

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 minister 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 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 intermediary goods is a welcoming 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 Debapriya Bhattacharya at a budget discussion on Channel 1 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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establishing 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 73 lakh saplings.

The minister also said about a development programme for maintaining ecological balance and biodiversity in the Sudarbans 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,"

The aim of a budget is to maintain balance between people's expectations," he said.

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

Economist Zahid Hussain said the budget is business-friendly for domestic market, as the finance minister proposed a duty rise on import of luxury goods and a duty cut on import of basic raw materials.

But, the question remains whether such kind of protectionism for the domestic industry would be viable for the national economy as there is a chance of losing the competitiveness with external trades, he said.

"Giving the stimulus package for the RMG sector is a matter of further assessment," he added.

Zaid Bakht, a research director at Bangladesh Institute of Development Studies, said, "It seems to be a good budget."

He, however, said that the government would face challenges in revenue earnings and implementing the ADP.

Ifty Islam, managing partner of Asian Tiger Capital Partners, a financial institution focusing on private equity and venture capital, said the finance minister estimates an additional investment of \$28 billion to be financed to achieve an 8 percent rate of growth by 2014.

"The strong commitment of the finance minister to PPP is very encouraging and hav-

the minister said.

He also talked about formation of a 'multi-donor trust fund' with support from donors. The proposed fund has received a commitment of \$97.9 million from the UK and Denmark.

Besides, Japan International Cooperation Agency (JICA) has proposed to provide Tk 490 crore as budgetary support during the next three years to cope with environment related disasters. The JICA will also cancel a debt of Tk 700 crore from its Debt Cancellation Fund (JDCF).

"We are encouraging production of renewable energy by providing various financial incentives through both public and private channels. Besides, we have also taken initiatives to conduct a feasibility study for setting up small hydro-electricity projects."

"The use of solar and biogas as sources of energy has so far been tried mainly in the rural areas. We are taking initiatives to use this technology in population concentration areas in the cities as well."

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 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."

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

The government may wish to consider a regular dialogue involving private sector experts, specialists from the World Bank and Asian Development Bank (ADB), the existing specialist infrastructure institutions, IIFC and IDCOL, to work together with the relevant key ministries to accelerate the challenging process of operationalising the three initiatives -- Infrastructure Fund, Viability Gap Fund and Technical Assistance Fund -- possibly through a working group, he said.

He said best practices from established PPP systems and cells from different countries should be carefully reviewed prior to recommending what may be appropriate lessons for Bangladesh in establishing its own PPP cell and institutions.

In regards to implementation of the ADP, he said, the commitment to 'Critical Path Method' to improve implementation is a welcome initiative.

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.

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 not."

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 markanothrise.

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.

Citing preliminary estimates, the finance minister said \$28 billion will need to be invested by FY 2013-14 to secure the projected growth. This will be in addition to the existing public and private investment programmes.

Bank borrowing

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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 7,236 crore has been cut down to Tk 5,833 crore.

Foreign grant has been drastically cut by 22 percent in the current fiscal year and it stands at Tk 4,929 crore in the revised estimate. In the next fiscal year, it will increase only 4 percent over the revised estimate and stand at Tk 5,130 crore.

Muhith said, "The budget for FY2009-10 has been formulated bearing in mind the need to maintain macroeconomic stability in the context of current global economic meltdown, achieving desired economic growth to fulfil our election pledge and thereby contribute to poverty reduction. In fulfilment of our strategy for attaining prosperity we have attached priority to massive employment generation, enhancement of social safety net, creation of self employment, reduction of regional disparity, increasing emphasis on agricultural development, achieving the target of power generation, acceleration of industrialisation and building necessary infrastructure for 'Digital Bangladesh'."

"The major challenge that we shall confront is implementation of Annual Development Programme ADP implementation has always been deficient. We are particularly concerned about the possible implementation snags because of the ambitious size of ADP for the next fiscal year. We should, therefore, pay due attention to monitoring and evaluation of ADP execution from the first day," he added.

