

Work from next

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areas which could be used for funding the Padma bridge project.

"The construction work of the Padma bridge will start in the next fiscal year," he said.

Finance Minister AMA Muhith also said the government would decide on the Padma bridge financing next month.

"The development partners have promised to provide \$2.3billion, which has not been effective. Malaysia will also give a proposal this month. We will decide after we receive the proposal," said the minister.

The World Bank suspended funding of the bridge in September last year following allegation of corruption in the appointment of a consultant, among others.

The Washington-based lender submitted two reports--one in September last year and the other in April--to the government about its investigation on corruption.

The bank might let Bangladesh know this month whether it would at all finance the project.

An official of Economic Relations Division said the loan effectuation date expires on July 27. The World Bank might deliver its decision before that date, the official said.

A finance ministry official said the government had been waiting to see what the World Bank decides.

"The government also has received indication that the project proposed by Malaysia would be costly for Bangladesh. So, the government will start construction of the Padma Bridge with its own funds."

"If agreements with the proposed co-financiers of the Padma bridge project such as Asian Development Bank (ADB), Japan International Cooperation Agency (JICA) and Islamic Development Bank (IDB) were cancelled, then the government would try to get funds from them through fresh arrangements," he said.

"Malaysia could also become a part of the fresh arrangement," the official told The Daily Star on condition of anonymity.

Govt may

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to be entirely borne by customers, he said, "It certainly needs consideration. Let's see."

Muhith was talking to journalists in an open discussion at Osmani Memorial Auditorium in the capital yesterday, a day after he had presented the budget for 2012-13 fiscal in parliament.

In the discussion, a journalist observed that the new tax would be a burden for the lower-income people, such as rickshaw pullers and farmers.

In his budget speech, the minister proposed the tax on the total bill for post-paid subscribers and on every recharging for pre-paid users.

The tax plan has spawned confusion among consumers and industry leaders.

The country's around nine crore mobile users already pay 15 percent value added tax. If the new tax proposal is taken into account, they would have to pay 17 percent tax which might trouble the people of the lower income brackets, said industry insiders.

Tax to be deducted at source on mobile bills, as mentioned in budget documents, was misleading, said AF Nesaruddin, a chartered accountant and partner of Hoda Vasi Chowdhury & Co. Tax deducted at source is a way of collecting income tax and should not be mixed with consumption tax, he said.

"As for mobile bills, there is no element of income tax for users. Tax on mobile bills can be termed consumption tax or levy," he said, "Most importantly, tax at source is adjustable against the total income tax liability, but consumption tax is not."

Mentionable, the value added tax is a form of consumption tax.

Govt opts

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Mustafizur Rahman gave welcome speech at the post-budget briefing that focused on income and talk-time taxes that affect the general public.

On the imposition of 2 percent tax at source on mobile bill (both post-paid and pre-paid), the think-tank said it was not justified from the view of social justice.

"If the government is keen to raise taxes, it should go for 'ability-to-pay' method and find ways to impose taxes on uses of various services by the people with more resources," said CPD.

Debpriya said the government had opted for "easy tax", which is flat and can be collected faster. "But it is neither efficient nor sustainable."

According to him, the government has failed to find out innovative ways to increase tax collection.

Land tax, which has been proposed to be deducted at source at 3 to 5 percent depending on the location, would lead to a rise in land prices, he added.

While imposing taxes, the government should follow the progressive method, meaning that the higher income group will pay higher taxes.

CPD also proposed reduction of export tax to 1 percent from 1.2 percent, but increasing farm subsidy.

The think-tank said the speech of the finance minister did not reflect the problems arising from the macro-economic management in the outgoing fiscal year.

Falling investment is one of those problems, which CPD says got no attention in the budget. The monetary growth targets do not match the envisaged growth-investment target.

The construction of Padma Bridge, projects under public-private partnership, containing inflation and fiscal consolidation, among others, also got little or no attention. Rising payments for interests is also becoming a burden on the government.

Fiscal framework, price adjustment policy,

privatisation and reforms of state-owned enterprises, possible income from Bangladesh-India transit and analysis on the IMF loan were either incomplete in or absent from the budget, the CPD analysis found.

Though the budget seems "grammatically okay", its inconsistencies will surface during implementation. "The financing structure looks very ideal, but if the government can manage it is a big question," said Depriya.

Nevertheless, the CPD hailed the finance minister for his plan to reduce public expenditure in line with the income. Five percent deficit of GDP is not that big, it said.

Replying to a query, Depriya said the proposed budget was not at all an election budget as the government reduced allocation for social safety net schemes that are generally employed to woo voters.

"The credibility of the budget will largely depend on its implementation, which requires a revolutionary change in the implementing agencies," he said.

