

Revenue target a challenge

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The BNP is hardly influenced by poll politics. We are overwhelmingly guided by fiscal and monetary policies," he said.

Dissatisfied with poor implementation of the annual development programme (ADP), the minister mentioned: "There are lapses in implementation. We did not have an institutional framework and the ministries lack dynamism."

Despite all limitations, the government is shoring up the monitoring mechanism to implement the ADP, he said, adding: "I am convinced that reform will help bring a significant change."

On the budget termed ambitious, Saifur defended the ADP size: "The ADP of Tk 22,000 crore is not enough for 140 million people. It is rather scarce."

New procurement guidelines and other steps to integrate project proposals and project concept papers will help quicken ADP implementation, he said.

The budget outlay gave additional allocation to law-enforcement agencies, as law and order downside seriously affected the economy, Saifur said.

"I allocated more funds to the law-enforcement agencies as part of our efforts to improve the situation. It is very difficult to improve the law and order situation if confrontational politics continues."

Saifur warned that uncertainty will loom in the post-MFA (multi-

fibre agreement) period and Bangladesh may suffer short-term strains. A fund of Tk 20 crore has been allocated to retrain readymade garment workers, he said "It is possible to increase the amount and we hope we will be able to tackle the situation."

The main objectives are to cut poverty, creating employment, encouraging women's education and increasing social welfare, he emphasised, adding: "But our resources are limited. The government tries to involve women in development work."

On former finance minister SAMS Kibria's remark that budget presentation deceived people, Saifur said the word has been inappropriately chosen. "I would not like to use such a word in criticising anyone."

"The budget may be unrealistic for him but not for us. It is the reality for the BNP government. We did not destroy the capital market by stupidity he did."

On Kibria's another remark, Saifur said the village-centric development policy did not get priority in his plans overnight. "I tried to do it from my budget presentations in the 1980s.

"We don't believe in confrontational programmes unlike the Awami League. Introducing old-age allowance was a programme of the BNP government when it was in power in the earlier term. But we could not implement it, as we could not come to power in the 1996 polls. The Awami League

government did it," he said.

On village-centric development programmes and agriculture, he said modern technology in irrigation, fertiliser and other areas of agriculture should be encouraged when the per capita land is on the decline.

"Rabi crop output is on the decline and the country meets the requirement by importing from different countries. If we want to increase the domestic production, we have to help farmers. We hope the budget proposals will help increase not only production but diversified crops." It is also necessary to increase expenditure in infrastructure, he observed.

Innovative aspects of the budget are to allocate a fund of Tk 100 crore for disaster management, provide an annual festival allowance for retired government employees equivalent to one-month salary and medical vouchers for women to reduce high mortality rate before and after pregnancy, Saifur said.

The industries that were given protection failed and the industries now being set up are of international standards, he said hoping they can compete on the global front. The government helps entrepreneurs get massive loans with low interest rate, he said.

Speaking at the briefing, Local Government and LGRD Minister Abdul Mannan Bhuiyan said the budget was laid out to maintain financial discipline.

AL to enforce half-day hartal in Bogra today

OUR CORRESPONDENT, Bogra

Bogra town unit of the Awami League (AL) and its front organisations have called a half-day hartal in the district for today protesting the arrest of district Jubo League President Manzurul Alam Mohon.

Police arrested Mohon early yesterday in Shibatti area of the town for his alleged involvement in the killing of Jubo Dal leader Abu Talha Thandu.

Thandu, general secretary of Jubo Dal town unit, was killed in an armed attack on February 20 this year.

Town unit of the AL and District Jubo League jointly announced the hartal programme at a press conference at the local press club yesterday.

The AL and Jubo League leaders threatened to launch an agitation programme in the district if the arrested Jubo League president was not released within the next 24 hours.

Hasina

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her political rival Prime Minister Khaleda Zia to resign immediately and hold general elections. "Take a fresh mandate of people if you (Khaleda Zia) have enough confidence on them. People will reject you like they did in Munshiganj-1 by-polls," said Hasina.

She said despite no growth in agriculture, industry and other sectors the finance minister raised the national growth to 5.52 percent from 4 percent of the previous fiscal year (FY).

"Such growth will bring no good to people when inflation is almost double to it," she pointed out.

During the previous AL rule, the average growth was over six percent and the average inflation rate below two percent, Hasina said.

She said the BNP-Jamaat-led coalition in its third budget has followed some ideas of the past AL government. "At last they have realised that without following the Awami League government's strategies it's not possible to bring positive change in rural areas," Hasina said pointing to the proposed subsidy on agriculture sector.

