

ADP goal

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They also welcomed the government initiative for Public-Private Partnership (PPP) for which it gave an allocation of Tk 2,500 crore.

In his immediate reaction, former finance adviser to a caretaker government Mirza Azizul Islam said, "It will not be possible for the government to implement the proposed ADP, as it is bigger than the previous one."

He said: "I support the spending on the basis of priority but I strongly oppose the idea of whitening money by paying 10 percent tax."

The scope for whitening money is unethical. An honest taxpayer gives 25 percent tax while a person can legalise his or her undisclosed money by paying only 10 percent tax," he said.

The former adviser also expressed his doubt over the achievement of the revenue target.

Referring to the proposed allocation of Tk 2,500 crore in the PPP initiatives, Islam said implementation of the fund would be a matter of time, as there are some legal and provisional pre-conditions in implementing the PPP projects.

Mustafizur Rahman, executive director of the Centre for Policy Dialogue (CPD) said, "It is a right decision to give priorities to agriculture, safety net and small and medium-sized enterprises."

The government's intention of maintaining consumers' interest and producers' interest will be a challenging issue. Attracting investment from the private sector under the PPP will also be a challenging job," he added.

Rahman said the targeted economic growth in the budget seemed the government had set the target carefully and conservatively given the global financial crunch.

Regarding the stimulus package he said, "The government has proposed Tk 5,000 crore for different sectors but it is not clear which sectors will get how much."

Tariff reduction in intermediate goods is a welcome move, he said. "But the government should cut the capital machinery import duty too, given the low investment scenario this year," he added.

The CPD executive director also urged the government to continue with the reform programmes taken by the caretaker government earlier.

Economist Debarpriya Bhattacharya at a budget discussion on Channel i said various sections of people in the society expect a lot from a budget but their expectations do not match all the time.

"Our capacity is limited.

Green beckoning

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estimating adequate number of cyclone shelters.

Reducing air pollution caused by diesel-run vehicles, controlling environment pollution due to industrialisation, extending and preserving forestry and developing sufficient environmental experts are also on the agenda of the government.

The minister said the government is also framing the 'water use act' and bringing necessary amendments to the Water Resource Planning Act, 1992 to ensure the optimum and sustainable use of water resources.

The government is also planning to bring 20 percent of total land under afforestation programmes by 2015 to attain self-sufficiency in forest resources.

Primarily, the government has set a target to bring 4,314 hectares of land under the afforestation programme, create strip gardens over an area of 2,355 kilometres and plant 23 lakh saplings.

The minister also said about a development programme for maintaining ecological balance and biodiversity in the Sardarbans at a cost of Tk 650 crore.

In his budget speech, Muhith also committed to prepare a detailed action plan designed to face the disasters due to climate change.

The government has also allocated Tk 400 crore from its own resources to add to an existing Tk 300 fund. Disbursement of money from this fund will start next fiscal year to take different programmes for battling the impacts of climate change as the cabinet approved it in principle.

"Disasters and calamities due to climate change cannot be reversed."

Therefore, we should aim to mitigate dislocation and sufferings and build the capacity to adapt lives and livelihoods,"

ing PPP budget management operational is admirable but ambitious," he said.

The finance minister's budget speech and the proposed allocations seem to reflect the ruling party's election manifesto, Debarpriya said.

"The revised duty structure with imposition of new import duties will protect the domestic industry," he said.

Commenting on whitening of money, he said it was not specified whether the scope applies to undisclosed or black money.

He said if the chance for whitening money is given time and again, its effectiveness would go down gradually.

"Why anyone will pay highest 25 percent tax? The person will keep it and whiten it later paying 10 percent tax," he said.

Bhattacharya also expressed frustration over the economic growth target of 5.5 percent in the fiscal year 2009-10.

"In the last fiscal we achieved 5.9 percent growth amid global recession and price hike of essentials under the state of emergency," he said.

Fixing of such a growth target with so many stimuli is frustrating, he observed.

