



# A budget not of its time

Kamal fails to get his crisis priorities right as he unveils a normal-time, fatty budget

ZINA TASREEN

Any finance minister delivering a national budget wants, ideally, to project three qualities: calm, authority and very slight dullness.

He or she wants to give the sense that underneath the aspirational abstractions of populist politics is a solid grasp of numbers; that right behind the sunniness of prime-ministerial rhetoric there is a capable and hard-headed person, armed with a pocket calculator.

And AHM Mustafa Kamal seems to have failed on all three counts as he took the podium yesterday to deliver the budget for fiscal 2020-21 -- against the backdrop of potentially the biggest public health emergency and economic downturn in generations.

He opted for salesmanship rather than expectation management. He presented himself as a surgical mask-clad Santa Claus, doling out bountiful good news and dispenser of goodies for all.

He delivered a budget that -- to anyone who doesn't read the news closely -- will have made it sound as if the Bangladesh economy was flying on animal spirits: he anchored this fiscal plan based on the irrational calculation that the GDP growth next fiscal year would be a whopping 8.2 percent.

He maintained more or less the same allocations for sectors that would have been understandable were this a regular fiscal year, like energy and power, transport and communication, public order and safety, defence, and local government and rural development.

But the sectors that were crying out for sizeable boosts in their budgets got nominal raises like health, social safety net, agriculture and education.

Nothing is more imperative for Bangladesh right now than taming the coronavirus, and for that, the health budget

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SOCIAL SAFETY NET

## Nothing specific for new poor

MOHAMMAD AL-MASUM MOLLA

There is no specific programme mentioned in the budget for the urban poor who have been hit the hardest during the shutdown of the economy for over two months.

It was partly because of the failure in providing food to the people in desperate need that the government reopened businesses, although the coronavirus outbreak is showing no signs of slowing down.

The government allocated Tk 95,574 crore in the social safety net programmes, which is 16.83 percent of the entire budget and 3.01 percent of the GDP. The allocation was Tk 81,865 crore in last year's revised budget.

"We have been increasing allocations in the social security sector every year to improve the poor people's condition. By

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## PROPOSED BUDGET FY 2020-21



GDP GROWTH  
8.2%

INFLATION  
5.4%

### TOTAL REVENUE

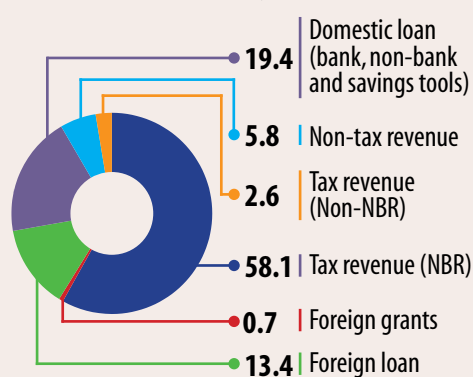
Tk **378,000**cr

### NBR REVENUE

Tk **330,000**cr

### OPERATING AND DEVELOPMENT BUDGET of Tk 568,000cr

In %



### NON-NBR REVENUE

Tk **48,000**cr

### BUDGET SIZE

Tk **568,000**cr

### DEVELOPMENT EXPENDITURE

Tk **2,05,145**cr

### NON-DEVELOPMENT EXPENDITURE

Tk **3,62,855**cr

### BANK BORROWING

Tk **84,980**cr

### FOREIGN SOURCE

Tk **80,017**cr

### NON-BANK BORROWING

Tk **25,003**cr



## BLINDSIDED BY COVID-19



WAHIDUDDIN MAHMUD

There is hardly any precedence of preparing a national budget under such extraordinary hard times and with so much uncertainties and dilemmas. There is yet no clear direction on the public health front about how to cope with the ongoing covid-19 pandemic, which makes any plan for the rescue and recovery of the

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## Not enough when it's a pandemic

Health allocations rise by 13.66pc but still hover below 1pc of GDP; Tk 10,000cr to combat corona

WASIM BIN HABIB and TUHIN SHUBHRA ADHIKARY

"Good decisions come from experience, but experience comes from making bad decisions."

The words of wisdom of American writer and humorist Mark Twain hardly fits when it comes to setting priority in the budget of Bangladesh, even in the aftermath of the novel coronavirus outbreak.

