

The plight of returnee migrant workers

Setting up database and rehabilitation imperative

THE loss of jobs which Bangladeshi workers have recently faced abroad against a backdrop of global recession is not only a matter of concern to the victims but to the country as well. The pain comes from the fact that these poor Bangladeshi migrant workers have been making their way back home in heart-rending circumstances. And once home, they have found themselves in graver difficulties because of all the loans and the interest on those loans they have to pay back. With not a dime in hand, the future for these workers seems bleak.

It is on such an issue that concrete action is now called for. The International Organisation for Migration (IOM) has suggested that a database be developed in order for the authorities to keep track of migrant workers who leave as well as return to the country. Obviously, the purpose will simply not be a record of the figures for such workers but for a system to be developed regarding their rehabilitation. In these days of modern, sophisticated technology, setting up such a database of Bangladeshi workers ought not to be an arduous task. And yet the reported response of the Expatriates' Welfare ministry to the IOM proposal has been rather disappointing. A ministry official has simply noted that creating a database is not possible now because the immigration police have said so. That is indefensible, having regard to the fact that immigration personnel at the airport have access to details of all departures and arrivals as maintained through computerization. Besides, it should be easy for the authorities to keep tabs on migrant workers especially because those proceeding abroad do so legally through authorized channels. If the record of workers going abroad or returning home has not been maintained by these channels, it is a sign surely of bad management.

Be that as it may, it is now time for positive action to be taken regarding the movement of our workers from and to the country. This streamlining can be done in quite a few ways. Firstly, the workers' details can be recorded at the airport when they leave and also when they come back. Secondly, their plight, if they are sacked by their firms abroad, can be taken up with the host governments as a way of compensating them for the loss of their jobs. Finally, a clear policy on insurance cover, as a means of helping them recover their financial losses, should be made an integral part of dealings between the recruiting companies abroad and their representatives at home. Meanwhile, our embassies and high commissions must be reactivated insofar as keeping updated information on the migrant workers is concerned. Their labour wings must go for systematic and periodic trend analyses where demand for and supply of migrant workers is concerned.

Invasive polybags all around

Steps against violators of law long overdue

DESPITE a ban on the manufacturing and use of polythene bags, unscrupulous traders have been marketing substantial quantities of the banned items openly violating the law. The influx of polythene shopping bags in the recent years makes one wonder whether the traders enjoyed some kind of protection from certain quarters in the environmental administration as well as law enforcing agencies. The ban was imposed in 2002 to save our environment from the onslaught of the non-biodegradable material that found their way to city drains and storm sewers, thereby blocking normal flow of waste water. Polybags have also clogged river and canal beds, threatening normal breeding of life forms in water.

We recall that the awareness raising drive that came with the ban had worked well with people spontaneously switching over to shopping bags made of biodegradable materials, like paper, jute etc. But, once the initial hullabaloo had died down, manufacturers of polybags came back with renewed vigour to carry on with their business.

It is disconcerting that a good number of manufacturers of jute and paper shopping bags are facing steep competition from the traders of illegal polybags, as there is no government agency in the field to clamp down on the violators. There is no denying that already a lot of damage has been done to our environment, hence the message should go loud and clear to the polythene traders that the government means business this time and that no one will be spared for damaging the environment. At the same time, relevant government agencies and financing organisations should encourage cottage industry and laid-off jute mills to produce environment-friendly shopping bags. It is noteworthy that the Bangladesh Jute Mills Corporation has launched a drive to make jute bags popular in the country.

It is time all stakeholders became fully aware of the severe impact of polythene on health and environment and acted concertedly to end the menace. The people in general would opt for biodegradable shopping bags once these were made available abundantly and at affordable prices. Hence, the onus rests on the government to ensure that such alternatives are made available to the people. We believe, it would take good measure of inter-ministerial cooperation and coordination to reach the environmental objective.

The AL's double whammy

With two murders a day and a recalcitrant market, apart from myriad other crimes and militants' activity, the AL government is far from being stable. However, given its strength in the parliament, it can in no way be under threat of being dislodged -- but it does remain vulnerable to double whammy.