On implementation of ADP, he said it is difficult for any government to implement 80 percent of public sector officials, he added.

Middleclass

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homework in the next room

reminded that he will have to cough up extra money also to buy schoolbags, powder milk, utensils, and toiletries.

At that point, his friend Babar, a businessman, called to tell him how 'moronic' it was for him [Abidur] not to buy the mobile phone set he had planned for his wife.

Now that the government is going to impose extra duty on them, phone sets will get pricey.

Abidur, who could not watch Muhith's speech undisturbed for a couple of power cuts, asked him if he thinks the budget would help decrease the prices of rice, lentils, edible oil, salt and other essentials, Babar said, "Probably."

However, he added, one good thing is that medical expenses would come down with a cut in import duties on pharmaceutical raw materials and withdrawal of VAT from doctors' fees.

The two friends agree that the budget has a number of some other positives as well. The green measures spelt out by the finance minister point to the government's acknowledgement of increasing environmental degradations.

Hanging up the phone, Abidur lit a cigarette. As smoke rings curled overhead, he wondered if he would be able to quit smoking now that the price of cigarettes is set to mark another rise.

The brand he prefers would cost Tk four a stick just before the last budget. Now it would cost Tk five, and may prove a blessing in disguise for him.

Double-digit

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"We would like to proceed with a vision of a happy and prosperous nation rising above prejudice and parochialism," Muhith said placing the budget for fiscal year 2009-10.

He said the country would be taken on a trajectory of high-performing growth supported by advanced and innovative technologies with prices of commodities stabilised, human poverty brought to a minimum, health and education for all secured.

This apart, capacity combined with creativity would be enhanced, social justice established and disparity reduced, participatory democracy entrenched and capability to tackle the impact of climate change developed.

Information and communication technologies will, by that time, take the country to new heights, giving it a new identity - 'Digital Bangladesh'.

"...To attain this higher growth, investment in infrastructure development especially in power and energy, ports, communications, supply of drinking water and waste management, and education and health will be given highest priority. A huge investment is required to reach this target," he said.

He said the government is encouraging production of renewable energy including solar power, biogas and small hydro power.

"We are actively considering the issue of importing environment friendly energy technology in the context of current level of environmental degradation."

"We would like to take an integrated approach to tackle the problems arising from increasing traffic jam, deteriorating water supply and drainage system and environmental pollution."

However, the minister was found positive towards the use of pesticide as he withdrew VAT from the product's raw materials.

"I propose to withdraw VAT on the import of raw materials to produce pesticides to keep pesticides easily available for farmers."

NEWS

Bank borrowing

FROM PAGE 1

The Annual Development Programme (ADP) for the next fiscal year has been increased by 33 percent compared to the revised budget of the current fiscal year.

In revenue budget, development expenditure has been increased by 197 percent while the non-development expenditure rose by 17 percent.

To pay for big spending, the government has squeezed the revenue target to Tk 79,461 crore, which is 15 percent higher than the target in the revised budget of FY2008-09.

Because of the mismatch in income and expenditure, a large deficit of Tk 34,358 crore - 5 percent of the GDP - is still expected for which the government will borrow Tk 16,755 crore from the banking system, which is a 57 percent jump from the current fiscal year's revised bank borrowing.

However, although the foreign assistance target had to be cut drastically, the government expects to receive 48 percent more aid in FY09-10 than the revised estimate of the current fiscal year.

In the next fiscal year, the government's projected receipt of net foreign loan will be Tk 8,673 crore. In the current fiscal year, the original projection of Tk 7,263 crore has been cut down to Tk 5,833 crore.

It appears the government has listened to feedback on the need to improve execution. Though, there is an additional need for capacity building, incentivisation and time-bound targets for senior public sector officials, he added.

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THE NEW BUDGET

The non-development expenditure in the budget for FY09-10 is around Tk 83,319 crore more than the revised budget of Tk

75,000 crore.

The total revenue earning has been slightly revised down by Tk 202 crore to Tk 69,180 crore.

