Plus 24-page tabloid size full-budget speech

24 PAGES PLUS THE STAR PRICE: TK 10.00



Mobile phone users to pay 2 percent bill tax

JAISHTHA 25, 1419 BS

 ACs to go beyond the middle class' reach



 Edible oil including soybean and sunflower to be cheaper

 Prices of lifesaving drugs to come down



Farm machinery to cost less

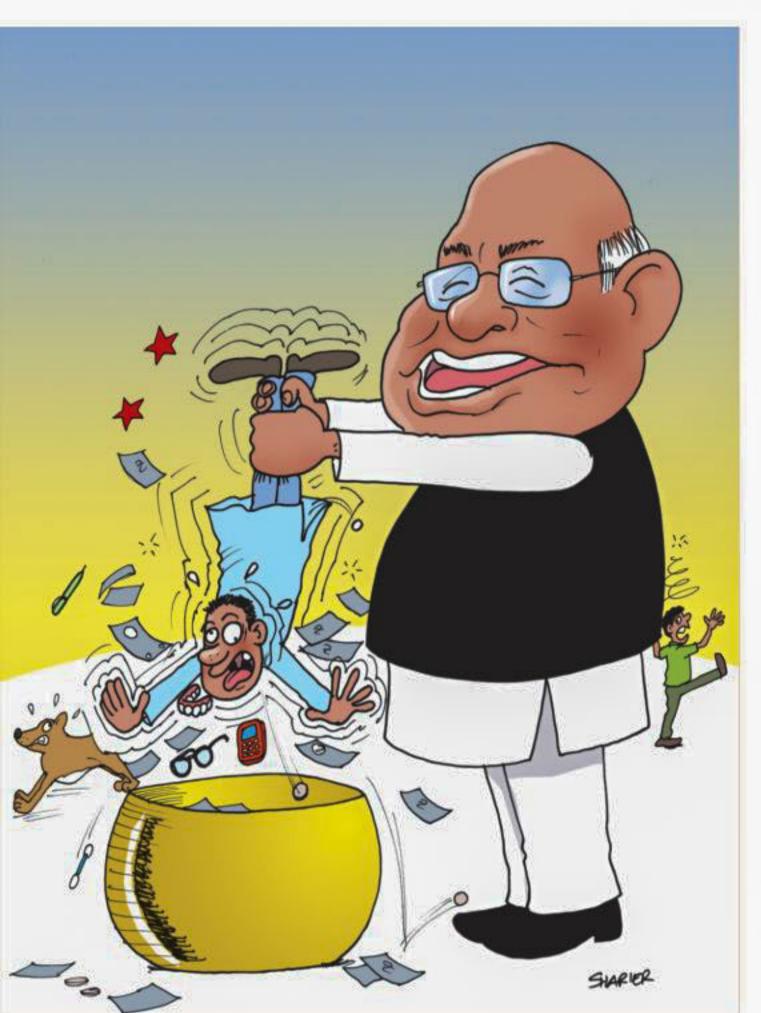
Problems aplenty, prospects bleak

www.thedailystar.net

Your Right to Know

DHAKA FRIDAY JUNE 8, 2012

Muhith juggles with ifs and buts in big budget, pins hope on domestic financing; growth, inflation challenge his goals



INAM AHMED

Finance Minister AMA Muhith has proposed a new budget with a lot of stress on future reforms and analysis of why things went haywire this year. But his biggest challenges of squeezing out a 7.2 percent growth and strapping inflation remain unchanged.

He has rightly pinned growth on how fast the global recession wanes, a prospect not very bright so far. Still he banks on trade and agriculture for growth. Export is already tapering, as he himself has pointed out. And agriculture remains an iffy thing with this year's growth having already slowed. His agriculture programme for the next year has not spelled out anything even near dramatic.

He feels a much improved power and energy situation will boost growth, which is foreseeable. A surplus of over 1,170MW of power by 2013 is welcome news. Setting up of over 50 new power plants is also music to the ear. But the dual-fuel nature of the plants -- a mix of gas and furnace oil or diesel -- cannot take away the worry about whether we will again face a similar kind of pressure on foreign reserves as we had after the rental plants became operational.

The proposed budget has not promised anything on infrastructure except mentioning those projects taken in the past years, most of which are limping. When investment depends on **SEE PAGE 19 COL 6**

Tax, more tax it needs

SAJJADUR RAHMAN

Size of the

budget

crore

Deficit

crore

ratio

(without grants)

Tk 52,068

Budget to GDP

Owing to what the finance minister called a gradual decline in international trade-based revenues, the government is making all-out efforts to boost revenue from domestic sources, thereby forcing people to carry a heavy tax burden.

Income tax and Value Added Tax (VAT) seem to have caught the government's eyes.

Even though the finance minister retained the threshold of tax-free income for individuals at Tk 1.8 lakh, despite double digit inflation throughout the year, he has proposed increasing the minimum tax payable by an individual to Tk 3,000 from the existing Tk 2,000.

If a taxpayer does not have a tax identification number (TIN), the deduction of tax on bank **SEE PAGE 6 COL 1**

Surplus electricity from next year?