M. ABDUL HAFIZ

IT is not for nothing that market tyranny is again in focus. The proverbial last straw on the camel's back is on the people's back, which has since been cracking for the majority of our population. Actually, it's an elephant in the room, but nobody, except those whose toes the mighty beast steps on, talks about it. Those who are spared the trauma of being trampled by the beast couldn't care less, and prefer to toe the line of least resistance by remaining non-committal.

Yet, there was no dearth of eulogies for the government's success in reducing the prices of cereals, although it could be debated whether it was official effort or simply four consecutive bumper crops that did the magic. Let's, however, give the benefit of doubt to the government, which, in any case, is a strong votary of public welfare so far as the lower prices of the essentials are concerned.

Only the country's growing underclass, comprised of the victims of penury, the pensioners and low-wage earners make unwelcome noises over the tyranny of the market in its dealings with the consumers, who are virtually at the mercy of the traders. Understandably, this feeble group, with their equally feeble voice, is of no consequence -- notwithstanding the consumer-friendly commerce minister's intervention from time to time.

He blew hot and cold with the business community, but with no success. But his words were music to the ears of poor consumers when he said that the traders had made enough profit in the past, that they should provide some succour also to the poor, and that their well being depended on that of the poor. Blah, blah,

blah. Apparently, it cut no ice with the traders.

In hindsight, the price hike to the present level is a legacy of the BNP-Jamaat regime. Then, on the excuse of price rise in the international market, the prices shot up also in the domestic market under the patronage of the regime -- reaching an all time high. Ignoring, all canons of economy and the dynamics of the market forces in either direction it attained the level it had already reached. The AL could successfully manipulate this price index in its favour to win the last election, but has failed to address the problem with similar enthusiasm or sense of urgency. The public and its well being is left to the caprice of the market.

The opposition talked about price fixing of essential commodities by officially favoured syndicates during the same regime to whip up public sentiment against the government. Now, how can the phenomenon be explained when the market is flooded with vegetables, which are being sold at sky rocketing prices? The rule of demand and supply hardly applies here.

From one market to another in the city, and from one corner of the country to another, what has been found to be sacrosanct is the price arbitrarily demanded by the trader. How does it work and who really fixes the price is a mystery.

Also mysterious are the prices of the finished items produced domestically when the prices of basic ingredients like rice and flour have indeed fallen. Look at the highly exorbitant prices of puffed rice and bread -- items extensively used for breakfast by the poor and the middle class respectively. There is no justification for the high price of bread particularly, and the consumers seem to be powerless in the hands of the traders dealing in it. The



Supply is plentiful but prices have not come down.

price has no rationality whatsoever. Yet, one has to succumb to its tyranny.

There were promises galore with regard to bringing down of the prices of all essential items -- not just cereals. The power wielders seem to have changed their priorities. They now debate in the parliament the power of its members vis-a-vis upazila chairmen. The ministers squabble over luxury cars. They are also engrossed in the higher politics of constitutional amendments. Well, this is their prerogative. But the chariot, riding on which they came to enjoy the prerogatives, is "public" -- which is altogether forgotten. Also forgotten are their sufferings where the shoe pinches them.

The public has enough gumption to differentiate between a positive gesture with regard to its problems and mere cold-shouldering. The market is in dire need of control and monitoring, but non-intervention by the government is conspicuous, and that is where the commerce minister left it months ago after his last brush with the traders.

A silver lining can, however, be seen,

with none other than the finance minister intervening in a stale market situation. He recently talked of involving the Trading Corporation of Bangladesh (TCB) for importing six essential items with a view to stockpiling them for the coming Ramadhan, and foisting a competitor for the private traders. Even if it eases the situation, it will not end the AL's woes.

Coming close on the heels of a chaotic market, which still does not provide essentials at affordable prices, the internal order continues to be worrisome. A vernacular daily reported on May 20 that there were 38 murders in 19 days in the capital alone. With two murders a day and a recalcitrant market, apart from myriad other crimes and militants' activity, the AL government is far from being stable. However, given its strength in the parliament, it can in no way be under threat of being dislodged -- but it does remain vulnerable to double whammy.

Brig (ret'd) Hafiz is former DG of BISS.

