

BUDGET TODAY New dawn, new opportunities

INAM AHMED

The indicators could not have been any better for a budget year -- foreign exchange reserve is building fast, exports and remittances are robust and the manufacturing sector is doing well.

Yet when Mirza Azizul Islam will present his first budget for the caretaker government today, he will have to address a number of new and old tensions in the economy -- inflation now close to the double-digit level from its continuous upward climb, a flagging revenue and foreign aid inflow, fumbling power situation, again slowing agriculture and weak implementation capability of the government.

His options are few to tackle the nagging problem of inflation that so easily touches everyone's life. But he still has some left with fallouts in other areas. He can go for cuts in duty on commodities that are mostly consumed by the people in general. But then he would surely face some revenue erosion.

However, Aziz will be in a better position in this regard than his

predecessors -- the current situation is just ideal to go harsh on plugging revenue loopholes for better collection to offset the loss in any duty and reforms can be easily accomplished. Simultaneously, he can go for increasing duty on some 'non-essential items' now enjoying zero duty.

But these will be only one part of the adviser's task. Next, he will have to make inflation bearable for the



Mirza Azizul Islam

poor through a massive safety net programme -- indications are already there that dollops of funds will be allocated in that direction.

But doing these two, he will have to keep his eyes open so that aggregate fiscal balance is not disturbed -- deficit less than 4 percent of the GDP and domestic financing less than 2 percent should be regarded as prudent by any standards. So, Aziz will need a perfect blending of tax and expenditure policies to fight the inflation dragon.

He has already shown some pragmatism rather than idealism in his tax policy -- the provision for legalising legally-earned undeclared income is just one of them that may result in a one-shot increase in the state's income. Indications are also there that the tax net will be widened and exemption loopholes plugged. But he has to do something dramatic to turn things around -- he has to simultaneously make the tax department more taxpayer-friendly and harsh at the same time, and he has to find the places for reforms.

On the spending side, Aziz will be

lucky to be free from the tremendous pressure that the political finance ministers undergo for padding up development programme with unnecessary projects. Lawmakers will not be making beelines in front of his office demanding for roads and school projects that will never be implemented but the money to be pocketed by the party men. He will not have to buy votes for his party -- he does not have one -- by sacrificing financial prudence and going for a budgetary overhang that will remain only in figures on papers.

Some might term his already announced Annual Development Programme (ADP) ambitious as it inflates 23 percent from the revised one of this year. But there actually is a sea difference from the previous years' expansions. When compared to the original ADP of this year, the increase is only ... 1.9 percent. And the expansion is well consistent with the budget deficit target of 3.5 percent. The real difference in this year's development

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EC DECISION
Political parties
can't have
overseas units

STAFF CORRESPONDENT

Political parties will not be allowed to have overseas units if they intend to be registered with the Election Commission.

Election Commissioner Sahul Hossain yesterday said, "We have decided to add a new condition to the draft proposal of the political party registration system, under which a political party intending to register [with the EC] will not be allowed to have any organisational branch overseas."

The commission has decided to adopt the precondition for upholding the country's image and the preservation of harmony among the expatriates, Sahul said referring to party rivalries among the overseas branches of the country's major political parties.

The draft proposal of the EC makes it mandatory for political parties to register with the EC before contesting any election in the country.

In the original proposal disclosed last month, the EC called for

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Mayor Minu lands in jail on surrender

Lobi, Quader, Mamun remanded

STAFF CORRESPONDENT

Our correspondent in Rajshahi reports: A Rajshahi Metropolitan Magistrate Court yesterday sent Mizanur Rahman Minu, Rajshahi district BNP Vice President Nazrul Huda and former city BNP general secretary Shafiqul Haque Milon to



Mizanur Rahman Minu

jail after they surrendered before it following a High Court (HC) order over an extortion case.

Earlier on May 28, an HC bench asked Minu and two others to surrender before the court within three weeks.

Shamsul Alam Khan, a governing body member of Evergreen Model College, filed the case with Rajpara Police Station on April 21 accusing 11 persons and Sub-Inspector Abdur Rahman Sarkar pressed charges against them on May 16.

According to charges, at the direction of Minu the accused waylaid Shamsul Alam at the Baharampur bypass intersection on March 29 and demanded Tk 4 lakh toll. They also assaulted him.

Minu allegedly called Shamsul and college Principal Abu Yusuf Selim at his office last year and

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DU cancels admission of 77 fake students

DU CORRESPONDENT

Dhaka University (DU) authorities have cancelled admission of 77 students who got admitted through fraudulent means.

Vice-chancellor Prof SMA Faiz said the Syndicate took this decision unanimously on Tuesday.

Of the fake students, 44 were from public administration, nine from international relations, 22 from economics and two from political science departments and two from the Institute of Social Welfare.

