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PLUS 24 PAGES TABLOID SIZE BUDGET SPECIAL 2013

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MORE BUDGET STORIES ON BUSINESS PAGE 2, 12

Budget lavish, plan poor

Muhith tries to make all happy; rides high on spending, low on earning

INAM AHMED

The grander your plan is, the more targeted and specific your actions have to be.

Finance Minister AMA Muhith in his last budget showed the grandeur of his wishes against all odds -- a high growth of 7.2 percent, a big revenue growth of 20 percent, a bridled inflation of 7 percent and so on.

But he probably forgot to mention what specific actions he proposes to make them come true.

An election year budget it truly is as he has only shown how significantly he is going to cut down on duties, but he has not hinted where the pains will come from.

He has offered his last caring hand for industries of a wider range -- from ceramics to ship-building, from poultry to steel re-rolling. The finance minister has offered a Tk 2,592 crore export incentive too. But how that money will be spent is unclear.

Muhith has also tried to curl his arms around the farmers and socially disadvantaged groups.

Despite that, one would tend to be sceptic.

Is duty relief the only way to foster industry, as he wishes to push its share in GDP from 30 percent to 40? Will that ease the cost of doing business if governance is left unattended? How will credit interest rates come down? And the often asked question -- are the safety network programmes effective?

These are some of the unanswered questions.

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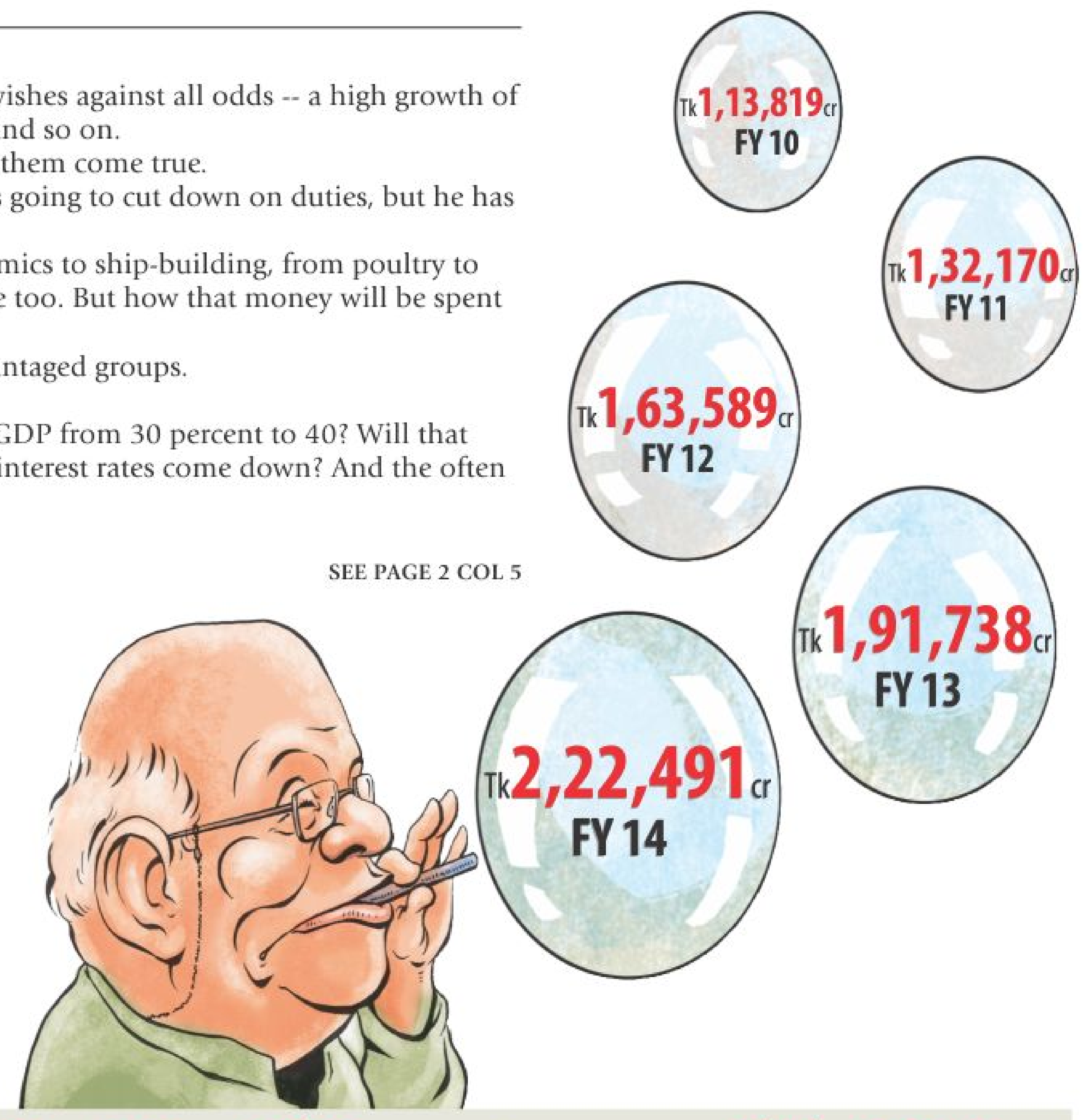
Beyond earnings

