Attempt on Pak provincial minister

Three people killed

AFP, *Peshawar*

A provincial minister from northwest Pakistan was wounded Thursday after gunmen attacked his vehicle, with two bodyguards and one assailant killed in clashes, police said.

Three gunmen ambushed the car carrying Mian Nisar Gul, minister for prisons in the North West Frontier Province (NWFP), as he travelled to the local capital Peshawar, police official Abdul Ghafoor Afridi said.

"Two guards and one attacker were killed in an exchange of fire," said Afridi, adding that Gul had been taken to Peshawar's main hospital.

Pakistan army kills 66 militants in tribal belt

One killed in Baluchistan train bombing

AFP, *Peshawar/ Quetta*

Pakistan's army said Thursday it had killed 66 Taliban as fighting spilled into a tribal area and known bolthole for the militant group blamed for a deadly bombing at a luxury Peshawar hotel.

At least nine people were killed when three attackers shot their way through a security checkpost and rammed an explosives-laden truck into Peshawar's five-star Pearl Continental late Tuesday.

It was the latest in a string of attacks in Pakistan widely seen as revenge by the Taliban for a punishing military offensive launched against insurgents around northwest Swat valley on April 26.

But the army shows no signs of letting up on the Islamist extremists, with operations this week expanding into Bannu district on the fringes of Waziristan, where Washington alleges al-Qaeda and Taliban rebels are holed up.

In a daily update, the army said that "during the last 24 hours... 34 terrorists were killed while three were apprehended" in Bannu, where artillery and helicopter gunships have been pounding rebel positions.

In South Waziristan itself, 22 suspected rebels were killed when the army repulsed an attack, the statement said.

In Swat's Taliban stronghold of Peochar, 10 suspected militants were killed, taking the total killed in the last day to 66.

The campaign in and around Swat was launched under US pressure after Taliban fighters advanced to within 100km of Islamabad, flouting a deal to put three million people under Sharia law in exchange for peace.

In other unrest Thursday, one person was killed and 35 injured when a bomb hidden in a toilet exploded on a train in southwestern Baluchistan province, railway official Manzoor Ahmad Magsi said.

WHO declares flu pandemic

AFP, *Geneva*

The World Health Organisation decided to declare its first influenza pandemic in 40 years after an emergency meeting of scientific experts yesterday on a swine flu outbreak, which has hit 74 countries.

A formal declaration was expected after the UN body's chief Margaret Chan briefs diplomats at its Geneva headquarters but officials and diplomatic sources said a decision had been taken at the meeting of scientific experts to raise the pandemic alert level to the maximum level.

Chan "confirmed that we would move to phase six," said an American diplomat at the end of a meeting with ambassadors in Geneva.

An Egyptian diplomat added that Chan said during the meeting that "you don't have to be alarmed, but you shouldn't be complacent.

"No size fits all, the important message from the meeting is that we have different countries having to face different cases. There is not one single prescription."

Sweden's Health Minister Maria Larsson also told reporters in Stockholm that "the WHO has raised the level to phase six."

Chan herself was due to attend a briefing with reporters at the WHO's headquarters scheduled for 1600 GMT.

The expected declaration comes amid growing evidence that the virus, which originated in Mexico two months ago, is now being widely transmitted between humans in Asia and Europe as well as the Americas.

Under WHO guidelines, one key criteria for declaring a pandemic is established community spread in a country outside the first region the disease was reported.

The UN body raised its six-phase alert level to five at the end of April, indicating that a pandemic is imminent, and officials said earlier this week that a decision to move up to the maximum level was "very, very close".

If a pandemic is indeed declared many countries will have to think about changing their approach to the virus, the WHO said.

Govt guns for long term

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way, setting up a gas development fund for Bapex, conservation of energy and greater emphasis on partnership between private and public sectors.

AMA Muhith also tabled government plans to import gas from neighbouring countries through pipelines on the basis of mutual cooperation.

He adds, "We are continuing dialogue with our neighbouring countries to import power for mitigating the power crisis on a short term basis."

He declined to give a definitive deadline for building a nuclear power plant but said the government plans to implement a 1,000 megawatt nuclear power plant in Rooppur with self-finance.

The government is seriously considering using coal along with gas for power generation, Muhith said. "We shall set up coal fired power plant using environment friendly technology for extraction of coal. If required, coal may be imported to run these power plants."

He said the government is also considering importing environment friendly energy technology in the "context of current level of environmental degradation".

To enhance capacity of the national oil and gas exploration company Bapex, the government is considering setting up a gas development fund. Bapex's Shahbajpur gas field in Bhola is ready to supply 45 million cubic feet per day (mmcfd) gas for a 250 MW power plant proposed to be built there.