Swiss banks easing secrecy norms

TNN, New Delhi

Switzerland's parliament recently approved a tax information exchange agreement with Germany under which Swiss banks will make anonymous advance payments to German tax authorities for undeclared money, according to a report by the Task Force on Financial Integrity, a Washington based watchdog consortium of government and advocacy organisations. The country has made similar agreements with Britain and Austria and is in talks with Italy.

German lawmakers are proposing to levy a retroactive tax of 21 to 41 percent on their citizens with undeclared accounts. German citizens hold an estimated \$291.8 billion in Swiss accounts, about 60 percent of which are undeclared.

Germany sorry

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Nazis flattened the Lidice and Lezaky villages within a retaliatory sweep that saw 15,000 people detained, killed or taken to concentration camps.

"The thought of the disdainful acts of terror in Lidice and Lezaky fills me with deep sadness and shame," Joachim Gauck said in a letter delivered to his counterpart Vaclav Klaus yesterday.

"Germany is aware of its historic responsibility," he added just days before the 70th anniversary of the massacres.

Heydrich -- one of the architects of the Holocaust and Nazi Germany's highest official in the Bohemia and Moravia protectorate on the territory of today's Czech Republic -- died of his wounds on June 4, 1942.

On June 10, 1942, the Nazis shot all men in the village of Lidice about 20 kilometres northwest of Prague, with a population of some 500.

They took the women to a concentration camp, while local children were either taken to Germany for re-education or poisoned in gas chambers.

On June 24, 1942, the Nazis killed more than 30 people in the village of Lezaky about 100 kilometres east of Prague.

"We will never forget the merciless crimes and unspeakable suffering the Germans committed against the men, women and children of Lidice and Lezaky," Gauck said.

"I would like to assure you and the Czech nation that we share the pain over the victims and sympathise with the survivors, some of whom are still alive," he added, calling the Heydrich killing a "courageous" act.

Klaus thanked Gauck for the letter, calling it a "positive gesture towards our country" and a "strong statement about the tragic occupation period and Nazi crimes."

30 escape in Taliban prison break

AFP, Kabul

Around 30 prisoners managed to escape an Afghan prison after Taliban gunmen attacked the jail, sparking clashes that left three inmates dead and 28 wounded, officials said yesterday.

A large explosion blew a hole in the wall of the prison in Sari Pul, capital of the northern province of the same name, shortly after darkness fell on Thursday, deputy provincial governor Akhtar Mohammad Khairzada told AFP.

"This was followed by 10 minutes of gunbattles by the Taliban insurgents with Afghan security forces in which three inmates were killed and 28 others were wounded," he said.

Around 31 inmates fled the prison but security forces managed to capture 16 of them and were hunting the rest, Khairzada said.

Tax hike

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The decision is unfair as exporters would be forced to pay the tax from their deposits, said Mohiuddin, adding, "Our friends at the NBR (National Revenue Board) forgot to consider these factors."

He said reining in inflation is the main challenge and the revenue and monetary policies should be adjusted for a stable economic outlook.

The government targets to contain inflation at 7.5 percent in the forthcoming fiscal year hearned by this year's bumper food production, falling commodity prices on the global market and promises of higher foreign exchange flow.

The industry is facing problems, as the cost of doing business increased by 10 percent compared to that of the last fiscal year. This is due to high interest on bank loan and gas and power crises.

Mohiuddin also urged the government to extend the three-year stimulus package, which is going to expire this month, by three more years.

"We request an incentive of 5 percent for the 2010-13 fiscal, 4 percent for 2013-14 and 2 percent incentive for 2014-15 for exploring new markets, that is except for the US, Canada and EU-27," he said.

The BGMEA president, however, welcomed the idea of introduction of zero duty instead of the existing 1 percent for importing capital machinery.

He said the withdrawal of VAT (value added tax) on RMG factory sites and installation rent, and lifting of VAT on telephone, fax, insurance, courier, banking and non-

Black money

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economy is huge, something between 42 and 82 percent of the country's gross domestic product.

"We have given scope to bring the undisclosed money to the market because we want the undisclosed money invested in the economy. We want to utilise the money.

"We kept provision for penalty for this scope," he told reporters at the post-budget press briefing at the Osmani Memorial Auditorium in Dhaka.

"We have not kept the scope for investment as a condition for whitening the undisclosed money. We will include it before the budget gets passed," said Muhith.

According to the budget proposals for 2012-13, individuals can legalise their undisclosed money with 10 percent fine.

Individuals have to pay regular tax plus the 10 percent fine, said the finance minister, dispelling confusions that one would have to pay only 10 percent fine to legalise money.

Nasiruddin Ahmed, chairman of National Board of Revenue, said in the current fiscal year, the government had given the scope to legalise undisclosed money in the stockmarket. "None has availed the scope so far," he said. "The scope expires on 15 July this year."

