

TOUGH ON INFLATION

Some harsh measures on way to rein in soaring inflation

PAGE B1

TAX BREAKS GO ON

The govt plans to extend tax holiday for two more years

PAGE B3



A BIG CATCH

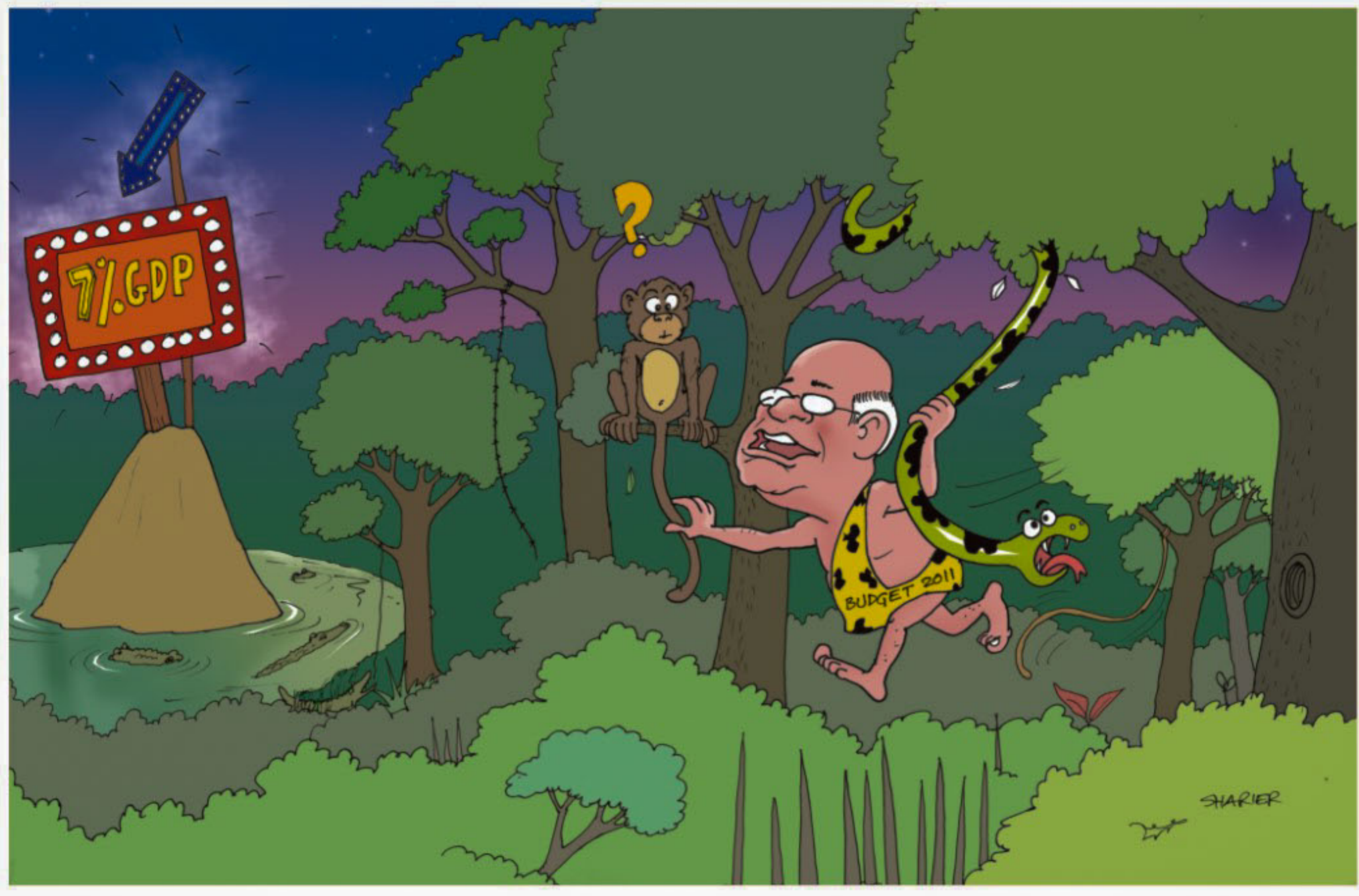
A 420-kg Koi-Koral fish was on the market in Ctg yesterday

PAGE 5

Possibilities there, risks too

Big budget eyes higher growth under favourable factors, pins hope on smooth implementation of plans

INAM AHMED
Finance Minister AMA Muhith has eyed a higher economic growth of 7 percent -- the highest for Bangladesh if we exclude the 1972 level -- and expected to lower inflation to 7.5 percent, both of which are achievable.
But for that he needs policy reforms and smooth public investment, both of which have not been clearly defined.
Moreover, his growth is subject to a number of factors which have to go right.
The finance minister has pinned his hope on a rebound of the global economy, robust export, high revenue collection, agriculture growth, and private sector credit growth.
But global economy now looks shaky and may go for a double dip. In such a situation, export may not be robust. This year's high revenue collection growth -- 22.7 percent -- may have prompted the finance minister to set another lofty goal of 24.37 percent. But the risk lies in setting a higher growth target on a high growth.
Agriculture is highly weather dependent. Moreover, subsidy in agriculture has been proposed to be lowered, and



High on energy, low on gas
STAFF CORRESPONDENT
The finance minister yesterday talked high on power generation and conservation of energy as the government realises how crucial it is for investment as well as for GDP growth. But he made no significant proposal for increasing gas supply.
AMA Muhith has proposed allocating Tk 8,311 crore for power and energy sector -- development and non-development budget combined -- for the next fiscal year. The proposed allocation is 15 percent higher than in the revised budget for this year.
Based apparently on the government's present performance in the power sector, the finance minister laid out a revised power sector vision for an additional 11,698 megawatts of power (which is more than double the present generation) between 2011 and 2015. In his budget speech last year, he said the country aimed at adding 8,634 MW power during the same period.
On the other hand, there was nothing new to talk