The country's gas reserve is depleting. The proven reserve now is 7.3 trillion cubic feet (tcf) while probable reserve is 5.5 tcf more. This situation demands that the country must find new gas fields or face diminishing gas supply from 2011. For this, it is important to take up on-shore and offshore exploration for new reserves.

The government is also looking into the prospect of viable extraction of coal at deeper layers. "A time-befitting energy and coal policy is nearing finalisation," he mentioned.

To ensure energy security, the government is working for a three-fold increase in oil refinery capacity.

Muhith pointed out that when Awami League came to power, it was aware of a huge gap between demand and supply, but it was not aware that the snag is not only in the supply of gas and generation of power but also in the transmission of power. There had been 'serious neglect' to taking up new initiatives regarding known gas fields.

As a result, the present government has been compelled to set up "expensive dual-fuel power plants that can use diesel or furnace oil and also gas," the finance minister said.

"Only 45 percent of our entire population have access to power. Currently our per capita power consumption is only 172 kwh, which is 325 kwh in Sri Lanka, 408 kwh in Pakistan and 665 kwh in India."

Against the average power demand of 5000 MW at present, the existing power plants can generate only3800 MW, he said. "We are determined to take appropriate steps to increase power generation assuming its demand to be 20,000 MW by 2021."

This year additional power will be generated by four projects under public sector and 440 MW by 11 projects under private sector. The bidding process for building 450 MW Bibiyana power plant is underway.

"If we go ahead as planned, we hope that by 2013, 2810 MW of power will be produced through 18 projects under public sector and another 1,350 MW through three private sector projects," the minister said.

The government is also working for efficiency enhancement of management and efficient use of power. During the boro season this year, the government through load management diverted 300 MW power for irrigation to achieve bumper boro harvest.

"We have taken up a Tk 105 crore project to produce energy saving bulbs. Once this project is implemented, there will be a saving of 350 MW electricity," Muhith said.

For transmission-distribution of power, the government has a three-year plan. An additional 837 km power grid line, 17 substations and 15,000 km distribution line will be built.

The country now produces 20 MW power from renewable energy, mainly in rural areas. Now the government is taking initiatives for use of solar energy and biogas technology also in urban areas.

To address gas issues, the government plans to drill in 2009-11 period five development wells, four work-over wells and four production wells to get an additional 208 mmcfd. Offshore exploration will start soon.

Major test

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The government in the position paper identified seven projects for "very urgent" basis implementation under the proposed public private partnership (PPP) budget.

Except the construction of a deep-sea port in Chittagong, the rest of the projects are estimated to cost $13.85 billion.

The PPP projects are Dhaka-Chittagong Access Control Highway at an estimated cost of $3.02 billion, construction of a sky rail around Dhaka city at a cost of $2.8 billion, construction of a Dhaka city underground railway at a cost of $3.1 billion, Dhaka city elevated expressway at a cost of $1.23 billion, Dhaka-Narayanganj-Gazipur-Dhaka Elevated Expressway at a cost of $1.90 billion, four gas or coal-fired 450 megawatt power stations at a cost of $1.80 billion, and the construction of Chittagong Deep-Sea Port.

The position paper also mentioned some other projects having public importance. Of those Bus Rapid Transit (BRT), Articulated Bus Service, Bus Route Francise (BRF) in the communications sector, cancer or other hospital construction in health sector, setting up secondary school, construction of dormitories, health centre, auditorium and gymnasium in public universities, upgradation of existing degree colleges and setting up research institutions.

The position paper estimates an investment deficit of $28.06 billion in the period between the next fiscal year and 2014. An estimated investment deficit of $1.04 billion is expected to dog the next fiscal year.

The position paper also proposed tax waiver or a payment of minimum tax under the PPP initiative.

Import of capital machinery under PPP initiatives will enjoy duty-free facilities and tax holidays, or a minimum tax might be imposed on profits only for a specific period.

The mode of project implementation under the PPP initiative will be on the basis of Build-Own-Operate (BOO), Build-Operate-Transfer (BOT) and Build-Own-Operate-Transfer (BOOT).

Adviser to the previous caretaker government Dr Akbar Ali Khan told The Daily Star, "If the government cannot improve its administrative efficiency and capacity for negotiation the public private partnership concept would not succeeded.

The concept is nothing new. The Awami League government of Sheikh Hasina in its earlier stint took a similar initiative. What is new this time is that an allocation is being made for it in the budget, he added.

Earlier the investment included only the infrastructure sector but this time it would include the health and education sector.

Under the initiative the World Bank provided a fund of about 450 million dollar and the loan was given in very soft terms. Despite this, half of the fund was not utilized and the WB had to take the unutilised money back, Akbar continued.

In case of big projects like monorail, elevated express highway the question of acquiring land is involved. Necessary laws have to be formulated and enacted in this regard.

In the health sector if private clinic is established common people will not be benefited, he said.

