number of measures in the proposed budget for 2004-2005 to help the textile sector survive in the quota-free era by setting up a strong backward linkage industry.

Finance Minister M Saifur Rahman said the government has all along been providing necessary assistance to the textile sector considering its importance in the nationaleconomy.

"In continuation of this and in addition to the facilities already provided, I propose to reduce the existing rates of duty on most of the raw materials and essential machinery and spares needed by this industry."

"I also suggest to re-fix the rates of income tax at 15 percent for textile and jute industries in place of 20 percent and 37.5 percent tax rates respectively."

The minister proposed

SEE PAGE 11 COL 3

Building collapse toll rises to 16

Five still feared buried under rubble

STAFF CORRESPONDENT

The death count from Wednesday's six-storey building collapse at Shankhari Bazar in Old Dhaka rose to 16 after rescuers pulled four more bodies from the rubble amid scenes of tear and desperation yesterday.

Rescuers from army and fire service retrieved the bodies Modhu Nath Nag, 35, a co-owner of the building, Pannu Putdar, 45, a first floor tenant, Amal, 32, Bishu Kar,

35, and Shankar, 35, as putrid smell of decaying bodies overwhelmed the air.

Local residents believe Shambhu Kar and two day-workers including Minara are among up to five people still buried under giant piles of debris.

Lt Colonel Mirza Mahbub Anam, who is leading the army rescue team, hoped his men would be able to recover all bodies by night.

SEE PAGE 11 COL 1

BUDGET'S LOAD, RELIEF

Duty up

STAFF CORRESPONDENT

Prices of motor cars and jeeps are set to leap as Finance Minister Saifur Rahman has proposed to raise supplementary duty on those significantly.

The duty on vehicles with a cylinder capacity up to 1649 cc has been proposed at 30 percent from 15 percent, 1649-3,000cc at 60 percent from 40 percent and over 3000cc at 90 percent from 75 percent.

SEE PAGE 11 COL 3

Duty down

STAFF CORRESPONDENT

The proposed budget for fiscal 2004-2005 came as a boost for the telecoms sector, as the government reduced duty on a cellphone set to Tk 1,500 irrespective of prices, from Tk 3,000 and Tk 4,000 depending on the prices.

Prices of kerosene will come down as Finance Minister M Saifur Rahman yesterday proposed to reduce

SEE PAGE 11 COL 2

Safety net cast wide for ultra poor

STAFF CORRESPONDENT

The proposed national budget for 2004-2005 fiscal year has increased the amount of various allowances in the social security sectors aiming to alleviate poverty of the extreme rural poor.

Presenting the budget in the Jatiya Sangsad yesterday, Finance and Planning Minister M Saifur Rahman said the government has increased the number of beneficiaries and the monthly allowances under old age allowance programme, widowed and

deserted women allowances scheme and honorarium scheme for insolvent freedom fighters.

Old-age allowance: From July 1, the monthly allowance will be raised by 10 percent to Tk 165 and the number of beneficiaries increased by two lakh, pushing the total figure to 12 lakh. The number of beneficiaries under the programme during the past Awami League (AL) regime was 4.15 lakh and monthly allowance was Tk 100.

Allowances programme for the widowed, deserted and destitute

SEE PAGE 14 COL 4

WHAT'S UP

Cars cursed as duty goes up

Domestic air travel becomes more expensive

Amusement park or going to picnic may not be all that fun

Smoke less if you want to save money

WHAT'S DOWN

Increased mobility with duty slashed to Tk 1500

Sugar, eggs, milk go cheaper

Petroleum powers up as tax burden reduces