



Prime Minister Sheikh Hasina feeds a child during an iftar party at the Gono Bhaban yesterday. The iftar was organised for wounded freedom fighters, handicapped children, orphans, and Ulemas. PHOTO: PMO

It's a cruel budget

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It will only serve the high-income group. When the size of the budget is big, it creates more options for corruption, the BNP leader said.
"It is a big question whether the unelected government has any right to place such a budget."
Citing that the budget has more allocation for the non-development sector than the development sector, the former law minister also said the budget could not be a people's budget.
There is a deficit of Tk 1, 12,000 crore in the budget, Moudud pointed out.
Criticizing the excise duty on bank accounts, he said that around Tk 34,000 crore had been smuggled abroad in the last two years. Excise duty on bank accounts will discourage people from depositing money into banks.
The government is inspiring people

to smuggle money out through the excise duty. "It is a suicidal proposal."
Moudud added that the budget didn't give any guidelines on how to curb corruption, which was a major flaw.
WORKERS PARTY ON BUDGET
Meanwhile, Workers Party of Bangladesh, an ally of the ruling Awami League, expressed concern over whether common people would be benefited from the proposed national budget.
"Disparities between the rich and the poor and rural and urban areas have been widening, but the budget mentions no measure to address the issue," the party's Politburo said in a press statement issued yesterday.
The Workers Party, whose President Rashed Khan Menon is a minister of Prime Minister Sheikh Hasina-led cabinet, also spoke against the excise duty on bank accounts.

"People will lose eagerness to keep their savings in banks due to the burden of the excise duty."
Also, middle-income group and pension holders will be hurt if the proposed measures on savings certificates are implemented, the party said in the statement. "On the other hand, money will be siphoned off."
The uniform 12 percent VAT proposed in the budget will affect the low- and middle-income group significantly.
According to the Bangladesh Bureau of Statistics, the overall employment opportunity came down in the last one year though the gross domestic product (GDP) went up around the same time. The proposed budget does not specify how the government will boost the scope of employment, the Workers Party added in the statement.

Worries there though Muhith assures

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areas, will have to pay an extra flat 15 percent VAT on any purchases of rod and bricks.
Currently, one can buy a tonne of rod by paying Tk 900 as value added tax (VAT) and a VAT of Tk 0.22-Tk 0.32 per brick.
But in the coming months, individuals will have to pay nearly Tk 7,500 for each tonne of rod as VAT at a price of Tk 50,000 per tonne and more than Tk 1.0 as VAT for each piece of brick.
So if anyone wants to construct on 1,200 square feet (sft) now, using 2,000 bricks, 500 bags of cement and 2.5 tonnes of rod, they will have to pay an additional Tk 59,300 for brick and rod because of the imposition of the 15 percent VAT.
Additionally, one will be required to spend more than before to buy energy saving lamps and tube lights to light the house, pay more for furniture, plastics goods and even for electricity, all due to the imposition of a single and uniform 15 percent VAT, ending the present reduced and multiple rates applicable on more than 80 goods and 38 services.
So for a middle income family, the proposed VAT measures will squeeze their wallets harder although the finance minister maintains that the new VAT will not cause prices of goods to rise as there will be concessions to small and medium firms, and VAT exemptions to 1042 items, rising from 536 items under the currently effective VAT Act 1991.
However, many of the products, where VAT exemptions have been proposed, are not required in daily life.

FBCCI, businesses expressed worry that application of a single and uniform 15 percent VAT might hurt small and medium industries.
Bangladesh Garment Manufacturers and Exporters Association, Bangladesh Knitwear Manufacturers and Exporters Association, Bangladesh Plastic Goods Manufacturers and Exporters Association, Bangladesh Chamber of Industries, Chittagong Chamber of Commerce and Industry and Chittagong Metropolitan Chamber of Commerce and Industry are the other trade bodies that raised concerns.
"This will impact consumers. Inflation will rise," said the statement by the trade bodies demanding consideration of reduced rates of VAT.
"We urged the government for conducting an impact assessment by independent organisation on VAT. But no initiative has been taken. We again call upon the government for independent impact assessment," said FBCCI President, Shafiqul Islam, at a briefing on proposed budgetary measures for the fiscal year 2017-18 at the FBCCI office.
The joint statement said imposition of 15 percent VAT on jewellery, ending the reduced or truncated base value, will fuel prices of gold by Tk 700 per bhoori (1 bhoori= 11.64 grams). This will encourage buyers to buy gold jewellery from neighbouring countries, it added.
Currently, only 5 percent VAT is imposed on gold and silver.
In addition, people will also pay 15 percent VAT for repair and maintenance of their cars at workshop, eating

