

ALLOCATIONS FOR MIGRANTS

Returnees in distress

PORIMAL PALMA

Sabbir Hossain of Munshiganj returned home from Malaysia in mid-March when the Southeast Asian country was planning a lockdown to stem the spread of coronavirus.

"I thought returning home instead of being trapped there would be better. So, I came back. However, now my employer is saying I cannot go back to work in Malaysia because there is no work," he told The Daily Star yesterday.

Sabbir, 27, who worked in the construction sector in Johor Bahru for four years, said it took him almost three years to recoup the migration cost of Tk 3.5 lakh before he saved some money to construct a house.

"I don't have any savings now. If I get some loans, I may start a small business," he said without being sure what business he can do.

Sabbir said most of his Bangladeshi colleagues in Malaysia are now jobless and are worried about their future.

Migration experts and recruiting businesses fear several lakh Bangladeshi migrants might return home in the coming months after losing jobs as the economies of destination countries, mostly in the Middle East and Southeast Asia, are being badly affected because of the Covid-19 pandemic.

Against this backdrop, Finance Minister AHM Mustafa Kamal has proposed the allocation of Tk 500 crore that will be loaned to returnee migrants on easy terms for their rehabilitation through the Probashi Kalyan Bank. The Wage Earners' Welfare Board will allocate another Tk 200 crore with a similar objective.

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Bailout package bottleneck still a concern

Business leaders say

REFAYET ULLAH MIRDHA and JAGARAN CHAKMA

Trade body and business chamber leaders said the economic recovery from the coronavirus pandemic is largely dependent on prompt implementation of the stimulus package.

Over-borrowing by the government from the banking sector will reduce fund flow to private sector during this crisis. Businesses said banks are not cooperating in quick disbursement of money from bailout packages.

The government will borrow Tk 84,980 crore from banks, which is 3.1 percent higher than the previous fiscal. Such borrowing by the government will create liquidity crisis for

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Growth, revenue targets too lofty

Economists say about proposed budget

MD FAZLUR RAHMAN

Economists said the government would not be able to achieve the target of revenue mobilisation and economic growth this fiscal year.

"The target for growth and revenue collection is sky-high and unrealistic," said Ahsan H Mansur, executive director of the Policy Research Institute (PRI) of Bangladesh.

The projected GDP growth of 8.2 percent is highly unrealistic and there are potential dangers in taking such an approach, said Rizwanul Islam, a former special adviser for employment sector at the International Labour Office, Geneva.

"First of all, it can result in practical problems in managing the economy. With such unrealistic projection of output growth, estimates of resource

mobilisation must also be unrealistic. So, the implementation of the budget will become uncertain," he said.

"Secondly, the unrealistically high projection of output growth may result in false expectations about the employment and income situation which, in turn, will create a sense of complacency."

Mustafizur Rahman, a distinguished fellow at the Centre for Policy Dialogue, said the assumption that worked in formulating the budget for 2020-21 did not fully reflect the challenges brought on by the coronavirus pandemic.

The budgetary proposals, ranging from resource mobilisation to expenditure, paint a business-as-usual scenario and it seemed from the proposals

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TAXSLABS FY 2020-21



PERSONAL INCOME TAX

MINIMUM TAX
Dhaka and Ctg city
Tk 5,000

Other city corps
Tk 4,000

Other areas
Tk 3,000

Up to Tk 3 lakh	No tax
Next Tk 1 lakh to total income (Tk 4 lakh)	5%
Next Tk 3 lakh to total income (Tk 4 lakh-Tk 7 lakh)	10%
Next Tk 4 lakh to total income (Tk 7 lakh-Tk 11 lakh)	15%
Next Tk 5 lakh to total income (Tk 11 lakh-Tk 16 lakh)	20%
Rest of the income (Tk 16 lakh-plus)	25%

CORPORATE TAX

Non-listed companies
32.5%

Listed companies
25%

Listed banks and FIs
37.5%

Non-listed banks and FIs
40%

Merchant banks
37.5%

Tobacco companies
45%

Listed mobile operators
40%

Mobile phone operators
45%

TAX-FREE INCOME LIMIT FOR

Women and 65 years plus citizens
Tk 350,000

Challenged persons
Tk 450,000

Wounded freedom fighters
Tk 475,000

The rich to feel the pinch

Excise duty increased for big balance holders

SOHEL PARVEZ

People with big bank balances are going to see up to a 60 percent hike in excise duty rates the next fiscal year, as the government aims to collect higher taxes from relatively well-offs to attain the target of increased revenue collection for next fiscal year, according to the budget proposed by Finance Minister AHM Mustafa Kamal.