On tax reduction on some items, the AL chief alleged the budget proposed tax cuts on those items, the business of which is controlled by ruling alliance loyalists.

Korban Ali Joarder, who joined the AL yesterday, contested the last by-polls of Kushtia-1 as an independent candidate and lost it to a BNP candidate.

AL leaders Abdul Jalil, Tofael Ahmed, Sheikh Fazul Karim Selim, Obaidul Kader and party advisory committee member Barrister Amir-ul-Islam were present.

Untreated sewage

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In 1998, a Japan International Corporation Agency (Jica) study said with the present structure Dhaka City needed at least four sewage treatment plants with the capacity of treating 40 lakh cubic metre a day.

A Wasa estimate says the cash-strapped organisation needs Tk 9,000 crore to ensure safe water supply and sewage treatment until 2010.

Professor Nazrul Islam, an urbanisation expert, said it was not possible by the city authorities of a developing nation to ensure sewerage facility for all. "The authorities even cannot utilise whatever facilities they have."

Farmers poorest

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technical people and only 4.9 percent among people in administrative and managerial positions.

The report also highlighted the growing income divide between the richest five percent and poorest five percent of the population. The income share of the poorest segment of society came down from 0.88 percent in mid-'90s to 0.67 percent in 2000 while the share of income by the families of the top five percent rich soared from 23.62 percent to 30.66 percent during the same period.

While increased farm subsidy as proposed in the 2004-05 budget came as a solace for economically hard-pressed 11 million farmers, the share of resources given to agriculture does not justify the contribution it made to the GDP.

According to the review, agriculture's contribution to GDP is projected to be 17.68 percent (crop sector 12.94 percent, livestock 2.90 percent and forest resources 1.84 percent) and if the fisheries sector is included, the contribution of agriculture to GDP is 22.83 percent.

But Finance Minister M Saifur Rahman proposed to allocate only 6 percent of overall budget outlay to the vital sector.

While Saifur proposed a straightaway doubling of the farm subsidy from Tk 300 crore in the fiscal 2003-04 to Tk 600 crore in the fiscal 2004-05, he did not unveil the plan how the enhanced subsidy would be channelled.

Talking to The Daily Star yesterday, Agriculture Minister MK Anwar termed the rise in farm subsidy as a 'positive step' and added, "now the challenge is to reach the subsidy benefits (to farmers) promptly and effectively."

Debaripriya Bhattacharya, executive director of the Centre for Policy Dialogue (CPD), a leading civil society think-tank, yesterday expressed doubt whether the allocation of Tk 600 crore would

Budget's high-reaching

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Thursday, at a post-budget press briefing at its office yesterday.

"The fiscal stance of the budget is an expansionary one and its high-reaching targets lack credibility as the delivery of the development programme has been poor in recent times," Dr Debaripriya said.

Without any policy guidelines, the government's mid-term macro-economic framework would be hampered due to lack of enthusiasm for investment and low domestic savings. On the other hand, the government is also showing its failures in utilisation of foreign aid, the CPD said.

The allocation in the budget is too high considering the capability of the government but, at the same time, it is too small in the perspective of the demand of the people, the CPD analysis observed.

"The allocation in scattered manner reminds us that a wind of general election is looming among the government policymakers," it observed.

"The budget is a high quality one, but the challenges lie on the implementation of the budgetary measures," the CPD executive director noted. He pointed out that the budget did not explain how it would be implemented.

Proper implementation of such a massive budget requires good governance and wholesale reforms in the public administration. But, in the proposed budget, there is nothing on public administration reform, local government strengthening, means to improve utilisation of foreign aid, improving the quality of public health services and education facilities, added the analysis.

During the last budget it was announced that the tariff system will be reduced from a four-tier system to a three-tier one and the tariff slabs had been proposed at 30 percent, 20 percent and 10 percent. The budget for FY 2004-05 has proposed to reform the system with three tiers; however, the highest slab has been proposed at 25 percent which raises controversy from several angles, the CPD analysis said.

Firstly, many import substituting industries will be adversely affected due to increased competition with imported products, which will be brought into the country with lower duties. Local manufacturing and backward linkage industries, particularly textile, ceramic, footwear, electronics, toiletries, agro-based and food-processing industries will suffer from the decision.

Secondly, the autonomous liberalisation through budgetary measures will reduce bargaining opportunity in the bilateral, plurilateral and multilateral negotiations of tariff reductions in which Bangladesh is involved. The average tariff in Bangladesh is 21.9 percent (2002) which is lower than India by 9.1 percent, the analysis pointed out.