at restaurants, buying apartments, paper, exercise books as well as tissue papers and above all, sending kids to English medium schools, in the coming fiscal year to help the government collect its increased revenue goal and finance an ambitious Tk 400,266 crore budget.
Low income groups will also have to pay more VAT for biscuits and bread. At yesterday's joint press meet, leading businesses warned it will not be possible to claim rebate on bread and biscuits as the raw materials of these processed foods are exempted from VAT.
So, 15 percent VAT will directly affect prices, it added.
The real estate sector, which registers sluggish businesses, will also be affected by the imposition of 15 percent VAT from the present 1.5 percent-4.5 percent, applied on flats depending on size.
Many sub-sectors are related with real estate, said the joint statement citing steel, ceramic and cement as examples. Many flats may remain unsold, it said, demanding reduced VAT rates for the sector.
SK Masudul Alam Masud, managing director of Shahriar Steel Mills Ltd, said the steel industry will be affected because of increase in prices of rod following imposition of 15 percent VAT. "Our production cost will also rise owing to increase in VAT on electricity, gas and other utility", he added.
"The sector will be affected automatically if people cannot buy," said Masud, also former president of Bangladesh Auto Re-Rolling and Steel Mills Association.

TYPE OF SERVICES	FY 2016-17 EXISTING VAT RATE (PERCENT)	FY 2017-18 NEW RATE (PERCENT)
Building Construction Firm (1-1100 SFT)-	1.5	15
Building Construction Firm (1100-1600 SFT)	2.5	15
Building Construction Firm (1601 SFT and above)	4.5	15
Furniture Trading	4	15
Land Development Firm	3	15
Motor Car Workshop	10	15
Non-AC Restaurant	7.5	15
Local branded Garments	4	15
Jewellery (gold and silver)	5	15
Electricity	5	15
English Medium School	7.5	15
Construction Firm	6	15

UNSC

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The other 13 included senior officials from North Korea's Workers' Party and heads of trading firms tasked with securing purchases for Pyongyang's military programs.
The strategic rocket force of the North Korean army, two trading firms and the Koryo Bank, linked to a party office that manages Kim's finances, were also hit by an assets freeze.
The resolution however did not contain some of the biting sanctions that the US administration had floated last month, such as an oil embargo, a ban on maritime shipping, trade restrictions and curbs on North Korean workers abroad.
The 18 names will be added to the current blacklist of 39 individuals and 42 North Korean entities already under UN sanctions.
North Korea has carried out two atomic tests and dozens of missile launches since the beginning of last year in its quest to develop a missile capable of delivering a nuclear warhead to the continental United States.
For weeks, the United States has been negotiating with China on new measures to ratchet up the pressure on North Korea but Beijing has insisted on the need to open up dialogue.
The United States has said it is willing to talk to North Korea if it halts its missile and nuclear tests.
French Ambassador Francois Delattre said the resolution served as "a warning" to North Korea of tougher sanctions to come unless it changes course and halts its tests.
"If it continues on this dangerous path, we will have no other choice but to reinforce the pressure, again and again," Delattre said.
The Security Council adopted two sanctions resolutions last year to ramp up pressure on Pyongyang and deny Kim the hard currency needed to fund his military programs.
Those resolutions provided for significant curbs on North Korea's coal exports, a major source of revenue, restrictions on banking and mandatory searches of all cargo to and from North Korea.
The latest resolution condemned "in the strongest terms" North Korea's missile and nuclear weapons activities and demanded that Pyongyang abandon all of its military programs.
Russia decided to support the measure despite Kremlin anger over Washington's move to impose US sanctions on two Russian firms that do business with North Korea.

