

## Revenue target a challenge, yet it has to be tried

### Saifur tells post-budget press conference

STAFF CORRESPONDENT

Finance Minister M Saifur Rahman yesterday described the revenue target in the proposed FY2004-2005 budget as a challenge, fearing whether it will be possible for the government to implement some fiscal measures.

A challenge lies in earning the targeted revenue for the next financial year by expanding the VAT and tax net, Saifur told a post-budget press briefing at the National Economic Council in Dhaka, a day after he tabled the Tk 57,248 crore budget in parliament.

"I have also apprehension whether we will be able to imple-

ment all these social welfare and safety net measures. Still, we have to try," he said.

"I did not increase tax ... rather I cut it. I pointed it out as a challenge. A nation cannot move forward without challenges. We restructured the taxation procedure to implement reform. I hope we will recover losses with administrative efficiency."

Asked whether the government tailored the budget mindful of the next general election, Saifur said the election is more than two and a half years away. "If it had been done, no elected government could have worked properly."

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PHOTO: STAR

Finance Minister M Saifur Rahman speaks on the FY2004-2005 budget at a press briefing at the National Economic Council in Dhaka yesterday.

### Income tax riddle

STAFF CORRESPONDENT

The new income tax structure proposed in the budget for FY 2004-2005 has come as a blow to lower income groups but as a boon for higher income groups.

Finance Minister M Saifur Rahman proposed an increase in income tax exemption ceiling from Tk 90,000 to Tk 1,00,000 and also suggested a rise in minimum payable tax amount from Tk 1,200 to Tk 1,500.

A person who earns Tk 1,00,001 a year will now have to pay Tk 1,500 as income tax against Tk 1,200 in the outgoing fiscal year, reflecting a hike of Tk 300 or 25 percent.

Under the proposed income tax structure, an individual with an annual income of Tk 2 lakh but not above Tk 3 lakh will have to pay Tk 10,000 while the amount was Tk 11,000 in the previous fiscal year, a decrease by 9 percent.

An individual earning Tk 3 lakh but not exceeding Tk 4 lakh a

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## Budget's high-reaching target to test govt's execution capacity

### CPD sees bid to satisfy electoral constituency

STAFF CORRESPONDENT

Finance Minister M Saifur Rahman has set a high-reaching target in the proposed budget, putting the government's implementation capacity to test and a failure will only create tension on the integrity of macroeconomic framework, the Centre for Policy Dialogue (CPD) said yesterday.

It also attempts to satisfy a diverse electoral constituency through symbolic allocations and fiscal breaks.

The proposed budget lacks proper guideline for implementing

the allocated resources and diverting them to rural areas, observed the independent think-tank in its budget analysis, adding that the symbolic allocation targeting the election could misuse the scant resources.

"We should not say that the budget is highly ambitious, but we can say that the success of the budget depends on its implementation," said Dr Debapriya Bhattacharya, executive director of the CPD, while analysing the proposed fiscal measures, spelt out by Finance Minister Saifur Rahman

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Dr Debapriya Bhattacharya



PHOTO: STAR

Women walk through rainwater that submerged a road in Pyrabagh in Moghbazar. The monsoon rain that pelted down yesterday after days of scorching heats waterlogged many lanes and streets because of flawed sewerage system.

## Cut in corruption a must to reach revenue target

### Leading chambers observe

STAFF CORRESPONDENT

Two leading chambers yesterday termed the targeted 16.7-percent revenue hike a challenging task, as it could be achieved only through containing the taxmen's corruption.

The business bodies -- Dhaka Chamber of Commerce and Industry (DCCI) and Metropolitan Chamber of Commerce and

Industry (MCCI) -- in separate reactions lauded the proposal to appoint a tax ombudsman.

The chambers said the ombudsman's office should be introduced on a priority basis, besides computerising the Tin (tax identification number), Vat (value-added tax) and customs registration.

They noted that the projected

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## Farmers poorest but key contributor to economy

REAZ AHMAD

Poverty incidence is highest among the farming community in Bangladesh, a key contributor to the Gross Domestic Product, according to Bangladesh Economic Review, 2004.

The review published on the sidelines of the budget for the fiscal 2004-05 on Thursday, said although the percentage of people living under the poverty line is 33.7 at national level, the incidence of

poverty is as high as 39.9 percent among the farming and fishing communities.