Any account holder who has a bank balance containing an amount between Tk 10 lakh and

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Inadequate measures for exporters

REFAYET ULLAH MIRDHA

The stimulus packages and measures announced by the government are inadequate to revive exports from the fallouts of the ongoing coronavirus pandemic, according to industry leaders.

"The government needs to go beyond such measures if it wants to boost exports and protect jobs of thousands of workers," they said.

Prompt implementation of the Tk 5,000 crore, Tk 20,000 crore and Tk 30,000 crore stimulus packages announced by the government would go a long way in safeguarding export-oriented sectors, they said.

Cooperation from the banking sector is needed to speed up implementation of the stimulus packages, they added.

Considering how the Covid-19 outbreak has negatively impacted Bangladesh's garment industry, the country's main export sector, Finance Minister AHM Mustafa Kamal proposed the continuation of the 1 per cent additional cash incentive scheme for the upcoming fiscal year.

The government has been providing a 1 per cent additional cash subsidy on apparel exports since the beginning of the outgoing fiscal year.

This means garment exporters have enjoyed a 5 per cent cash incentive on all non-traditional export markets as well.

Other than the EU, the US and Canada, Bangladesh considers all markets as non-traditional.

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Stock investors with nothing to cheer for

AHSAN HABIB

The proposed budget has brought no cheers for stock investors, who have been battered by a prolonged slump in indices, but promised measures to develop the country's bond market.

Though the government wants to allow investment of black money in the stock market, investors say such a move barely yielded good return in the past.

Adding to their woes, Finance Minister AHM Mustafa Kamal proposed to reduce the corporate tax gap between listed and non-listed companies which analysts think would discourage non-listed firms to go public.

Corporate tax for non-listed companies might be brought down by 2.5 percentage points to 32.5 per cent, but the rate would

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Poor power demand, poor allocation

MD FAZLUR RAHMAN

In the wake of a demand crunch for electricity and gas due to the pandemic, the government has cut the spending on power and energy for fiscal 2020-21 as it has allocated Tk 26,758 crore for these sectors -- 4.6 percent down year on year.

Finance Minister AHM Mustafa Kamal in his budget speech yesterday said Tk 24,853 crore would be allocated for the power sector while the energy sector would receive Tk 1,905 crore.

The total allocation for power and energy in the current fiscal year is Tk 28,051 crore.

The country currently has a power generation capacity of 24,000 megawatts, which is enough to bring the entire population under electricity coverage. But the government cannot utilise its generation capacity to the fullest due to the weak transmission and distribution systems.

"More importance would be given to improve the transmission and distribution systems," Nasrul Hamid, state minister for power and energy, told journalists on Wednesday, adding that the government were hoping to bring all households under electricity coverage by March next year.

Currently, about 96 percent of the population have access to electricity, up from 47 percent a decade ago.

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No lessons learnt from recessions

AKM Zamir Uddin

The previous global financial recessions gave a lesson that any economic fallout can be tackled smoothly if the health of banks is protected from the crisis.

But the issue was largely missed by Finance Minister AHM Mustafa Kamal in his yesterday's budget speech despite staring down a recession.

There has been no roadmap on how to improve the financial health and corporate governance of banks.

The finance minister had committed to forming a banking commission in the quickest possible time in his budget speech for fiscal 2019-20, but he did not take any move later.

Had the government reformed the banking sector then, the country would have been in better stead to tackle the ongoing economic crisis, said Ahsan H Mansur, executive director of the Policy Research Institute.

Although the habitual defaulters are largely responsible for the existing vulnerable situation in the banking sector, the finance minister did not declare anything to bring the delinquent borrowers to book, he said.

Defaulted loans in the banking sector hit Tk 94,313 crore at the end of 2019, up 0.42 percent year-on-year, according to data from the Bangladesh Bank.

Mansur fears the pandemic will asphyxiate some weak banks, so the finance minister should have announced a merger

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