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

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 pro-BNP 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 Shafik Rahman, 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," said Farruk.

Terming the proposed budget full of contradictions, former minister Moyeen Khan said the government promised to build digital Bangladesh but they had allocated only Tk 100 crore for information technology sector.

Fazlul Haque, former president of BGMEA said, "There is nothing in the budget to keep the garments sector alive."

The finance minister had mentioned about PPP but failed to come up with any successful plan, he said.

71,140 crore for FY08-09.

A break-up of the non-development expenditure reveals that 19.5 percent will be spent on pay and allowances, 18.4 percent for paying non-government teachers (grants in aid), and 19.2 percent on interest payments.

It will also include Tk 15,989 crore in salaries for government employees, which is Tk 15,106 crore in the FY09 revised budget.

The government also kept additional Tk 3,388 crore for partial implementation of the new pay scale. Another Tk 15,808 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 71,140 crore against the original Tk 74,362 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 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 low 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.

Pay rise

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their living standards" he said. "Considering the resource position of the government, we are analysing those recommendations and we intend to implement them in phases from July 2009" the finance minister said.

Those officials who have gone on LPR from July 1, 2008, will also be entitled to the new benefits arising from the change in the pay structure. "We would like to see improved living standards and better working conditions for government officials and would like to provide them with opportunities to live honest and dignified lives," Muhith said while describing the rationale behind the payment adjustment.

The last caretaker government had appointed the Pay Commission for a review of the pay structure.

Muhith in his speech also said the government has recently issued a directive to simplify the procedures relating to sanction and disbursement of pensions to mitigate the harassment of pensioners.

"If the directive is followed, it is expected that processing, approval and disposal of pension cases will be expedited," he said.

'Free Buriganga'

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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.

Another six-storey building, owned by Abdul Malek and located in between two buildings that are being demolished, has been spared due to court's stay order against eviction.

Meanwhile, BIWTA and Gazipur district administration could not carry on the unfinished demolition of Sajid Washing and Dyeing Limited, located near Kamarpura Bridge in Tongi, yesterday following an objection filed by the owner with the district administration.

Gazipur district administration, in presence of deputy commissioner, additional deputy commissioner (revenue) and Assistant Commissioner (land) Atul Sarkar, BIWTA Deputy Director Saiful Islam and representatives of the factory owner, held a hearing on the objection yesterday and found that the objection has no ground.

"We have asked the factory owner to remove structure from the grabbed land immediately. Otherwise, authorities will do it," said Atul Sarkar.

Saiful Islam said that they finished demolition of Majid Market at Tongi Poura Bazar yesterday. Sajid Washing, a concern of Ha-meem Group, has been built by grabbing 95 feet of river Turag, he added.

BIWTA yesterday engaged 150 hired labourers and two tugboats for the demolition drive in Shitalakhyia, said port officer Abu Zafar.

The government is paying around Tk 2 lakh from the public exchequer every day for the eviction drive in Shitalakhyia, said BIWTA Deputy Director Alamgir Kabir. The amount is Tk 1 lakh per day for Turag drive, said Saiful Islam.

A total of 134 structures including makeshift ones built illegally in river Shitalakhyia have been listed for partial demolition. Owners of five of the structures have obtained court's stay orders against eviction.

A total of 134 structures have been identified as built illegally on Turag at Tongi part while 69 have been identified as such on Dhakapart.

Tk 10cr fund

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yesterday approved Tk 10 crore as block allocation for the much-awaited trial of war criminals.

Before the parliament session for placing budget yesterday, a cabinet meeting was held in the parliament building where the proposal for allocating money for the trial was approved.

"Law ministry made the demand for block allocation for the trial of war criminals. We wrote a letter to the finance ministry in this regard and the cabinet approved it Thursday," Shafique said.

The law minister said that the budget would be passed including the money allocated for the trial. The budget allocation will be spent for remuneration of prosecutors, judges and other staff of the tribunal, renting office and related purposes, he added.

"After passing the budget, money will be ensured and then the law ministry will appoint prosecutors for the trial. Even I hope we can set up tribunal appointing the judges next month," he said.