Govt banks on bank borrowing, more taxes

REJAUL KARIM BYRON

Finance Minister AMA Muhith yesterday placed a budget of Tk 222,491 crore, up by 17.51 percent compared to the outgoing fiscal year, with an aim to give a boost to stagnant investment and pull off higher economic growth.

The outlay of the 2013-14, the last budget for the present government, is largely based on an unrealistic revenue target.



ADP Tk 65,870 cr | Revenue target Tk 1,67,459 cr | Deficit Tk 55,032 cr

Black revenue

Govt counts on the corrupt for earnings, to jack up real estate

REJAUL KARIM BYRON *and* TAWFIQUE ALI

The government has kept scope for a whitening of black money once again -- a move observers see as an attempt to please a section of influential people.

In the last budget of its tenure, the government extended the scope for whitening undisclosed money in the housing sector without questioning its source, provided that black money holders pay a certain amount of tax to avail themselves of the opportunity.

However, the provision will not be applicable for money derived from any criminal activities or illegitimate source, according to the finance bill.

In his budget speech, the finance minister said the special opportunity was given in the housing sector to provide fresh impetus to a sector that had faced a debacle last year.

Though almost every government has provided the opportunity for a whitening of undisclosed money, no huge sum of black money had been legalised during any period except for that of the last caretaker government.

A record amount of black money was whitened through such a provision of scope in 2007-08, when many people legalised money following anti-graft drives.

The BNP-led government had also offered the same scope in its budget of 2006-07.

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TAX-FREE INCOME

Ceiling now Tk 2.20 lakh

STAFF CORRESPONDENT

The tax-free income ceiling for individuals has been raised to Tk 2.20 lakh from Tk 2 lakh.

The threshold for senior citizens and women has also been increased from Tk 2.25 lakh to Tk 2.50 lakh, and that for physically challenged taxpayers from Tk 2.75 lakh to Tk 3 lakh.

The government has retained the minimum tax of Tk 3,000 for individual taxpayers living in city corporation areas.

For people living in Pourashava areas of district towns, it has been proposed at Tk 2,000, and Tk 1,000 for those living in

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Power plan runs out of gas

LNG, coal decisions left to the next government

SHARIER KHAN

The finance minister yesterday gave himself a pat on the back for success in cutting power load shedding with a forecast that electricity generation will double in the next two years due to government initiatives.

He, however, left to the next government two major issues -- domestic coal development and import of liquefied natural gas (LNG) -- to end the ongoing gas crisis.

The minister mentioned that so far the government has supplied 3,845 megawatts of additional electricity, which is almost double what the country used to have four years back.

What he did not say is that almost half this new power is generated by short-term costly oil-fired rental power plants, which are due to be phased out from this year until 2015. These rental projects are simply emergency backups for basic power plants that would use cheaper gas and coal as fuels. Many of these plants are under implementation but their progress does not assure that they would come into