The CPD praised the reporting system of the budget for bringing more transparency to government documents while reporting the budget figures, which is a constructive approach. Foreign grants have been grouped together with total revenue.

Attempts have been made to put up both non-development and development expenditures under one Demand for Grant, which is also a welcome step towards unification of the budget, the analysis added.

The fiscal deficit is declining mainly because of lower utilisation of the foreign aid, not because of investment and increase in the national savings. On the other hand, the inflation rate has gone beyond the target rate.

The main problem of the pro-

ultimately reach the farmers.

The budget did not spell out any mechanism to channel the allocated resources to the farmer level, he added.

Binayak Sen of Bangladesh Institute of Development Studies (BIDS) appreciated the rise in subsidy, but cautioned that mere rise did not necessarily guarantee the benefits would reach the poor and marginal farmers.

With farm subsidy, farmers may now expect lower input costs in terms of urea and seeds but a range of their questions on gaining better market access, just price of their produces and preservation facilities remained to be answered.

Experts said after the rise in farm subsidy, both finance and agriculture ministries should sit together to make best use of the allocation.

In his post-budget briefing, the finance minister also indicated greater fund release even beyond the budgetary allocation, if need be, for the development of the agriculture sector.

Road accident

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correspondent, two people were killed and nine others injured in a road accident near Gola Bus Stand on the Dhaka-Aricha Highway yesterday morning.

Police said the accident took place at about 9:00am when a minibus collided with a Barisal bound microbus from Munshiganj, carrying 11 officials and employees of Usha Poultry Feed.

Microbus driver Faruk, 50, and an employee of the poultry farm, Mosharaf, 28, died on the spot.

The injured are the staff of Usha Poultry Feed. They were admitted to Manikganj Sadar Hospital. Four of them were later shifted to Dhaka Medical College Hospital as their condition deteriorated.

60 owners asked to demolish vulnerable bldgs in Khulna

STAFF CORRESPONDENT, Khulna

City Mayor Shaikh Tayebur Rahman has asked the owners of 60 buildings to demolish them in three weeks as they are highly vulnerable and may collapse anytime.

The mayor has issued notices on the owners of these buildings under Article 108 of City Corporation Ordinance, said Liaquat Ali Sharif, chief engineer of Khulna City Corporation (KCC).

A nine-member team headed by the chief engineer has been formed to implement the mayor's orders if these vulnerable buildings in the city are not demolished within the specified time.

The other members of the team are executive engineers Nazmul Islam, Abdul Hannan, Liaquat Ali Khan, Abdul Aziz and Zahid Hossain Shaikh, Estate Officer SK Tasaduzzaman and two sub-assistant engineers.

When asked the mayor said the vulnerable buildings include Khulna District Jail, MPG Colony, seven buildings at Khulna Bazaar and a five-storey building at Khalishpur Housing Estate.

He has sought cooperation of Khulna Development Authority (KDA) and Public Works Department (PWD) in the implementation of his decision to demolish the vulnerable buildings.

Shrine blast: 3 to be produced in court today

STAFF CORRESPONDENT, Sylhet

Three suspects arrested in connection with the shrine blast will be produced in the magistrate's court here today on expiry of their nine-day remand.

They are grocery shop owner of the city's Munshipara area Abdus Salam Laki and guards of the shrine Dudu Miah and Enamul. They were taken to Dhaka for interrogation by the Joint Interrogation Cell and brought back to Sylhet yesterday morning.

Meanwhile, two officials of the Special Cell investigating the May 21 blast went to Singapore on Thursday night to interrogate a man named Badrul Hossain Shamim, who was seriously injured in the blast and is now undergoing treatment at a hospital in Singapore.

The officials are Major Liaquat of NSI and ASP Munshi Atiqur Rahman of CID. Munshi is also investigation officer of the grenade blast case.

A British citizen, Shamim, hailing from Sylhet, had been in the UK for long and came to Bangladesh just weeks ahead of the May 21 blast. He lost his right leg in the incident.

HSC examinee

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Abductors on Wednesday noon abducted Pappu, a student of Mirpur Kindergarten and High School and demanded Tk 4 lakh for his release. They set 8:00pm last night as the deadline for meeting the demand.

Pappu's father Eezaul Karim of Luripol area of Mirpur upazila said he had contacted the kidnappers and offered Tk 40,000. But the gang refused the offer and stuck to its guns.

Abduction

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started to decline," the security official said. "Such a situation forced us to tighten security and we hardly allow foreign tourists to enter remote areas of the hill districts."