Open pit mining advised; 'political discovery' of oil fields highlighted

SHARIER KHAN

In the budget speech, the finance minister projected that within the next fiscal year, there will be huge surplus power as a result of implementation of dozens of power pro-

He said there will be 1,172 megawatt surplus power by next year while there will be a deficit of 360 MW this

year. The situation will continue to improve in the following years. In the past, the government had targeted 2011 to be a zero load shedding year.

Presently, the load shedding level swings between 400 MW and 1,200 MW.

AMA Muhith also mentioned that by next year, the government plans to add 1,285 million cubic feet per day (mmcfd) gas which should be enough to end the present gas crisis of around 500 mmcfd.

The present government added 3,300 MW power to the national grid till last month. But at the same time the demand and per capita consumption of electricity have SEE PAGE 13 COL 6

Budget shifts into big spending gear

Taxmen given uphill task to increase revenue; interest payment rises

REIAUL KARIM BYRON

The outlay of the next fiscal year has been increased by 19 percent from the 2011-2012 revised budget to fix it at Tk 1,91,738 crore, which is 18.1 percent of Gross Domestic Product (GDP).

The rise in the development budget is higher over the non-development spending as the government eyes the next national polls.

The development expenditure, up by 31 percent from the revised budget, has been set at Tk 60,137 crore, of which Tk 55,000 crore is for Annual Development Programme (ADP).

Non-development expenditure, raised by about 10 percent, has been fixed at Tk 1,11,675 crore.

In the current FY, non-development expenditure was

SEE PAGE 13 COL 4

Pay more for cars

ABDULLAH MAMUN

Prices of all non-commercial vehicles like cars, microbuses and sport utility vehicles would go up as the government plans to impose supplementary duties on their imports from the next fiscal year.

Reconditioned car importers said cars with engines as big as 1.5 litres (1,500cc) would have 45 percent supplementary duty on them. As a result, the total tax burden SEE PAGE 13 COL 1

in int'l balance

SOHEL PARVEZ

The general public has little to cheer about the budgetary steps since those measures alone are unlikely to relieve them of higher prices of essentials.

Essentials hang

Besides, prices of commodities on the international market have a pronounced influence on the local market.

Finance Minister AMA Muhith yesterday proposed a continuation of zero-duty facility for imports of food items to contain their prices.

His other pledges include increasing food grain storage capacity in public warehouses and expediting the passage of a law to ensure fair competition and prevent illegal practices, such as cartel by businesses. Because of a tax cut proposal for edible oils including soybean,

palm oil and sunflower, prices of these items may fall in the coming fiscal year.

But consumers would not get their benefits without strong market monitoring and implementation of those steps, experts said. They feel that marketers will take advantage if the government does not SEE PAGE 6 COL 5

tax rises to Tk 3,000 Tax-free income

Minimum

limit unchanged STAFF CORRESPONDENT

Despite soaring inflation, the tax-free income limit remains at Tk 1.80 lakh in the proposed budget.

Senior citizens and

women with incomes up to Tk 2 lakh will be within the tax-free domain, as has been the case in the ongoing fiscal year that ends on June 30. The taxfree income for the mentally challenged ones also remains unchanged at Tk 2.5 lakh.

The minimum tax of an individual taxpayer,

SEE PAGE 19 COL 3

Hurdles pretty high to clear

React top economists

MD FAZLUR RAHMAN

The government will face formidable challenges in implementing its budget for the fiscal year 2012-13, analysts said in their immediate reactions yesterday.

SEE PAGE 19 COL 1

It's impossible to implement

BNP on budget

STAFF CORRESPONDENT

Though the proposed budget is not highly ambitious, its implementation will be impossible due to uncertainty

DO YOU HAVE **ANY MEDICINE** TO CREATE FRUIT-PHOBIA? FRUITS! BABA, FRUITS!

MIDDLE-CLASS FAMILY

Time to say bye to a few items

PINAKI ROY

Last year, Abidur Rahim rushed home from office and watched the budget speech alone because the rest of the family thought it was boring.

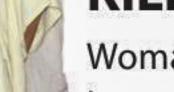
This year, he decided to spend the evening at his friend Momen's flat with their school friends as they do on most of their weekends.

Abid is a private firm employee who lost everything -his motorbike, wife's jewellery and life savings -- in last year's sharemarket slump. A few months ago, he somehow managed a loan and got himself another bike.

This year as well he was expecting nothing spectacular in the proposed budget as he had already come to know about many of its features from newspapers. He knew it was time for the middle class to tighten their belts further.

Still curiosity persists. On top of that most of his friends were students of business studies and eager to

MAJOR HEADLINES BESIDES BUDGET



KILLED IN FRONT OF MOTHER Woman's body found in her Topkhana Road

house nearly one and a half days later PAGE 2 **CJ, SPEAKER MEET**

Law minister calls for maintaining dignity of both parliament and judiciary

PAGE 2

APRIL 29 ARSON

High Court bails 30 opposition leaders, including Mirza Fakhrul PAGE 5