Some thoughts on the upcoming budget

The actual proportion in FY09 would be around 15%. Based on my estimate of GDP in FY 10 at current market prices and public expenditure -- GDP ratio of 17%, the size of the budget should be about Tk. 116,000 crores. This would be ambitious, but not unachievable.

MIRZA AZIZUL ISLAM

IT is well known that government expenditure as a proportion of GDP is the lowest in Bangladesh among all Asia-Pacific countries. At the same time, there is an urgent need for higher levels of public expenditure in areas such as social security, infrastructure and human resources development.

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Financing

Out of 17%, domestic revenue should be targeted to finance 12%, and the remainder from domestic borrowing and external assistance. The distribution of 5% deficit financing between these two sources will depend on the government's capacity to mobilise external assistance. Domestic borrowing will be the residual.

At 12% of GDP, revenue target should be about Tk. 78,900 crores and, looking at historical proportions, NBR tax revenue target can be fixed at Tk. 59,945 crores. It should be emphasised that achieving these targets would require a lot of hard work and genuine commitment by the administrative machinery.

There is no need for raising exemption limit on personal income taxes. The present limit is 37.5% higher than in FY07. The sum of inflation in the subsequent two years has been considerably less than this figure. In real terms, therefore, the present exemption limit is much higher than that of FY07.

Regarding import duties, excepting for food items, there should be no zero rate. The duties on capital machinery, intermediate goods and raw materials were reduced last year. The investors are also benefiting from the fall in international prices of these goods. So, there is no case for further reduction.

Tax structure

It should be remembered that cheap

capital machinery encourages higher capital intensity to the detriment of employment creation. Low duties on raw materials and intermediate goods militate against domestic production. The country thus becomes locked into excessive import-based industrialisation. And a high rate of duty on finished products is a sure recipe for inefficiency.

The corporate tax rates were also reduced last year, except for financial institutions. The latter may be given an assurance that their tax rates will be reviewed in FY 11 budget provided they reduce both the lending rate and the prevailing large spread between deposit and lending rates. They should not be given the liberty of reducing lending rate at the cost of depositors' interest.

The global recession should not be allowed as an excuse for all-round reduction of tax rates. Even in FY 10, Bangladesh is expected to have a satisfactory growth rate of around 5.5%. Moreover, the country has the unenviable honour of having the lowest revenue-GDP ratio in Asia-Pacific region.