The poverty incidence is 35.9 percent among service providers, 33.1 percent among government executives, 31.2 percent among people in the production and transport sectors and 22.6 percent among sales persons.

Poverty also runs 22.2 percent among unemployed people, 18.8 percent among professionals and

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### Budget ignores crucial issues, says Hasina

STAFF CORRESPONDENT

Opposition Leader and Awami League (AL) President Sheikh Hasina yesterday blasted the proposed budget for FY 2004-05, alleging it did not reflect public expectations and address crucial problems like price-hike of essentials.

"The proposed budget did not focus on any crucial problems including slide of law and order, price spiral of essentials and unabated corruption," said Hasina while addressing a joining ceremony at party's Bangabandhu Avenue office.

She said though the proposed budget set a target to realise additional revenue of over Tk 5,000 crore, it did not disclose sources of the revenue. "How the government will realise the money without imposing fresh taxes?" she wondered.

Some leaders and workers of Doulatpur (Kushtia) unit Bangladesh Jatiya Party (BJP), a partner of four-party ruling alliance, led by former minister Korban Ali Joarder joined the AL yesterday.

Addressing them, Hasina asked

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### Market cool, only fag price goes up

STAFF CORRESPONDENT

Price of some cigarettes bumped up across the country while pressure cookers and LP gas went underground in Rajshahi as traders expected an imminent price hike and higher profits if their stocks are sold later.

But, unlike last year and many previous ones, Thursday's submission of next year's draft budget in parliament and publication of its salient features have not yet triggered any large-scale price spiral of consumer goods.

During visits to some markets in the capital yesterday, only one item, cigarette, was found to have suffered a sharp negative impact of the reported budget measures.

Sugar price, on the other hand, has eased a little, with prices of other consumer goods and essentials unaffected by the Jatiya Sangsad's budget session until yesterday.

The knowledge that the budget next year is going to slap a 2-percent increment of supplementary duty on cigarettes pushed up prices of some brands of cigarette overnight. The hike was most in case of Gold Leaf -- Tk 35 to Tk 40 per carton, and Tk 4 per pack -- in the wholesale market. Retailers were asking Tk 2.5

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### Rejoinder

STAFF CORRESPONDENT

The Police Headquarters on Thursday contradicted part of a news item published in The Daily Star on June 9.

Countering the report headlined '22 undercover cop teams soon to watch opposition', the Police Headquarters said the plainclothes squads would not keep an eye on the opposition activists.

## 'Proposed budget lacks strategies'

### Economists hail tariff, tax reform and agri subsidy

REJAUL KARIM BYRON and ASHFAQ WARES KHAN

Economists expressed mixed reaction to the national budget for the fiscal 2004-2005 yesterday, a day after Finance Minister M Saifur Rahman unveiled the layout in the Jatiya Sangsad.

They criticised the proposed budget for shunning industries and bypassing crucial issues and pegged greater allocations for rural development and economically vulnerable people as 'tokenism'.

They praised rationalised tariff structure, tax reform and a rise in agricultural allocation, but were

critical of 'the lack of strategies' for the implementation of the budget.

ZAED BAKHT

Dr Zaed Bakht, director of research at Bangladesh Institute of Development Studies (BIDS), was disappointed as the budget shunned investment and industry, but praised greater allocations for agriculture, social security and rural development.

Although GDP was forecast to be 6 percent, the sources of growth were not made clear in the budget.

Bakht felt proposals for agriculture as a probable source of greater growth, but said the sector alone

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### Biman's 4 hired pilots fly without documents

STAFF CORRESPONDENT

Four Indonesian pilots hired by Biman for operating two new F28s are flying flights in Bangladesh without visa, work permit and licence from the civil aviation authorities.

One of the two F28 aircraft bought at \$2.91 million on May 26 from Indonesia started its maiden flight in Bangladesh on Dhaka-Sylhet route on June 3.

Sources said Biman had to keep the foreign pilots, as no local pilots have training and simulation test for flying the 1977-model planes. The local pilots also refused to fly the F28s, fearing technical faults with the 26-year-old aircraft, the sources added.

Biman officials are tight-lipped about the issue, but a high official

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