Deputy Commissioner of Rangamati Jafor Ahmed Khan told AFP arrival of foreign tourists in the hill districts marked a fall due to the abductions and local political programmes including strike and road blockade enforced by tribal groups.

Kidnap of the Bandarban hotelier worsened the situation as many tourists now feel insecure to stay in hotels, he said.

"After the Bandarban incident, we have stepped up security and we provide police escort to foreigners in case of their visits to interior areas."

He pointed out there is no problem when the tourists move in town areas because security personnel keep a watch on them.

An official at the state-owned Parjatan hotel at Rangamati said, "Arrival of foreign tourists declined due to political unrest and fear of abduction. In our hotel, we got about 100 foreign tourists in six months till March this year as against 300 during the corresponding period last year."

Sometimes tourists 'cancel their booking in our hotel' because of local strike and barricade programmes, he said.

He mentioned foreign tourists do not like to move under security watch and that this is another reason behind a drop in their visits.

Meanwhile, officials claimed the CHT situation has no impact on tourists' visit to neighbouring Cox's Bazar sea resort.

A plan is underway to build some posh hotels at Cox's Bazar to draw more foreign tourists, they mentioned.

Cut in corruption

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6-percent growth rate of GDP (gross domestic product) for financial year (FY) 2004-05 through mobilising internal resources signifies a positive assessment of the country's economic potentials.

Both the chambers, however, criticised the proposal to discontinue tax holiday from 2005, as they said such a move would be a disincentive to broadening of industrial base and export diversification.

MCCI

The MCCI, in a media release signed by its president, Kutubuddin Ahmed, said, "The provision for interest payment indicates that the government will continue to borrow heavily from the banking sector, which is undesirable as this may crowd out the private sector industries."

The metropolitan chamber welcomed the plan to reduce dependence on foreign loans and grants. It also supported the increased budgetary allocations for rural development, communications, education, healthcare as well as providing policy support to industries.

Alluding to the absence of any mention of continuation of the pre-shipment inspection scheme, the chamber hoped it was not deliberate, as the scheme's discontinuation may affect collection of targeted revenue.

The MCCI urged the finance minister to drop the proposed increase of tax on transfer of property, from the existing 5 percent to 10 percent, which will affect the growth of real estate sector.

The chamber also demanded of the government to exempt the readymade garment spare-parts from import duties.

DCCI

The DCCI has hailed the budget for doubling farm subsidy from the existing Tk 300 crore to Tk 600 crore, exemption of customs and Vat on machinery and equipment for poultry, solar and referral hospitals, reduction of supplementary duty and abolition of AIT on fuel, besides reduction of customs duty on mobile phone sets.

In its reaction, the chamber also lauded reduction of supplementary duty on sugar from 30 percent to 15 percent, raising the income tax exemption ceiling from Tk 90,000 to Tk 100,000, and replacing the 20-percent income tax for textiles industries and 37.5-percent for jute industries with a flat 15 percent rate.

The DCCI however expressed dissatisfaction on reducing the number of tax slabs from four to three, and said the system would result in a net revenue loss of Tk 775 crore, which will fall as an indirect burden on taxpayers, particularly on the small- and medium-scale enterprises to cover the deficit.

Lowering the upper limit of import duty on finished products to 25 percent from 30 percent will encourage import, and discourage and deter investment and industrial growth, the DCCI statement said in a note of criticism.

The chamber also pointed out that bringing LP gas cylinders under the Vat net would increase sufferings of the low- and medium-income consumers.

The Dhaka chamber said without improving infrastructure, port, power and telecom services it would be a great challenge to raise the GDP to 6 percent in next fiscal year and beyond.

Proposed budget

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could not generate the whole 6 percent.

He said investment and greater support for the industry sector were needed to perk up growth, but there were no significant proposals in the budget to revup investment.

Bakht also said the budget gave only lip service to mitigate a probable crisis in the ready-made garment sector in the post-MFA (Multi Fibre Agreement) era.

Except for a vague reference to an existing committee, no specific steps, such as reducing lead time, was mentioned in the budget, and various demands of the business community fell to the deaf ears, he said.

A reduction of tariff on imported finished and semi-finished products will hurt the local industry.

Bakht, however, said inducements provided for the textiles sector was an encouraging move.

A member of the Public Expenditure Review Committee, Bakht said none of their suggestions were mirrored in the budget.

He hailed rise in agricultural allocations, greater allocation to ensure law and order and greater loans for rural development.

ATTUR RAHMAN

Prominent economist Attur Rahman termed the budgetary measures for the poor as 'token' and 'unproductive', saying they would also fuel inflation in the next fiscal year.

"If 50 percent of the population get only 5 percent of the budget, it can only be called token," he told The Daily Star.