World Bank senior economist Zahid Hussain said, Bangladesh needs to reduce its reliance on the Annual Development Program (ADP) as an instrument to deliver energy, infrastructure, and social services.

He said experience also shows that there is no unique formula for developing a sound PPP framework. However, successful programs are characterised by clear policy and legal frameworks for PPPs. The PPP unit needs to be staffed with technically sound and experienced negotiators with specific knowledge on project design, financing and management.

East Coast Group Chairman and Managing Director of Mobil Jamuna Lubricant Ltd (MJLL) Azam J Chowdhury said the public-private partnership in large infrastructure and energy projects must be free from political influence.

He believes that private-public partnership will act as a major incentive for Foreign Direct Investment (FDI).

More taxpayers

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Mirershawrai of Chittagong and Bianibazar of Sylhet.

He also said the survey will continue in other important business centres and places of the country in phases.

Earnings from tax, especially import duties, fell during the outgoing fiscal year, widely viewed as the year of global economic crisis. Therefore Muhith has undertaken comprehensive measures to boost tax earnings from internal sectors to reduce dependency on export-import tax.

To boost income tax earnings, the budget proposed making it mandatory for people to have taxpayer's identification number (TIN) when buying a car, registering a company, designing a house in divisional cities and getting drug licences. However, people with less than Tk 1.65 lakh yearly income will remain out of the income-tax net.

"We are not in favour of increasing our tax revenue by increasing the tax burden on middle and lower income groups. Rather, we want to enable them pay higher taxes in a taxpayer-friendly regime," said Muhith who presented budget for the second time after 1982-83.

"Our tax system is highly exemption-ridden and a considerable part of our economy remains outside the tax-net," said the minister in his budget speech.

Moreover, many taxable areas are enjoying various exemptions, he said citing example of tax holiday in income tax, zero rate and other special exemptions for imports and truncated base for VAT.

He said a lot of these exemptions, given in the interest of individuals and groups, have created distortions in the tax system and shrunk the area for tax collection.

"We have to come out of this vicious exemption cycle gradually," he said.

To make tax collection easier, the finance minister proposed to increase manpower in revenue department and expand the organisation by increasing positions, territorial zones and appeal zones of income tax department and establishing a Tax Information Management and Research Centre.

The minister also pledged to make the revenue department automated for transparency and accountability.

The total revenue-earning target for 2009-10 fiscal year is set to Tk 79,461 crore which is 14.86 percent higher than the revised revenue figure for the outgoing fiscal year.

Of the total revenue earning, income tax receipts are projected at Tk 16,560 crore, an increase of 22.32 percent from the revised figure of Tk 13,538 crore for the outgoing fiscal year.

Growth of value added tax (VAT) is estimated at 13.31 percent setting the target at Tk 22,795 crore. The revised figure for current fiscal year is Tk 20,116 crore.

Import duty earning has been projected at Tk 10,430 crore, a growth of 8.98 percent. The revised figure of the outgoing fiscal year is Tk 9,570 crore. The duty on basic raw materials has been reduced to five percent from the existing seven percent.

Supplementary duty growth is set at 14.95 percent, which will make the total supplementary duty earning Tk 10,485 crore, against the revised figure of Tk 9,121 crore for the outgoing fiscal year.

Non-NBR revenue is targeted at Tk 2,955 crore, a nearly 17 percent growth from Tk 2,526 crore of the outgoing fiscal year, and non-tax revenue at Tk 15,506 crore, a 13.56 percent growth from the outgoing year's Tk 13,654 crore.

Dist-level budget

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have been utilised in a particular district as the national budget is prepared centrally and does not reflect the hopes and aspirations of the grassroots people. Besides, transparency and accountability could not be ensured.

He said the government would generate employment for 29 lakh people and reduce poverty ensuring overall rural development under the 'one house, one farm' project.

"A total of 578,400 rural families will be brought under this programme and 29 lakh people will be benefited directly or indirectly," he said in the budget speech. He added the project would be implemented by June 2014 with an estimated cost of Tk 1,246 crore.

The objectives of this project are to turn every house into an economic unit and ensure village development by creating village-based institutions, among others, he said.

He went on to say that 13,700 kilometres of roads and 54,260 metres of bridges and culverts will be constructed or reconstructed in the coming fiscal year.

The finance minister said necessary steps will be taken to ensure safe water for all by 2011. Arsenic-free water will be secured by installing 6,114 arsenic-free water sources in FY 2009-10, and use of sanitary latrines would be raised close to 100 percent by next year.

He said the government would seek a balance in the duties and power between the lawmakers and upazila chairmen. "To empower people and decentralise power of the central government, the union and upazila parishads will be vested with additional power."

Muhith said all union parishad headquarters will be turned into planned rural townships and upazila headquarters into municipalities to establish planned towns or townships.

