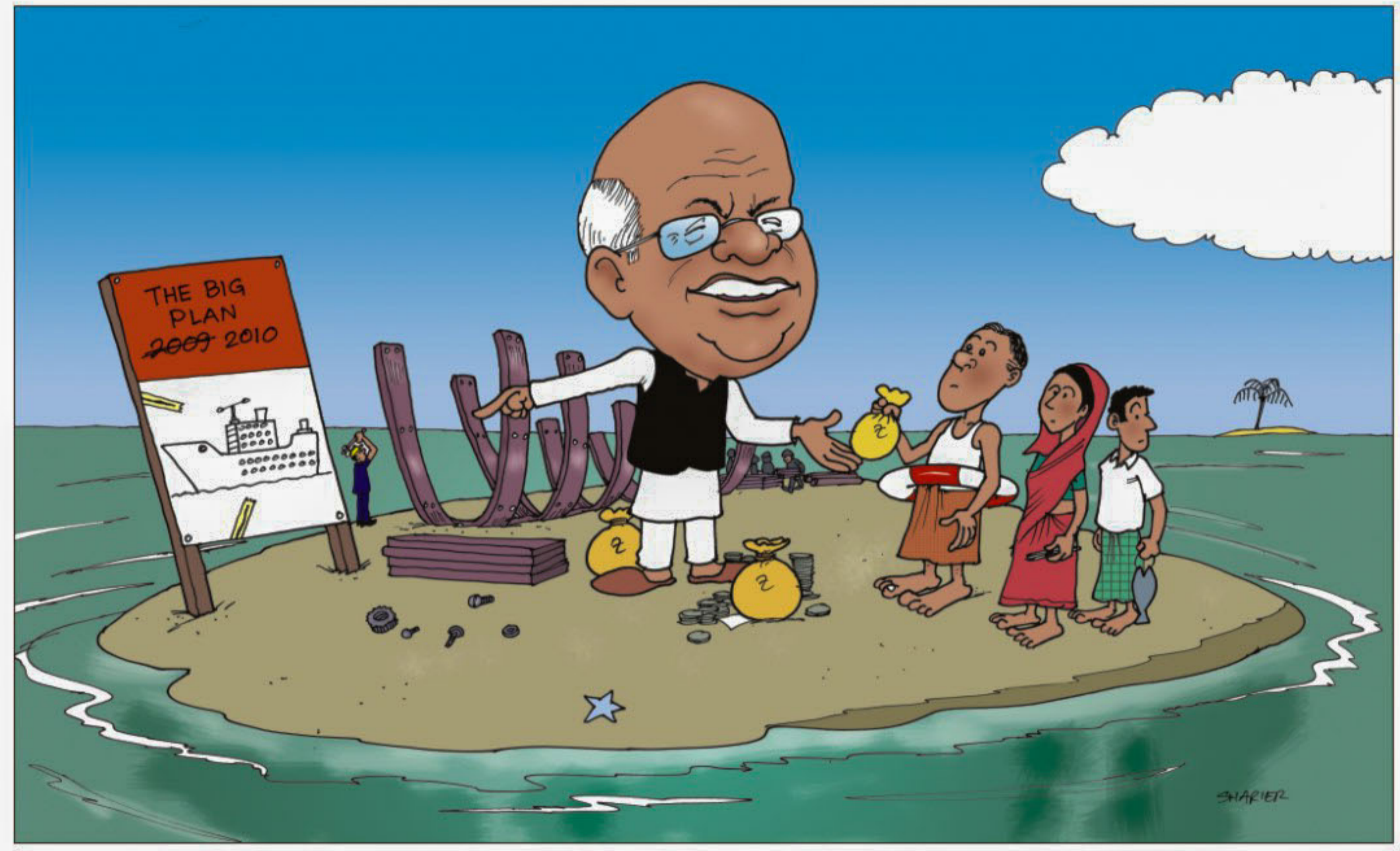


# Most of the past, a few new

Big budget throws stiff challenge to taxmen; widespread VAT to make consumer products pricey