However, a number of days are left in the outgoing fiscal year and Nasiruddin hoped that people with undisclosed money would come forward and legalise their money.

It's political bankruptcy

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desperate to raise revenue but it was institutionalising the tax-dodging opportunity, reports UNB.

"This is an example of political bankruptcy and the helpless surrender of the government to the immoral pressure of the black money holders," TIB Executive Director Dr Iftekharuzaman said in a statement released Thursday.

He said by allowing the illegal money holders to legalise their black money, the government has rewarded the tax dodgers, instead of punishing them. "It discourages the legal earners and honest taxpayers," he added.

Dr Iftekhar said Article-20 (2) of the country's constitution strongly stands against the illegal income. The government in its election manifesto in 2008 also spoke against illegal income and black money.

He said this unconstitutional decision went against the government's anti-graft stance and commitment to establish good governance.

The TIB said it was suicidal for the government to do this ahead of the general elections.

Amid immense pressure from a vested quarter, the government had given the opportunity in the previous years in the capital market "in the name of stimulus packages", Dr Iftekhar said, adding that such steps only promoted corruption in society.

MCCI ON BLACK MONEY  
Metropolitan Chamber of Commerce and Industry expressed disappointment over continuation of the provision for legalising undisclosed money, reports our staff correspondent.

In a press statement issued yesterday, it said the provision would discourage taxpayers from paying tax and have a long term impact on people's attitude towards paying tax.

It, however, appreciated the introduction of the 10 percent penalty on top of tax on undisclosed money.

"The concession, if allowed, must be limited to income from legal sources and their investment restricted to productive sectors only," it said.

CPD ON BLACK MONEY  
The Centre for Policy Dialogue yesterday said allowing one to legalise black money with regular tax plus 10 percent penalty was

the "best of the worst". The CPD, however, said it did not support the amnesty and wanted an end to it as this facility could not continue for years.

In its budget reaction, the think-tank also said money earned through illegal means should not be given the amnesty.

Debpriya Bhattacharya, distinguished fellow of the CPD, said they hoped that there would be no bar to taking legal action against corrupt people.

He was concerned whether the Anti-Corruption Commission would be able to look into the matter.

Prof Mustafizur Rahman, executive director of CPD, said so far successive governments have given such amnesty 16 times and nobody knows how much unaccounted money had been taxed.

"Also, the amnesty was in the outgoing year, but we don't know how much the government received from it," he said.

"Giving the facility is a moral hazard for honest taxpayers and a hazard to economic discipline as well," he said.

Cyber weapons

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and it's practically impossible to use formal methods of verifying the safety of intelligent cyber weapons by their users," Enn Tyugu, IT expert at Tallinn's Nato Cyber Defence Centre said at its fourth annual conference Thursday.

He also warned that programmes developed to counter attacks by malwares like Stuxnet can act independently and could possibly themselves spark conflicts.

"They are quite autonomous, and can operate independently in an unfriendly environment and might at some point become very difficult to control... that can lead to cyber conflict initiated by these agents themselves," Tyugu said.

"Stuxnet and Flame have shown the side of cyber of which the average user does not think of but which will bring a lot of challenges to all experts who deal with critical infrastructure protection issues - IT experts, lawyers, policy makers," Ilmar Tamm, Head of the Nato Cyber Defence Centre told AFP Thursday.

"The number of cyber conflicts keeps rising and it is important to understand who the actors in these events are, how to classify these events and participants, and how to interpret all that," Tamm said, noting Western leaders have been slow to become aware of even existing cyber threats.

Experts at the conference

noted that both China and Russia have significantly upgraded their cyber-defence capabilities in recent years by creating new IT units.

"But the most powerful weapon today in cyber space is still the propaganda, the chance to use the Internet to spread your message," Kenneth Geers, US cyber defence expert told some 400 top IT gurus attending the meeting Thursday.

Keir Giles, head of Oxford University's Conflict Studies Research Centre, noted that some Russian leaders seemed to "sincerely believe that the recent opposition rallies after the presidential elections in Russia were initiated by the US in cyberspace."

Budget not big

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"Due to recent exchange rate depreciation of taka, the garment exporters have made an additional profit of Tk 7,000 crore. So, the proposed 1.2 percent tax at source on gross for the export-oriented industries is still low and it should be much higher," he said, citing a study. "We will adjust it gradually."

Recently, the president of Federation of Bangladesh Chambers of Commerce and Industry said there were 3 crores business people in Bangladesh. Only 30 lakh people have tax identification numbers and one-third of them -- nearly half of them government officials -- pay taxes regularly.

On the issue, Muhith yesterday said, "It is a matter of shame and everybody should admit it."

"There is a mentality of tax-dodging around the world and countries have employed methods to realise tax. We are also devising plans to realise more tax."