With the Covid-19 pandemic posing the biggest challenge to public health in this generation, spending more on the healthcare has been the call from economists and medical experts.

But as Finance Minister AHM Mustafa Kamal placed the proposed budget for fiscal 2020-21 in parliament yesterday, the call for prioritising healthcare failed to elicit a strong response.

The minister earmarked Tk 29,247 crore for the health ministry, an increase of 13.66 percent from the outgoing fiscal year's allocation.

"The health sector was given utmost priority," Mustafa Kamal said.

But his speech on giving priority does not fully reflect the reality. Because, with this allocation, the share of health budget remains below one percent of the Gross

Domestic Product -- only 0.92 percent, lowest compared to its peers in South Asia.

The country's public spending on healthcare has been hovering around 1 percent of the GDP for many years, although the World Health Organization recommends it to be at least 5 percent.

Bangladesh's healthcare system has already been struggling with the increasing burden of diseases, low quality healthcare coverage and an inadequate national budget in this regard.

As the size of the budget increased every year, the allocation for health sector rose too. But in terms of percentage of the total budget, it remained around 5 percent over the years.

It is 5.14 percent of the total outlay this time.

Unsurprisingly, out-of-pocket health expenditure for households is very high. About 65 percent of all health expenditure in the country is borne privately by households.

In the meantime, the Covid-19 pandemic has exposed vulnerabilities and systemic weaknesses in the health sector -- from shortage of skilled personnel to poor infrastructure, weak monitoring and

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## Some are more equal to govt

SYED ASHAQUL HAQUE

Protected and unprotected: an oblique line of the government's preference separated the two.

One group of people is the responsibility of the government and the other group isn't. One group of people is protected by the government and the other group of people left in the cold. Privileged ones are the public servants and overlooked ones the private employees.

The line of divide was always there, and it only got embarrassingly prominent in the onslaught of the ongoing coronavirus pandemic. As budgetary measures were laid out yesterday, the discrimination looks more prominent than ever.

It's a job that a very few in the world's ivy league of economists would have dared to do, announcing the budget of a country caught in the middle of a pandemic that brought the economy down to its knees in the last four months. Mustafa Kamal is a feisty finance minister in that sense, especially when every hand extended in his direction is for help.

No other finance minister in our living memory faced a crisis of this magnitude. Everybody, rich and poor alike, is seeking help from the government, which is also extending its hands for help from foreign lenders, the central bank (by asking it to print taka) and black money-holders.

If we analyse the government response to the health and financial security for all in the lead-up to the pandemic and beyond, we can see the line of divide all too clearly. The government cared most, if not only, for the public staff and least for the private staff.

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## Extraordinary times, ordinary budget

DEBAPRIYA BHATTACHARYA

The much-anticipated national budget for fiscal year 2020-21 turns out to be a document trying to run on the momentum. The mentioned four strategic stances involving increased public

expenditure, special credit facilities, expansion of safety net and liquidity infusion are very much in the right direction. However, the numbers put up in the fiscal framework are far from the reality. It is a justified apprehension that the core budgetary numbers and ratios may become functionally obsolete within next three to six months. This may also blunt the

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INCOME TAX

## Loads ease on low income groups

Black money holders poised to reap ultimate benefits

SOHEL PARVEZ

Taxpayers in the low-income bracket have something to feel good about.

They are going to pay less tax in the next fiscal year. This means they will have more disposable income and be able to spend more to meet the needs of their families amid Covid-19 pandemic.

The government will introduce a new tax rate of 5 percent on annual income up to Tk 400,000. It has maintained the tax rate at 10 percent since fiscal 1997-98.

The limit of tax-free annual income will be raised to Tk 300,000 from Tk 250,000 which remained unchanged for the last five years.

Rich taxpayers will also enjoy tax bill cuts as the highest tax rate of 30 percent, introduced six years ago, for high-income earners will be reduced to 25 percent.

But the ultimate gainers are the holders of undeclared money, known as black money, thanks to coronavirus-induced economic crisis that has created an opportunity for them to legalise untaxed money by paying a nominal 10 percent tax, much to the frustration of compliant taxpayers.

Over the years, successive governments offered black money holders the opportunity to whiten undisclosed income or wealth.

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