Bringing

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Ironically enough, he bought the land on the outskirts of Sao Pablo, in Brazil's Sao Paulo region, using credits that the military government was giving out to promote deforestation and investing in advanced agricultural technology. But Antonio had no intention of using the money to boost the national agriculture. He just wanted to revive the forest.
"You are dumb. Planting trees is a waste of land. You won't have income. If it's full of trees, you won't have room for cows or crops," Antonio's neighbors, who were all cattle and dairy farmers, used to tell him. But he knew that the damage caused by deforestation was far greater than any financial profit, so he paid them no heed.
Vicente had grown up on a rural farm, and had watched his father and the other villagers cut down neighboring forests at the owners' orders, either for charcoal production or just to clear land for grazing cattle. He had watched the ancient water sources dry up and people struggling to survive.
With only some donkeys and a small team of hired workers Antonio Vicente set about bring back the forest to his land. What started out as a weekend hobby soon became a permanent way of life, and Antonio recalls often spending whole days and nights in his young jungle, surrounded by rats and foxes, and eating banana sandwiches for breakfast, lunch and dinner. Over the last 40 years, he has planted an estimated 50,000 trees on his 31-hectare land, which now make up a small oasis of rainforest, and a sanctuary for wildlife.
As the forest grew, the water returned, and Antonio says that there are now over 20 water sources on his land that were no longer there when he bought it. Then the animals started making a home there. Today, the forest is alive with the sounds of birds and insects living there, and more species are settling in every year. "There are toucans, all kinds of birds, a great rodent called apaca, squirrels, lizards, opossums, and even the boars are returning," Vicente says.
"If you ask me who my family are, I would say all this right here, each one of these that I planted from a seed," 83-year-old Antonio told The Guardian.
As impressive as Antonio Vicente's life-long dedication to reforestation is, his is a very rare story. Data shows that nearly 8,000 hectares (19,770 acres) of Brazilian rainforest were destroyed between August 2015 and July 2016. That makes Antonio's 31 hectares seem like a drop in a pond.
"If everyone followed Vicente's example, our task would be a lot easier," says Rodrigo Medeiros, vice president of Conservation International Brazil. The scale of restoration that we are dealing with here is unprecedented in the history of Brazil. Without forests, water, food and a pleasant climate are basically not possible."

What's it for?

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machines and ATM booths, 12 fountains and a four-foot high concrete wall along 2.5km stretch of the road.
Under the contract, Vinyl will bear the total cost in exchange for earning revenue with billboards and putting up logos of different companies along the road.
The firm has also been entrusted with the maintenance work for 10 years.
Former president of Institute of Architects Bangladesh Abu Sayeed M Ahmed said the efforts to beautify seemed dominated by money and pomp with aesthetics taking a back seat.
Bonsai is a commercial product used for artificial beauty, he said, adding, "Why do we need this when we have a rich botanical diversity?"
Sabuj Uddin Khan, a RHD superintendent engineer, said they wanted to do something exceptional with the bonsais. "We will be planting both foreign and local trees along the road."
The concrete wall is meant to conceal the garbage and "anti-social elements" along the railway lines near the road and it will be covered with green creeper plants, he said.
Kazi Golam Nasir, chief architect of the Department of Architecture, said the Airport Road was the main gateway to Dhaka for foreigners and it gave a first impression of the country. "Its beautification plan should have been shared with relevant professionals, naturalists and the mayor."
Planning such a thing is the job of landscape architects and urban designers, he said, the road should have been adorned with native species of trees and plants.

In a similar note, Landscape Architect Khondaker Hasibul Kabir said adorning a major road with imported bonsais was not consistent with the idea of aesthetics, natural beauty and tradition.
"It looks weird in Bangladesh, a country so rich with a diverse range of trees," he said.
In defence of the bonsais, Vinyl Chief Executive Abaib Monsur said it was a "universal" type of tree. He also added that they would also plant some local species as well.
Asked about the lack of involvement of architects and urban designers in the project, he said RHD engineers regularly monitored the work.
MAYOR OUTRAGED
Mayor Annuisul Huq expressed said the RHD, in no way, could carry out the tasks within the city corporation.
"We have several times requested RHD for handing over the Airport Road, to no use," he said, "Still, we clean the road."
The mayor added, "Now, they are building a concrete wall along the road, as if they are making a prison, without asking anyone."
Commodore MA Razzak, chief waste management officer of DNCC, said the RHD has not even shared their plan with them.
RHD Superintendent Engineer Sabuj Uddin Khan said, "I agree that the work should be done by the city corporation. Though the part from Moghbazar to Banani of the road, officially called the Tongi-Joydevpur highway, has been handed over to the city corporation, the airport portion of it has not been handed over for some reason."