He said no significant changes were made in the budget that committed improving the life of the marginalised, including the ultra-poor, disabled and homeless children.

Terming the proposed budget as unproductive, he said the development budget lagged far behind the doubled revenue budget and 14 percent of the allocations went to the administration when the quality of government services remained poor.

Referring to inflation, hovering around 6 percent, Attur said expansion of the Vat net would push up prices of essentials and contribute to further fuel inflation.

BINAYAK SEN

Binayak Sen of the BIDS said the focus on rural development, rationalisation of national tariffs and greater taxation made this year's budget encouraging, but strategies proved elusive.

"The budget has not concretely analysed how things will be achieved better from the previous fiscal year, while some of the areas have been totally ignored," he told The Daily Star.

He was struck by the absence of proposals to strengthen and empower local governments in the budget despite importance attached to Poverty Reduction Strategy Paper (PRSP) and Millennium Development Goals (MDGs), saying the budget was not oriented to resolve problems.

He said the focus on rural development would help improve pro-poor growth and mitigate inequality, adding that

Income tax

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year will be taxed Tk 20,000 under the proposed income tax structure, marking a 17 percent decline. The amount was Tk 24,000 in FY 2003-2004 budget.

A person with an annual earning of Tk 4 lakh but not beyond Tk 5 lakh will have to pay Tk 35,000 which was earlier Tk 39,500, registering a decline of Tk 4,500 or 11 percent. The income tax has been proposed for a dip by Tk 9,500 or 16 percent for individuals earning Tk 5 lakh but not exceeding Tk 6 lakh.

One who earns Tk 6 lakh but below Tk 7 lakh will see an income tax cut by 15 percent or Tk 12,000 under the proposed system. An individual earning Tk 7 lakh but not above Tk 8 lakh will see a drop by Tk 15,000 or 15 percent in income tax payment.

An individual earning Tk 8 lakh but not above Tk 9 lakh will have to pay Tk 1,07,500 as income tax while the same was Tk 1,27,500 in FY 2003-2004, a decrease of Tk 20,000 or 16 percent.

Market cool

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for a Gold Leaf cigarette, which was Tk 2 the day before.

Our Rajshahi correspondent reports a pack of Gold Leaf cigarettes was being retailed there at Tk 50, which was Tk 38 only hours ago. Retail price of Benson & Hedges cigarettes also jumped from Tk 75 a pack to Tk 90. Prices of a few other brands have also increased, adds the correspondent.

Taking heart from the proposed halving of supplementary duty on sugar from present 30 percent to 15 percent in the next fiscal, sugar shed one taka from its price and was being sold at Tk 30 per kg yesterday in the capital's wholesale markets.

"The wholesalers have reduced the price of sugar only by one taka a kilo," said M Yusuf Ali, a grocer of Karwan Bazar, adding, "It'll need at least a week to feel the full impact of the new budget on market prices."

Shoppers at different markets in the city however expressed a general fear that prices of essentials, which already are too high, may further escalate. "It's quite common that, in our country, placement of budget in the House brings about spiral in essentials' prices," Abdul Hamid, who works at the Power Development Board, told The Daily Star while shopping at Hatirpul kitchen market.

Hamid said, "Price of [edible] oil has not risen yet. But, it can happen any time, without any reason whatsoever, as that's the common practice in this land."

Prices of soyabean oil, onion, ginger, baby food, spices, vegetables, fish and fruits were found

Biman

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the flight operations directorate said Biman initiated a process of visa, work permit and licence for the Indonesian pilots.

Under provisions of the International Civil Aviation Organisation, pilots of commercial airlines can stay in a country without visa for seven days, but they must have work permit and licence from the civil aviation authorities if they want to work for a foreign airline.

Bangladesh Airline Pilots Association (Bapa) is opposed to foreign pilot recruitment. Instead of recruiting local pilots, Biman is appointing foreign pilots who have to be paid in foreign currency, a Bapa member said.

Biman will have to pay \$5,500 (Tk 3,30,000) to each Indonesian pilot a month, while a local pilot gets up to Tk 50,000 a month. The four Indonesian pilots are now staying in Plaza Inn in Uttara.

KHANDAKAR IBRAHIM KHALED

Former deputy governor of Bangladesh Bank, Khandakar Ibrahim Khaled, said banks would be under pressure as interest rates were cut and Vat was imposed on them.

He said customers might have to bear the brunt of the imposed Vat if banks decided to pass it on them.

Khaled added the budget was harsh for the lower middle class and the lower class, but favourable for the higher-middle class and the elite.