But the minister thinks the home ministry can set up investigation team appointing investigators before setting up office of prosecutors.

Meanwhile, though the prosecutors has not been appointed yet for the trial, Finance Minister AMA Muhith yesterday in his budget speech said, "In order to conduct the much awaited trial of the war criminals, the office of the prosecutor under the International Crimes (Tribunal) Act 1973, has been set up."

Leading researcher on war crimes Shahriar Kabir who led Ekattur Ghatok Dalal Nimul Committee and Lt. Gen (ret'd) Harun-or Rashid, general secretary of Sector Commanders Forum, told The Daily Star it is beyond their knowledge that the government has already set up such office.

They however look forward as the finance minister made the government's commitment in his budget speech to try the war criminals.

"I haven't seen any news about setting up office of prosecutor for the trial of war criminals but as far as I am concerned this is the first time that in Bangladesh's budget the promise to try the war criminals has been made," Shahriar Kabir said.

Finance Minister said, "Our government has initiated the process of trial of war criminals under the existing laws. This is a unique initiative in demonstrating our respect to the freedom fighters also for mitigation of their grievances."

Muhith said, "With the support from the people and also assistance of the international community, the present government is committed to ensure this trial."

Social safety net

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The monthly rate of Old Age Allowance has been increased to Tk 300 from Tk 250, with a widened beneficiary coverage of 22.5 lakh from the current 20 lakh. This expansion of the scheme will cost the government an additional Tk 210 crore on top of the current allocation of Tk 600 crore.

A five times increase has been proposed in the allowances for destitute women, bringing the allocation to Tk 331.2 crore from the current Tk 61.2 crore.

Allowances for insolvent freedom fighters have been proposed 67 percent higher than the current benefits. An insolvent freedom fighter will get Tk 1,500 instead of the current

Tk 900, and the number of beneficiaries has also been raised to 1.25 lakh from one lakh.

The monthly allowance for insolvent disabled persons has been raised to Tk 300 while the number of beneficiaries has been increased to 2.6 lakh from 2 lakh.

Allowances for poor breastfeeding mothers have also been increased to Tk 350 from Tk 50, by increasing the allocation by Tk 11.1 crore compared to the current year's.

Another Tk 25 crore has been allocated for launching a similar programme for low-income breastfeeding mothers.

Nearly Tk 46 crore has been allocated for orphans and street children.

The budget proposed Tk 1,176 crore for an employment generation scheme for the hardcore poor.

The finance minister has

also proposed to resume 'one home, one farm', and 'back home' programmes, allocating Tk 92 crore for those.

For imparting professional training to the youth with higher secondary certificates, Tk 20 crore has been allocated. Work will begin in Borguna and Kurigram districts on a pilot basis. Later the scheme will be expanded nationwide, the finance minister said.

The budget has proposed to allocate Tk 20 crore for women's and freedom fighters' self-employment fund, Tk 2 crore for women who are victims of acid attacks and for rehabilitation of physically challenged, and Tk 100 crore for assistance to poultry farms.

Microcredits of Tk 200 crore will be distributed through Palli Karma Shahayak Foundation.

The new budget has also proposed Tk 170 crore for rural roads maintenance project, which will employ the poor, Tk 76 crore for protection of government assets which will also generate work for the rural population, Tk 12.85 crore for employment generation in munga prone areas, and Tk 75.60 crore for the same purpose in char areas. Most of the workers under the schemes will be women.

For stipend programmes at different levels Tk 1,137.5 crore has been allocated, and Tk 9.80 crore has been allocated for disabled students.

Maternity Health Voucher Scheme has got an allocation of Tk 70 crore while Tk 173 crore has been allocated for the National Nutrition Programme.

Digital plan

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sectors and tax administration phase by the phase within a few years.

He made a commitment to connect the country with the second submarine cable for providing internet service to more people.

Besides, initiatives will be taken to improve e-governance and e-commerce by 2014 and 2012 to make the administration and business activities more efficient and transparent.

"We have to