**INAM AHMED**  
 If anybody expected even a few innovations in budgeting this year, they must have been rather disappointed. For Finance Minister AMA Muhith yesterday presented a budget that dwells mostly on past initiatives, and wants to carry on the unfinished agenda. However, the agenda his party ruling Awami League served to voters is so huge that any budget would have little room for new things. Muhith wanted a much higher growth of 6.7 percent for the next fiscal year, and for that he had to plan a bigger investment, mostly in power and infrastructure. Much of his optimism came from recently emerged good figures that he quoted in the budget speech -- higher capital machinery and raw material imports, higher remittance flow, strong current account surplus, and more private credit supply. Naturally, his major challenge emerged in revenue collection. Whether he can collect so much fund, is a question hanging in the balance. This year's impressive revenue collection may make one optimistic. But aiming at a big increase over a big benchmark may prove difficult. In his effort to rake in higher revenue, the finance minister withdrew truncated value added tax (VAT) and tariff value on a plethora



## Education on top of all

Allocation increased by 13pc

**STAFF CORRESPONDENT**  
 The government has proposed raising allocation in the education sector by 13.5 percent in the budget for the next fiscal year. A proposal has been made for allocating Tk 17,959 crore in the revenue and development budget for the sector against the existing allocation of over Tk 14,006 crore. The government gave top priority to the sector considering education as one of the core strategies to alleviate poverty and facilitate development. The finance minister said the proposed allocation in the education sector is the highest in the country's history and almost double that of any other sector. An allocation of Tk 8,062 crore has been set for the primary and mass education ministry and another Tk 9,865 crore for education ministry. The minister said many of last year's plans had

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## Budget banks on bank loans

Borrowing to go up by 81 percent

**REJAUL KARIM BYRON**  
 The national budget proposed for the upcoming financial year, which totals Tk 132,170 crore, relies heavily on bank borrowing and revenue earnings to cover the costs. Its allocation for Annual Development Programme is Tk 38,500 crore, 35 percent higher than that in the revised budget for the outgoing year. The revenue budget for FY 2010-11 however has risen by only 14 percent to stand at Tk 93,670 crore. To meet the expenses, the government will have to hike its borrowing from banks by 81 percent and collect 18-27 percent more income tax, supplementary duty and VAT. In revenue expenditure, it has set aside Tk 20,374 crore to pay for salaries and allowances of the government employees. The allocation is the highest, 20 percent up from that in this year's revised budget. An additional Tk 3,327 crore has been allocated to foot the bill for the new pay scale. The expenditure on payment of interest is Tk 14,709 crore,

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## A shake-up in VAT

**STAR BUSINESS REPORT**  
 The government has proposed a VAT exemption for maize, travel agencies, manpower exporters and plastic and rubber sandals. However, handmade biscuits and cakes, raw rubber and metalised flat yarn, silver bullion and gold bullion

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## Tax on tobacco export

**STAFF CORRESPONDENT**  
 With tobacco, the government has for the first time imposed tariff on any export item. In the budget for next fiscal

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## Crop insurance on the cards

**STAFF CORRESPONDENT**  
 The government is going to introduce "Agriculture Insurance" system to assist small and medium farmers in case of their crop failure due to natural disasters. "We have taken an initiative to introduce an 'Agriculture Insurance' scheme to provide the small and medium farmers with crop price support in the event of crop failure due to natural disasters," said Finance Minister AMA Muhith while placing budget for the fiscal year 2010-11 yesterday. But agriculture analyst Mahabub Hossain expressed doubts about implementation of agriculture insurance, as the minister did not propose for any allocation for the scheme. "There is no concrete pledge about crop insurance in the budget as well as no allocation for its implementation," said Mahabub, also executive director of Brac. "I am very much disappointed with the proposed allocation to agriculture," said he adding that emphasis should be given to accelerate productivity. The government has also taken initiative to organise "Farmers' Marketing Group" and "Farmers Club" throughout the

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## 2 years, no outage

Govt looks at LNG import, open pit mine, oil-gas exploration to fix energy crisis; power gets Tk 6,115 crore for 2010-11; power tariff to go up