Record spending on the cards

Revenue target also set high; interest payment rises steeply

REJAUL KARIM BYRON
The finance minister yesterday proposed Tk 1,63,589 crore expenditure in the next fiscal year's budget, a 26 percent rise from the revised one of FY2010-2011, the highest in the history of Bangladesh.
The general trend is 15 to 16 percent rise.
In the current fiscal year, the rise was 19 percent, the second highest, to meet the ruling alliance's election pledges, although the expenditure was cut during the revision.
However, the government said the expenditure on

Solid food stock atop

Govt takes no risk, steps up import despite bumper production

REAZ AHMAD
Proposing an enhanced budgetary outlay for food sector, the finance minister also hinted at banking on import for ensuring food security in the coming fiscal year.
Experts reacted to this guardedly and urged the government to focus more on enhancing efficiency in resource management and increasing domestic food production than on importing grains for food security.
In the current fiscal year (2010-11), import of food grains totalled 4.7 million tonnes (till last month), a record high since fiscal 1998-99. The government imported half of this and the private sector the remaining half.
This forced AMA Muhith to raise the 2010-11 budgetary allocation for food and disaster management to Tk 10,426 crore from Tk 9,674 crore. And he also proposed a further enhanced allocation of Tk 11,053 crore for food and disaster management in fiscal 2011-12.
The finance minister said the government has launched a drive to procure food grains from overseas for

PM, govt staff have to pay tax

SAYEDA AKTER
Prime minister, all other ministers, speaker, parliament members and judges of higher court will have to pay tax on their remuneration from now on.
Finance Minister AMA Muhith yesterday proposed withdrawing the tax exemption facility they now enjoy.
Different quarters have been questioning the justification of this "unequal treatment".
According to the budget proposal, government officials will also have to pay income tax from their own pocket. At present, their tax is paid from public fund.
"This also stands against the principle of equity for imposition of tax between the employees of the government and those of the private sector," Muhith noted.

Tax-free income limit ups

STAFF CORRESPONDENT
The threshold for tax-free income has been increased to Tk 1.80 lakh from Tk 1.65 lakh in the proposed budget, despite soaring inflation.
The limit for senior citizens and women has increased by Tk 20,000 to Tk 2 lakh while the ceiling is set at Tk 2.5 lakh from Tk 2 lakh for the mentally challenged.

The budget for the upcoming fiscal year proposes to maintain zero duty on rice, pulse, wheat, sugar, edible oil, onion, fertiliser, seeds, life saving drugs and cotton.

UP AND DOWN

- Cigarettes and chewing tobacco will be dearer as tax on them have been increased.
- Four-door double-cabin pick-up trucks have been slapped with tax between 30 percent and 500 percent based on engine size while tax on four-stroke motorcycles has been increased to 45 percent from 30 percent.
- All fabrics and ready-made garments, energy drinks and furniture are going to be more expensive.
- People can get new mobile connections at low prices, as tax on SIM cards has been reduced to Tk 600 from Tk 800.
- Tax on several industrial raw materials for making containers for compressed or

- Liquefied gas, LP gas cylinder, LED lamps, rechargeable LED lamps, solar lamps has been reduced.
- Tax on Effluent Treatment Plants has been reduced.

Social safety net shrinks

40 lakh beneficiaries dropped
SAJJADUR RAHMAN
Allocations for the social safety net programmes (SSNPs) in terms of total budget and gross domestic product (GDP) have gone down in the proposed budget.
The number of beneficiaries has also got reduced by 40 lakhs to 7.68 crore.
However, formation of a monitoring committee as per demand from analysts and economists to avoid duplication of programmes often being overlapped with one another and developing a database of the beneficiaries have been termed as good moves to make the programmes effective and sustainable.

No real cheer for climate

STAFF CORRESPONDENT
Though the country is facing more and more environmental challenges every year, no major environmental programme has been mentioned in the proposed budget for fiscal year 2011-12.
In the last two fiscal years, the government took some programmes aiming to save the Buriganga, Turag, Balu and Dhaleshwari rivers in and around the capital from pollution. Finance Minister AMA Muhith in his budget speech yesterday said they failed to achieve the target of the programmes within the set time due to "technical difficulties" and therefore those will continue in this fiscal year.

Target hefty revenue

Tax, VAT to go thru' huge reforms
SAYEDA AKTER
The proposed budget envisages reforms in the existing taxation system and seeks to strengthen the National Board of Revenue further.
A five-year NBR Modernisation Plan has been proposed with an aim to reform the tax policy and the tax administration.
The government also moves to scrap tax exemption on incomes of the prime minister, speaker, lawmakers, judges of higher courts, and other government officials.
Besides, the Alternative Dispute

Big budget meets political demand

WAHIDUDDIN MAHMUD
In the face of macroeconomic headwinds arising from inflation and fiscal and external deficits, a large sized budget has been prepared to meet the burgeoning demand for spending. There are political compulsions of fulfilling many promises as the government reaches the midway point of its term.
There will be huge additional expenditures on subsidies on fuel and power, in addition to agricultural and food subsidies. The government has also to keep in mind the ambitious targets of the Sixth Five Year Plan, since deviations

Opposition not happy

Mulls 36-hour hartal; AL impressed
STAFF CORRESPONDENT
The main opposition BNP and its key ally Jamaat-e-Islami termed the proposed budget a traditional one saying there is nothing in it which can contribute to reduce miseries in public life.
Both the opposition parties will deliver their formal reactions today and may announce a 36-hour