Revenue earning has been cut by Tk 1,500 crore to Tk 53,000 crore.

TCB to open

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pledges of Awami League on tackling the impact of global recession and to lower price levels, Muhith said, "I believe that we kept this commitment."

"...if required, we shall intervene in the market. We shall ensure increased supply of consumables through international trade and ensure the competitive environment in the market," he said.

On the falling inflation, he said, "This trend of inflation is expected to continue due to dropping fuel prices and prices of other essential commodities and also due to favourable production conditions."

The consistent bumper paddy production is expected to help curb inflation as well as price hike of essentials in the near future.

Muhith hoped the annual average inflation would stay at seven percent at the end of 2008-09 fiscal year. The figure was 9.9 percent at the end of the previous fiscal year.

Ambitious

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Secretary General Khandaker Delwar Hossain said at a press conference held at BNP Chairperson's Gulshan office.

BNP leaders, some prominent economists and businessmen watched live telecast of finance minister's budget speech on multi-media projector at the office.

Leader of the Opposition Khaleda Zia was present there for a while in the evening but did not make any comments on the proposed budget.

Party leaders Osman Farruk, Moyeen Khan, former FBCCI president Abdul Awal Minto, former BGMEA president Fazlul Haque, economists Prof Khandaker Mustahidur Rahman and Mahabubullah and pro-BNP journalist Shafiq Rehman, among others, were present.

Osman Farruk said, "I think they did not give enough importance to the proposed PPP (public private partnership)."

He said export sector might be affected by deterioration of law and order, which could result in the failure to achieve 5.5 percent GDP growth.

"During BNP regime, Awami League strongly criticised the opportunity for whitening money but now they have kept the same provision in the budget," he said.

He said the country would be taken on a trajectory of high-performing growth supported by advanced and innovative technologies with prices of commodities stabilised, human poverty brought to a minimum, health and education for all secured.

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'Free Buriganga'

FROM PAGE 16

the building and later they carried out a survey on the spot to check the claim of the owner.

"We will resume the drive with the demolition of the five-storey garment factory on Saturday," said BIWTA senior Deputy Director (Narayanganj Port Officer) Md Abu Zafar Howlader.

"Demolition of the seven-storey garment factory is yet to be finished, he said.

Another Narayanganj Executive Magistrate Abdul Hai on eviction duty said that the river demarcation has been done as per the latest revised survey (RS) records.

The government also kept additional Tk 3,388 crore for partial implementation of the new pay scale. Another Tk 15,088 crore has been allocated for interest payment on debts, going up by 19 percent from FY09.

In the revenue budget, Tk 1,420 crore has been kept for development expenditure, which is 197 percent more than the revised budget (Tk 478 crore) of the current fiscal year.

For development expenditure in FY10, the government has allocated Tk 30,500 crore against Tk 23,000 crore of FY09.

The government has also raised its revenue generation target to Tk 61,000 crore, a 15 percent rise from Tk 53,000 crore of the FY09 revised budget.

Value Added Tax (VAT) income in FY10 budget is expected to grow by 23 percent from the FY09 revised budget, with another 22 percent rise expected in income tax, 9 percent growth in import duty collection and 15 percent increase in supplementary tax collection.

However, non-tax revenue will rise by 14 percent to Tk 15,506 crore, which is Tk 13,654 crore in the revised budget of the current fiscal year.

To mitigate the large deficit, the government also plans on increasing non-bank borrowing to Tk 3,800 crore in addition to the high bank borrowing plans for FY10.

REVISED BUDGET

In the current fiscal year, the size of the revised budget has been cut down by Tk 5,822 crore to Tk 94,140 crore because of fall in the prices of petroleum products on the international market and food subsidy.

The original target in the current fiscal year was Tk 99,962 crore.

The revised budget for non-development expenditure for FY09 is Tk 1,140 crore against the original Tk 4,362 crore.

Development expenditure for FY09 has been revised to Tk 23,000 crore from the original Tk 25,600 crore.

The total revenue earning has