**SHARIER KHAN**  
 Identifying power as the top priority sector, Finance Minister AMA Muhith yesterday reiterated the government's plans to resolve the load shedding scenario within the next two years by implementing dozens of power generation and transmission projects. The minister proposed Tk 6,115 crore budget allocation for the power and energy sector for the upcoming fiscal. This allocation is sixty percent higher than that in the last budget, but much below than most other sectors in the present budget. Some of the immediate tasks to be undertaken in the upcoming fiscal year would include expediting finalising coal policy, expediting import of Liquefied Natural Gas (LNG), floating onshore oil and gas block bidding, encouraging renewable energy generation, and

fixing maritime boundary with India and Myanmar (to ensure trouble-free off-shore oil and gas exploration), according to a road map for power and energy sector. Muhith presented the road map during the budget speech. The road map sees enough coal reserves in the country to address the country's power needs--but due to anxiety over the extraction methods had slowed down developing coal mine. "If the coal extraction by open method from a coal mine is economically viable, a plan has to be prepared about the rehabilitation of the people of that area and ensure their livelihood, preserve the environment and infrastructure as well," it said. The document adds that the on-going gas crisis could be mitigated through importing LNG by the next two years and building two

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## Large-sized budget raises question of implementation

**DR WAHIDUDDIN MAHMUD**  
 The proposed large-sized budget for the next fiscal, with 20 percent growth in the overall outlay and 35 percent in development spending, immediately raises a question regarding the government's implementation capability. What factors have dictated such a large increase in the projected

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## Growth, investment targets ambitious

**Economists observe**  
**SAJJADUR RAHMAN**  
 Economists think the proposed budget for fiscal year 2010-11 set ambitious growth and investment targets. On other fronts they said there is nothing new, rather an extension of the outgoing budget. They, however, appreciated the allocations for exporters, farm sector, safety net programmes, and small and medium enterprises. Prof Mustafizur Rahman, executive director of the Centre for Policy Dialogue (CPD), said gross domestic product growth (GDP) through higher public investment will be tough without improving administrative efficacy. Zahid Hussain, a senior World Bank economist, said reversing the decline of GDP growth rate that Bangladesh has been experiencing over the last four years, is among the macroeconomic challenges facing the proposed budget.

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## Mid-range cars to get costlier

**STAFF CORRESPONDENT**  
 Buyers might have to pay more for cars from 1001cc to 1500cc as import duty on cars in that range has been upped from 30 to 45 percent in the proposed budget. However, tariff on import of cars from 1501cc to 1650cc has been lowered from 100 percent to 45 percent. Import duty on cars up to 1000cc has been kept unchanged at 30 percent. The increase of import duty on cars up to 1500cc might push up their prices while

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### UP AND DOWN

The budget for the coming fiscal year proposes zero duty on energy-saving lights and accessories.

Same has been proposed for commodities like rice, wheat, onion, pulse, edible oil, fertiliser and cotton.

The prices of cars with 1001-1500cc engine will go up as the duty on them has risen by 15 percent. The duty on those with 1501-1650cc however will more than halve.

Tariff remains unchanged for luxury vehicles with engines measuring 1651-4001cc and above.

A 10 percent export duty has been slapped on un-manufactured tobacco to discourage tobacco cultivation in agricultural land. Prices of cigarette, Zarda and Gul will go up for increased supplementary duty.

But the price of contraceptives will drop as the new budget proposes tax holiday for the industry.

The price of sugar will rise with the budget proposing duty on raw sugar and refined sugar at the rate of Tk 2,000 and Tk 4,000 a tonne. Last year, the duty was withdrawn against the backdrop of a sudden price hike of sugar on the world market.

## Green budget gets a boost

Tk 700cr more allocation to fight climate change

**STAFF CORRESPONDENT**  
 Aiming to retrieve river system, check pollution and protect biodiversity the government has set green targets to improve the country's overall environment. In his budget speech for 2010-11 fiscal, Finance Minister AMA Muhith spelled out different environment-friendly initiatives to be implemented by different ministries. "The environment issue is extremely important for the existence of the country's large population," said the minister. He proposed an additional allocation of Tk 700 crore for Bangladesh Climate Change Fund to adapt to change in climate