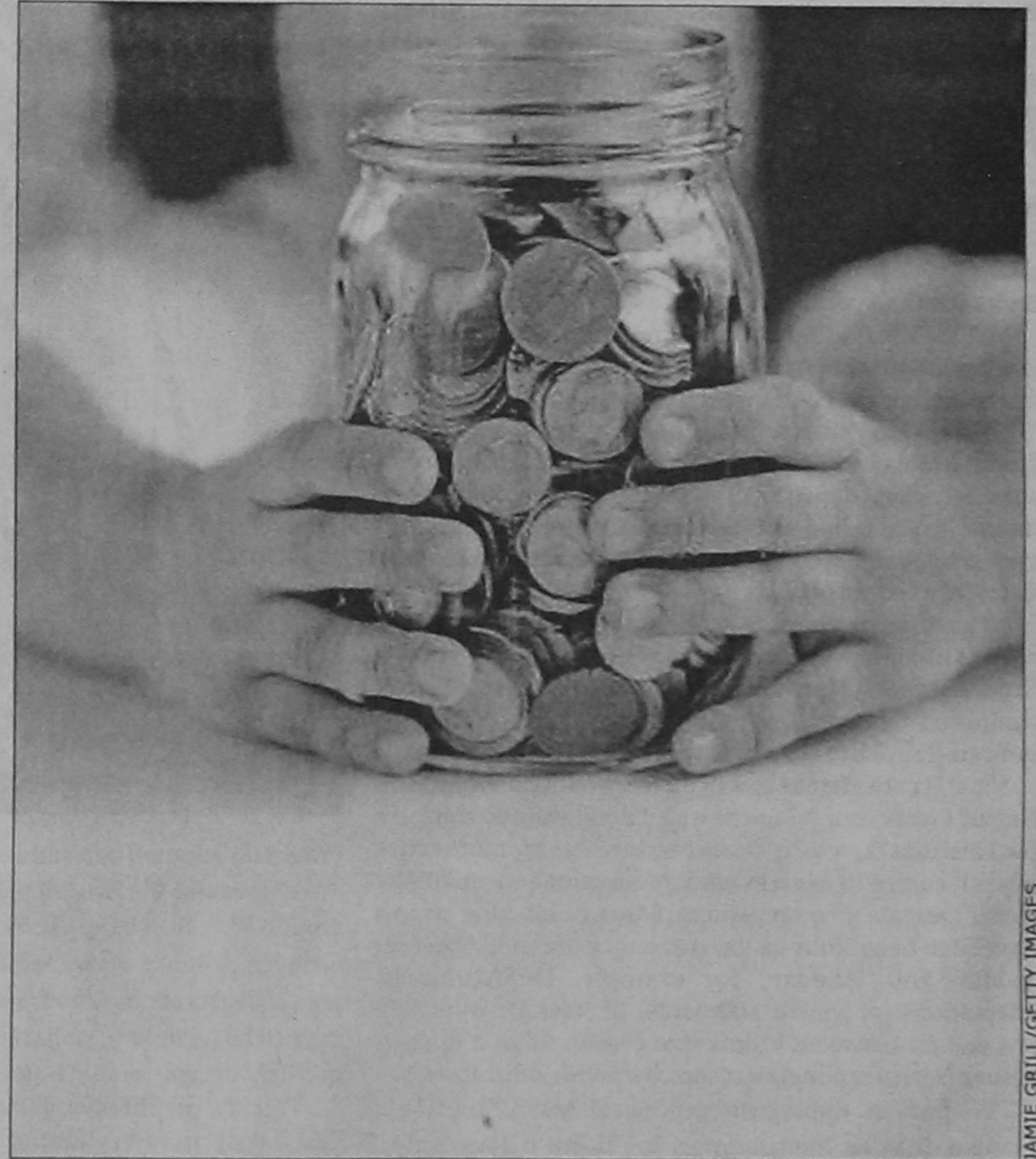
In principle, I support the finance minister's declaration to abolish tax holiday. The benefits under this scheme were considerably reduced last year. Apart from tax holiday, there are various, other exemptions, rebates and deductions for corporate tax-payers.

Ideally, there should be a thorough study of the potential revenue loss and economic impact of all these provisions. My suggestion is that the abolition of tax holiday be postponed till FY 11 budget, by which time it should be possible to complete a comprehensive study.

Composition of expenditure

The priority sectors in FY 09 budget were education and IT, local government and rural development, transport and communications, agriculture and water resources development, and energy and power. These priorities may be largely retained for obvious reasons.

One important issue in the allocation of expenditure is the size of ADP. Applying FY 09 proportion to the proposed total



Saving is the key.

expenditure level, ADP size turns out to be about Tk. 29,700 crores. Probably this is what provides the rationale for the finance minister's hint that ADP size would be around Tk. 30,000 crores. But one should not be oblivious of the fact that the highest ever expenditure did not even reach Tk. 20,000.

The finance minister himself has complained on many occasions about the poor capacity of the administrative machinery to implement ADP. In this backdrop, it would be pointless to propose a bloated ADP size. I suggest that the size of ADP be fixed at Tk. 26,000 crores.

The balance from whatever figure the finance minister may have in mind may be allocated to social safety net, including Employment Guarantee Scheme as well as Agricultural Research Endowment Fund and the Climate Fund -- the two special funds that were set up last year. In addition, the government should reduce provisions to cover perennial losses incurred by SOEs; they should be subjected to hard budget constraint.

Another moot issue on the expenditure size of the budget this year is export subsidy, particularly for the garments sector. The movements in the volume, value and unit price of garments exports do not yet justify any subsidy. The situation which should trigger any consideration for subsidy is when the sale price in the export market falls below the production cost, taking due account of the decline in the prices of imported inputs.

Even in this scenario, the government should bear in mind at least two considerations. First, whether the assistance should be given in the form of outright cash incentive or as a subsidised loan for a period of two years to tide over the present difficulty, if any. Second, in the event outright cash grant is contemplated, the base for calculation needs to be re-examined. To my mind, the base should not be gross value of export, but the differential between the production cost and the sale price in the export market.

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