The authorities will issue show cause notices on 84 others detected as fake students, mostly from international relations department and social welfare institute.

A five-member committee headed by Prof Sadeque Khan is investigating the matter.

The syndicate decision is based on reports of a fact-finding committee that is working to detect fake students at the university.

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PHOTO: STAR

Vehicles and pedestrians take the trouble to pass through this road, with potholes filled with rainwater, near Sher-e-Bangla High School at South Kamalapur in the capital.

SoE liabilities much bigger than claimed

REJAUL KARIM BYRON

The finance ministry has detected that the liabilities of the state-owned enterprises (SoEs) was much larger than what they showed.

According to a finance ministry finding, the amount of outstanding debt service liabilities (DSL) of 30 SoEs was Tk 68,209 crore till FY 2005-06.

However, the amount of liabilities of 44 SoEs was only Tk 1,731 crore during the same period, according to Bangladesh Economic Review, prepared by the finance ministry after collecting data from different government departments.

Of the total Tk 68,209 crore

liabilities, Tk 28,775 crore was principal amount and the rest Tk 39,434 crore was interest, according to the finance ministry.

Only three SoEs had 91 percent of the total liabilities. They are Bangladesh Power Development Board (Tk 46,925 crore), Petrobangla (Tk 7,086 crore) and Bangladesh Chemical Industries Corporation (Tk 8,128 crore).

Finance ministry sources said the real figure never comes to light due to mismanagement in account handling and absence of proper documentation system.

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Verdict of graft case against Mamun today

STAFF CORRESPONDENT

A special court dealing with graft cases will today deliver the verdict of a case filed by the Anti-Corruption Commission (ACC) against Giasuddin Al Mamun, a close friend and business partner of Tarique Rahman.

Fifth Special Court Judge Ashraf Hossain on June 4 fixed today for delivery of the verdict.

The ACC filed the case against controversial businessman Mamun as he failed to submit his wealth statement to the anti-graft body that served him a notice on February 18 to submit his wealth statement within 72 hours.

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Hasina challenges CG over wealth claim

STAFF CORRESPONDENT

Denying the propaganda of possessing hundreds of crores of taka, Awami League (AL) President Sheikh Hasina yesterday threw a challenge saying that she would hand over all the money if the caretaker government can prove it.

"We have been branded as billionaires. Where is that money? I can challenge if they [caretaker government] give out the sources, we [!] will give all the money," Hasina told journalists when she went to see her party's senior leader Ailing Zillur Rahman at Birbhum hospital in the capital.

"There is a saying -- no representation, no taxation," she said.

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PHOTO: STAR

The joint forces seize unlicensed chemicals kept for making explosives from the city's Armanitola yesterday. They also picked up two from there.

WORLDTEL DEAL Guns turn to Babar

STAR REPORT

Detained former state minister for home Lutfozzaman Babar, who already made newspaper headlines by revealing startling information about his and his cohorts' corruption in the past five years, is now facing a fresh allegation of another astounding corruption.

The complaint was filed with the Anti-corruption Commission (ACC) by a USA based telecom service provider WorldTel Holdings Ltd (WTH).

Chairman of WTH Lennert Boman, through his lawyer, filed the complaint saying the once powerful former state minister helped siphon Tk 46 crore off-shore from local banks through sheer forgery, and he used the police, telecom ministry, and Bangladesh Telecom Regulatory Commission (BTRC) to accomplish the dastardly deed.

The lengthy complaint also alleged that former commerce adviser Barkatullah Bulu, controversial former chairman of BTRC Omar

Faruq, and several others were also involved in the fraud.

It zeroed in on one Nayeem Mehtab Chowdhury as the key person in the entire process of graft, and alleged that miseries caused by the abuse of political influence and rampant corruption continued to dog WTH during the regimes of subsequent governments since it had obtained the license for providing telecom services in Bangladesh.

Nearly six years have passed since the license agreement between WTH and the Bangladesh government was signed on July 12, 2001.

But, WTH's Mauritius based subsidiary WorldTel Bangladesh Holding Ltd (WTB) has been the victim of continued criminal activities of persons aided and abetted by multiple regulatory institutions in Bangladesh, the company complained.

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Re-commissioning of Navy frigate Bangabandhu on June 14

STAFF CORRESPONDENT

The Tk 500 crore state-of-the-art frigate of Bangladesh Navy will be re-commissioned on June 14 after more than five years.

Navy sources said that Chief Adviser Fakhruddin Ahmed will re-commission the frigate through a ceremony.

The frigate was decommissioned on February 13, 2002 and removed from the naval fleet only after eight months of its commissioning.

The frigate named "Bangabandhu" became the victim of utter political meanness of the immediate past BNP-led alliance government.

Equipped for underwater, surface and air operations the frigate model DW 2000H was built by South Korean Daewoo. The 340-metre long and 41-metre wide

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