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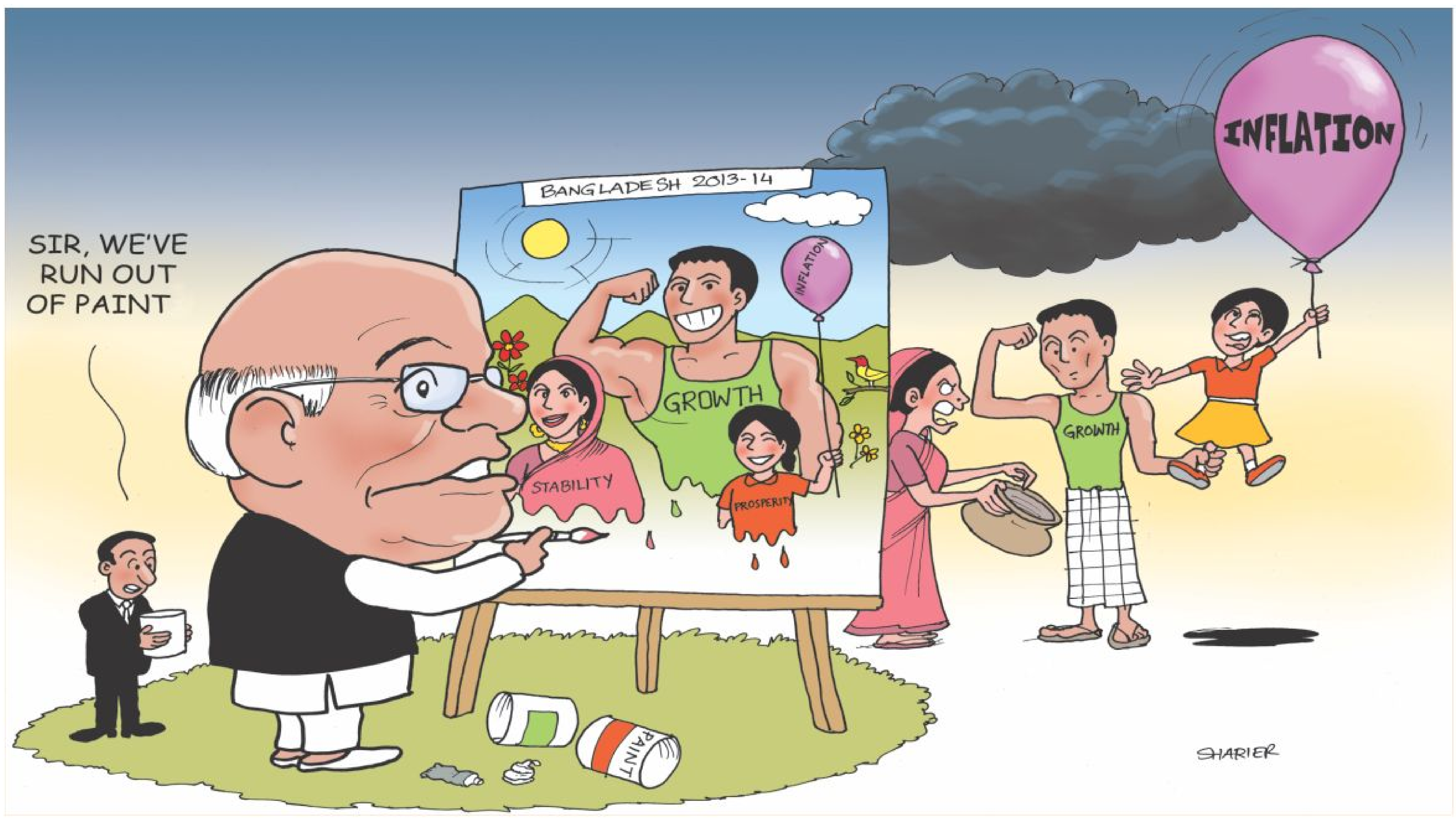

Await twin tests

React top economists

MD FAZLUR RAHMAN

The new budget unveiled yesterday will face challenges of mobilising finance to meet higher expenditure and tackling inflation, warn top economists.

Akbar Ali Khan, a caretaker government adviser on finance, said he feared the budgetary target of revenue earning for fiscal 2013-14 might not be met.

"If the targets are not achieved, the budget deficit will go up, which will ultimately fuel inflation and affect the interest rates."

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Ambitious, pro-election

BNP, other political parties react

STAFF CORRESPONDENT

Leaders of different political parties yesterday termed the proposed budget ambitious and pro-election.

The BNP Parliamentary Party said the

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Newspapers given a tough call

STAFF CORRESPONDENT

The finance minister yesterday proposed to withdraw the concession on newsprint imports. The proposal, if implemented, will make newspaper printing more costly.

He also proposed increasing the customs duty on printing plate, which is used to carry the image to be printed, to 5 percent from the existing 3 percent.