Oil down 1pc

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additions, data from energy services company Baker Hughes showed.
Trump's withdrawal from the Paris agreement, the landmark 2015 global pact to fight climate change, drew condemnation from Washington's allies and many in the energy industry - and sparked fears that US oil production could expand more rapidly than it is currently.
"Trump seems to be removing any barriers he can find that would obstruct growth of crude oil or natural gas," said Stewart Glickman, energy equity analyst at CFRA in New York.
"It's kind of ironic because by doing that you're encouraging more volumes to come out of the ground."
US crude production last week rose by nearly 500,000 barrels per day (bpd) from year-earlier levels and hit 9.34 million bpd, its highest since August 2015.
Last week OPEC and some non-OPEC producers extended a deal to cut 1.8 million bpd in supply until March 2018. Oil prices are down around 10 percent since the extension.
"The market is a little skeptical that

OPEC staying at their current production levels will really reach their goal, which is to hit the five-year average," said James Williams, president of WTRG Economics in London, Arkansas.
Reuters sources say OPEC officials discussed deepening the cuts last week and could revisit the proposal.
US output is expected to keep rising, as the US Energy Information Administration forecasts production of about 10 million bpd next year, similar levels to Russia and Saudi Arabia.
Igor Sechin, chief of Russia's largest oil producer, Rosneft, said US producers could add up to 1.5 million bpd to world oil output next year.
Money managers raised their net long US crude futures and options positions in the week to May 30, the US Commodity Futures Trading Commission said on Friday.
US inventories fell 6.4 million barrels last week, their eighth straight weekly drawdown. The lower inventories caused a rise in prices on Thursday, but the small rally was brief. Williams of WTRG said that is because US inventory draws tend to rise during this time of year anyway.

How ethical is it?

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new budget proposed to increase this rate to Tk 800 per lakh savings for up to Tk 10 lakh savings. Higher rates have been proposed for savings beyond Tk 10 lakh.
This means, if your savings have exceeded one lakh taka, and the bank is offering you 5 percent interest (which in reality is below 5% and can be as low as 2%)—you may expect to get Tk 1250 every three months as interest. But at the end of the three months, just because you saved Tk one lakh, the government will deduct Tk 800. Then from the remaining Tk 450, the government will deduct another Tk 187 as income tax and the bank will deduct Tk 300 as service charge. You would eventually pay the bank and the government an additional Tk 37 from your own pocket for keeping one lakh taka.
How logical is this kind of taxation? Is it actually legal? Is it ethical? Nobody has so far debated this matter.
What is excise duty? It is a form of tax that is imposed on local production or sale of local products; or a fixed tax on the revenue of a company; or a tax imposed on certain professions in the form of license fee. How does savings fit into the purview of excise duty?
I have paid income tax and I am saving some of my money that I legally earn. As I am not a public servant, I shall not get any pension when I retire. I shall have to fall back on my savings. I have saved that money after I have paid my income tax. How can the government ask for another tax on my tax-paid money? How can the government collect tax on the same money twice?
The government needs money to run the county. The government has enormous powers. The government can use this power to punish the big time bank loan swindlers. But do they exercise any such power to punish the swindlers who have robbed various banks of thousands of crores of taka? Did the government recover the swindled money from them?
According to Global Financial Integrity, a Washington-based research organisation, between 2005 and 2015, capital has illicitly flowed out from Bangladesh to the tune of US \$63 billion. How does anyone smuggle out so much money when there is an all-powerful government that needs money for national development? Who are these culprits? Has anyone been caught? Has any of this money

been recovered and put to use for building the country?
The government has so many development projects that see annual cost escalation to a ridiculous proportion. For instance, the Dhaka-Chittagong four-lane project was supposed to cost slightly above Tk 1600 crore. But after years of delay in its implantation, its cost escalated to Tk 3900 crore. Has anyone been punished for such overpricing? Has anyone been made accountable for the consequences of such cost hike? Look at any large project, it's the same story everywhere.
What is the consequence of project cost escalation? The common people are being burdened with this out of control cost—not the ones who smuggle out billions of dollars, not the ones who rob banks in the name of taking loans or not the ones who milked government projects like there is no tomorrow.
The government does not act against these white-collar criminals—because they are powerful and influential. The government is targeting simple hard-working people trying to make a living because they are easy to target. It is eyeing that retired man whose only source of living is his life-long savings. It is reaching for the likes of the old mother's savings—because, in the end, what can she do to stop the all powerful government?
People keep money in banks for two reasons: security and interest rate. The interest rates used to be higher than inflation and thus the real value of the money that we used to save would not erode. But now the interest rate is below 5 percent, below the level of inflation. Every year, our saved money is losing its value.
Many of us pay the income tax. But the number of tax payers is far too low in comparison to the country's population—it's just 8 to 9 lakh. Surely there are many times more than just 8-9 lakh people who can pay income tax. It's the job of the government to find these people and broaden its source of revenue. It is not the job of the government to punish existing tax payers by finding more ways to squeeze them.
Instead of forcibly collecting tax from the peoples' savings, the government should look at stopping or reducing corruption and money laundering and make sure the projects, which are being funded by tax payers, do not see cost escalation. These would be enough to optimise the use of the government's revenue.