He proposed allocation of Tk 8,321 crore for rural development and local government in the next fiscal year, which is 24 percent higher than current fiscal year's allocation.

Public universities

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and river erosion.

Muhith stressed on recruiting more and better teachers, saying the government has developed a medium term programme to recruit science teachers and setting up science laboratories in each secondary school.

The government target is to recruit a minimum of five teachers for each primary school in order to bring down the teacher-student ratio by 2011-2012.

"We are determined to bring down the teacher-student ratio from 1:50 to 1:40 by 2011-2012 in order to remove illiteracy from the country within 2017," he said and

The government has an ongoing project to construct a model school with modern equipment and amenities in 306 selected upazilas in the current fiscal year.

Muhith said the government is planning to introduce appropriate recruitment procedures to appoint qualified and trained teachers in educational institutions.

He said the government proposed to disburse Tk 3,904 to non-government teachers and an additional Tk 112 crores to non-government institutions for FY10.

The finance minister placed a particular focus on boosting vocational education, rising its allocation by 56.3 from last fiscal year's budget to allot Tk 322 crore for FY10.

"Only 3-4 percent of the total students are currently enrolled in technical and vocational education at secondary and higher secondary levels. We want to engage our youth more in vocational education and to that end we have introduced vocational and technical courses at secondary and higher secondary levels," he said.

The government is planning to establish one technical institute at each upazila in phases, he said, adding the government will also introduce compulsory computer and technical education at secondary levels by 2013 and 2021 respectively.

The number of students receiving stipends will also rise in FY10, with 79 lakh students expected to receive stipends in the next fiscal year, a massive jump from the 48.25 lakh students who are currently on stipends.

The government has taken up a priority programme to increase the percentage of stipend beneficiaries from 40 percent to 100 percent in poverty-stricken Monga, slum areas and areas affected by river erosion and cyclone.

Muhith also said 4.77 crore textbooks would be distributed among primary school students for free in 2009, with an additional future programme to distribute free textbooks to all primary school students.

He also proposed to allocate Tk 300 crore in the next fiscal year for free distribution of textbooks to secondary school students to achieve the target of removing illiteracy from the country by 2014.

The finance minister also proposed to provide grants to registered and community primary school teachers to generate momentum in the primary education system.

Govt opens arms

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yesterday said, the opportunity is being provided to boost investment, to ensure employment for a large number of people, and to create opportunity for people to purchase residential flats with their savings without having to answer to a lot of questions by the tax department.

But economists said the government's move amounts to cheating honest regular taxpayers. They said providing such opportunity time and again to black money holders, will lead to a break down of the tax administration.

The National Board of Revenue (NBR) high officials however said the government took the step to cope with the fallout from the global economic recession, the move will increase employment through increasing the scope of investment in the country.

The NBR officials expect Tk 15,000 crore to Tk 20,000 crore of investment over the next three years.

Expatriate Bangladeshis also contacted the government saying if they are given special tax offers they might invest their money in the country, the NBR officials added.

Many quarters however do not see eye to eye with NBR officials on the issue, they rather are wondering aloud whether the government's move, immediately after coming to power, is being wise enough.

Some sources said there are pressures on the government from entrepreneurs, bureaucrats, and politicians for providing the money whitening opportunity, so they may legalise their illegally earned money in an effort to avoid problems in the future.

In the last few years, black money could be whitened by paying tax only, without any mandatory investment in any sector.

Economists said if the government allows whitening of black money, tax on that would be much higher than what is paid by regular taxpayers. Regular taxpayers now pay 10 to 25 percent tax on their income.

Adviser to a former caretaker government Dr Akbar Ali Khan said honest taxpayers are being cheated by the opportunity of whitening black money. If the opportunity is provided time and again there will be no more honest taxpayers, he said.

In some countries such opportunities do exist, but only for rare occasions. In Bangladesh the opportunity is being provided much too often, he quipped.

Taking the opportunity of whitening black money on the share market, old shares are changing hands, no new share is coming to the market, he added saying, it will neither increase investment nor will it give the share market any real boost.

Dr Debapriya Bhattacharya at a media briefing on Saturday said, "The Centre for Policy Dialogue is against frequent amnesties. If the government wants to allow whitening of untaxed money, there must be a punishment rate in addition to the normal tax rate."

Under the immediate past caretaker government's regime 56,845 people legalised a total of Tk 9,773 crore of black money paying Tk 911 crore in tax.

Since FY1976-'77, all successive governments provided opportunities to whiten black money, but responses were very dull in the early years.

Under the last Awami League regime in FY 2000-'01 only Tk 1,000 crore was whitened.

During the last BNP-Jamaat four-party alliance rule under a money whitening opportunity for three fiscal years, around Tk 2,000 crore was legalised.