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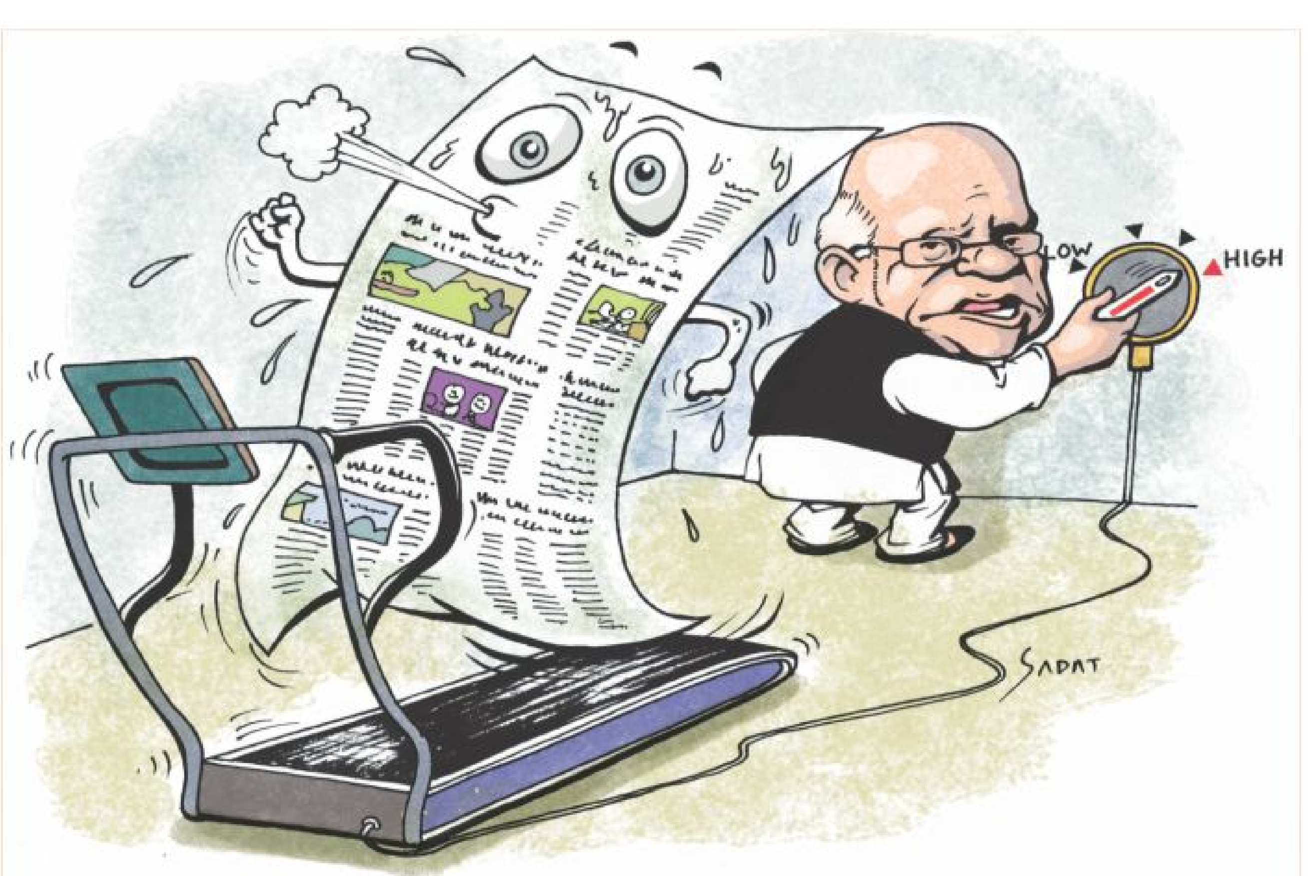

Essentials to stay affordable

Yet, at 7pc, inflation goal looks high

SOHEL PARVEZ

The government aims to anchor inflation at 7 percent in the next fiscal year, banking on increased domestic agricultural production, stable energy prices and a decline in food prices in the global market.

Experts say the target will be tough to achieve owing to the spending spree for the upcoming general election, supply disruption amid political instability and pay hike in garment and other sectors.

To attain the target, Finance Minister AMA Muhith favoured continuation of zero duty on imports of edible oil, pulses, wheat, rice and onion.

He said Trading Corporation of Bangladesh (TCB) was being strengthened, consumers' rights were being ensured and the work to form a competition commission to prevent syndication among businesses was in progress.

The minister spoke about how the government succeeded in checking inflation by building up satisfactory food stock, distributing food grains at a fair price among the poor and continued its policy support in the agriculture sector.

He said removal of supply side constraint on different sectors like power and energy, and the continuation of a tight monetary policy had helped the government keep non-food inflation under control.

"We will keep pursuing our strategies and fiscal consolidation," said the finance minister, explaining his position to keep inflation at a lower level than that at present.

In addition, the increase in foreign exchange supply would keep the exchange rate of taka stable, he said.

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Padma to choke other projects

Fund crisis to delay road development

M ABUL KALAM AZAD

About 80 percent of the projects aimed at developing the country's road network are facing delays due to fund crisis and inefficiency, adding to project costs.

This trend is likely to continue since the Padma bridge project is getting the lion's share of the allocation in the transport and communications sector. The Padma bridge alone got an allocation of Tk 6,852 crore, out of Tk 7,000 crore given to the bridges division, in 2013-14 fiscal year.

The construction of the bridge is expected to begin later this year.

The roads division in 2013-14 fiscal year got Tk 177 crore less than Tk 3,634 crore, which it had in 2012-13.

The allocation was slashed even after the communications ministry has fears that people will get disappointed in the final year of this government's tenure in case some major projects are not implemented.

Prof Shamsul Haq of Buet said dependency on foreign aid in implementing the major infrastructure development projects would go on. He emphasised the need for timely maintenance of roads and highways.

He suggested that the government inject enough funds in road expansion projects

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