The finance minister also said there has been an extraordinary achievement in the energy sector, especially in electricity generation. "I don't understand why critics never see the progress of the electricity sector."

On the much-criticised rental power plants, he said, "Bangladesh's reliance for electricity on these plants will come down to 6 percent by 2016 from the existing 21 percent. These plants will retire by the time."

Muhith said Bangladesh had achieved 5 to 6.7 percent growth in GDP amid stagnant investment situations for several years.

He hoped the country would clock the targeted 7.2 percent economic growth in the upcoming fiscal year.

On politics, he said there has been a major shift in the mentality of the country's politicians. The oppo-

sition is not always calling strikes, rather it is opting for alternatives.

The minister denied claims that the International Monetary Fund had imposed conditions for \$1 billion credit to Bangladesh. "The IMF has incorporated the government's various measures in its programme."

He said the government has no plans to award any dearness allowance to government officials. "We will, however, set up a permanent pay commission within the tenure of this government."

Agriculture Minister Matia Chowdhury, Planning Minister AK Khandker, Bangladesh Bank Governor Atiur Rahman, Finance Secretary Mohammad Tareque, PM's Economic Adviser Mashur Rahman and Energy Adviser Tawfiq-e-Elahi Chowdhury also spoke on the occasion.

Matia Chowdhury said many parts of the country face load-shedding at night, as hundreds of easy bikes, a three-wheeler passenger carrying vehicle, consume 300 megawatt of electricity, according to a study.

She said these bikes started to ply the roads during the last caretaker government rule. "This was a suicidal decision."

Muhith noted the imports of easy bikes were banned. But Matia said such bikes were also produced in the country on a limited scale.

Atiur Rahman said the country could reach its budgetary target to bring down inflation to 7.5 percent in the new fiscal year if the government ensured coordination between fiscal and monetary policies.

Finance Secretary Mohammad Tareque said the subsidies in 2012-13 would total Tk 34,533 crore or 3.3 percent of GDP. In the outgoing fiscal

Bus crushes

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victim to Dhaka Medical College Hospital, said he found Bashar lying on the road at Mirpur-11 around 11:10 am in a critical state. He was bleeding profusely. Doctors declared him dead on arrival.

Sub-Inspector Ibrahim Akand of Pallabi Police Station said the incident happened around 11:00am on the road near Jannatul Maowag graveyard.

Quoting witnesses, he said that the victim was a passenger of ETC Paribahar of Pallabi-Sadarghat route and was getting down from the bus there. The bus slowed down to drop passengers but speeded up before Bashar could get down. He went under the rear wheel of the bus.

The SI also said they seized the bus which was found abandoned on the opposite side of the road. The driver and his helper fled the scene. They had no idea how the bus went to the other side of the road.

The body was sent to Dhaka Medical College morgue for an autopsy. No case was filed.

Detectives

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Road home in the capital Tuesday night.

Two brothers -- Selim Talukdar and Saiful Talukdar -- who own a restaurant adjoining her home were picked up by Detective Branch of Police on Thursday.

Mother of the victim, Khaleda Banu, filed a case accusing the brothers and three other unidentified people with Shahbagh Police Station Thursday night. The brothers were, however, not shown arrested in this connection.

Deputy Commissioner (DB south) Monirul Islam yesterday told journalists that the arrestees would be shown arrested in the case if their involvement was preliminarily proved.

Criminals strangled Nishat, 46, after tying her up and her mother and looting Tk 35,000 and six property deeds. The killing came to light after nearly a day and a half when Khaleda managed to untie herself and inform the neighbours of the matter.

Two constables from Shahbagh police were posted at the house from Thursday to provide security to the elderly woman, Monirul added.

While visiting the victim's home, Khaleda told The Daily Star that she rented out a piece of her land to one Monir Talukdar, father of Selim and Saiful, to build a small restaurant in the 90's. But Monir grabbed the land and stopping rent.

"Even he tried to poison my younger daughter Deba with the help of my house help," she alleged. After Monir's death, his sons were threatening them with life. Deba Sanjida is now living in America.

Officer-in-Charge of Shahbagh Police Station Sirajul Islam said the case was transferred to the DB.

Investigation officer of the case, DB's Senior Assistant Commissioner Md Shahidullah yesterday said they were probing the land dispute. "The criminals will be arrested soon," he hoped.

Morgue sources said Nishat was beaten before the murder. They also collected evidence for viscera tests.

Afghans, Pakistanis training Islamists in Mali

AFP, Paris

Jihadi fighters from Afghanistan and Pakistan are training Islamist groups in northern Mali, Niger's President Mahamadou Issoufou told France 24 television on Thursday.

"We have information on the presence of Afghans and Pakistanis in northern Mali... They are believed to be working as instructors," he told the French news channel.

"They are the ones who are training those who have been recruited across various African countries," said Issoufou, whose country shares a long and porous