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### Lost Hopes

- District budget
- Power generation target
- PPP projects

## Hard to implement

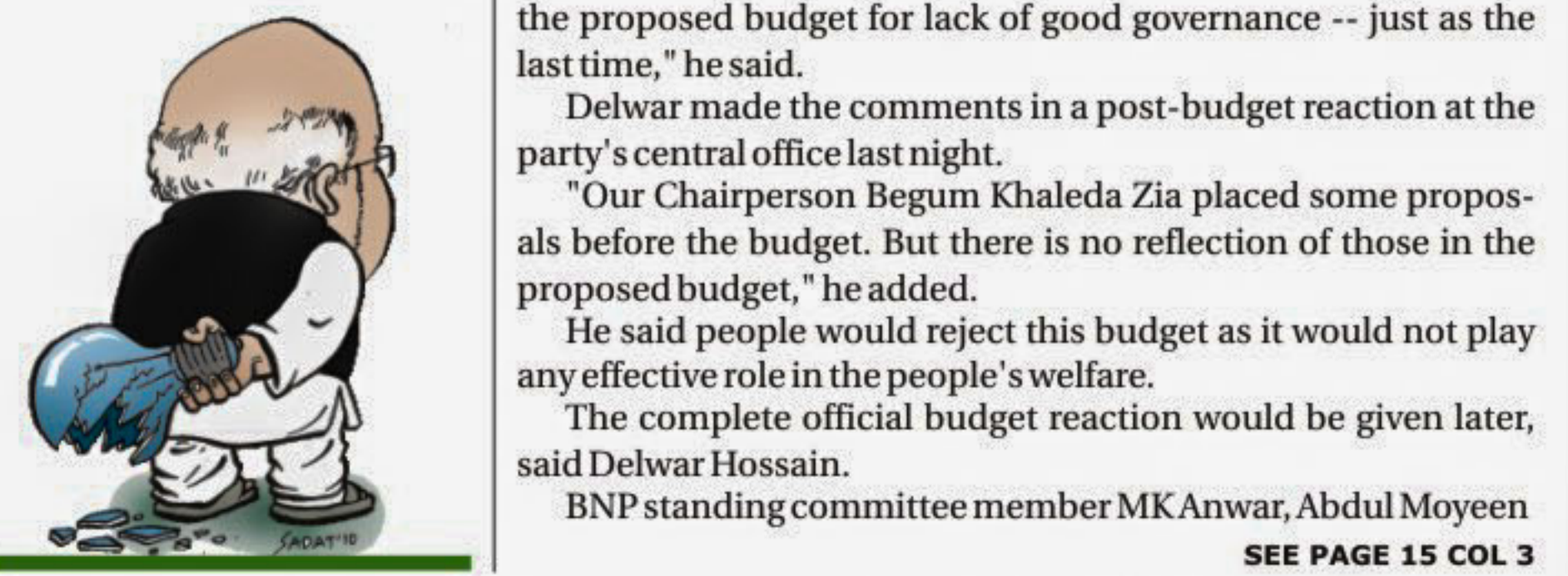
Political parties react to budget

**STAFF CORRESPONDENT**  
 BNP General Secretary Khandaker Delwar Hossain termed the proposed budget for the 2010-11 fiscal highly ambitious and shrouded with ambiguity. "The finance minister read out a beautiful essay and made a weave of dreams. The government will not be able to implement the proposed budget for lack of good governance -- just as the last time," he said. Delwar made the comments in a post-budget reaction at the party's central office last night. "Our Chairperson Begum Khaleda Zia placed some proposals before the budget. But there is no reflection of those in the proposed budget," he added. He said people would reject this budget as it would not play any effective role in the people's welfare. The complete official budget reaction would be given later, said Delwar Hossain. BNP standing committee member MK Anwar, Abdul Moyeen

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### New Hopes

- Tax card for highest taxpayers
- Agriculture insurance scheme
- Beggars' rehabilitation
- Tax calculator software



## Battle royale begins today

South Africa party

**AFP, Johannesburg**  
 South Africa brimmed with pride and anticipation Thursday on the eve of the first World Cup on African soil as the nation's icon Nelson Mandela said the tournament would bridge racial divides. While the last of the 32 competing teams flew in, the Rainbow Nation was caught up in a wave of euphoria not seen since the demise of the whites-only apartheid regime and Mandela's election 16 years ago. As blasts of the ear-splitting vuvuzela horns echoed around



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