

Farm subsidy to continue

Agriculture sector's input in GDP growth slips

REAZ AHMAD

Country's 13 million farm families will continue to enjoy incentives in terms of subsidised fertilisers and other farm-input support as they did for the past several years.

The government's proposed budget for 2015-16 sanctions Tk 12,699 crore for farm sector, of which Tk 9,000 is earmarked for subsidies.

But, one may still wonder why then

agricultural GDP growth plummeted in a year that saw robust growth in cereal production.

Some answers are there in the government's budget plan, while sector experts also provide a few clues to this puzzle.

As government statistics show, country's food production hit a record growth from a yearly output of 28 million tonnes to over 38 million tonnes in a decade's time. But contrarily, the farm sector's input growth to GDP almost halved from 6.15 in 2009-10

to 3.04 (projected) in current fiscal (2014-15).

The farm sector's contribution to GDP also fell from 15.17 percent in 2006-07 to 12.27 percent in 2014-15.

Talking to The Daily Star, farm sector experts said that patronising the crop sub-sector alone is not enough to propel agriculture's growth engine. Rather, fisheries and livestock sub-sectors also deserve the government's policy attentions equally.

The finance minister's budget speech is a testimony to that. He says, "...progress in livestock is lacklustre. Except in artificial insemination, no effective initiative has taken place; even the food supply system in this sector is quite weak."

"Only growth of crop sub-sector would not take us too far. We need to support otherwise neglected sub-sectors of livestock and fisheries," agriculture economist Dr Mahabub Hossain said.

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The budget has not proposed slashing any subsidies on agriculture allowing farmers to breathe easy.

PHOTO: FILE

NON-DEVELOPMENT AND DEVELOPMENT BUDGET: 2015-16

(Tk 295,100cr)

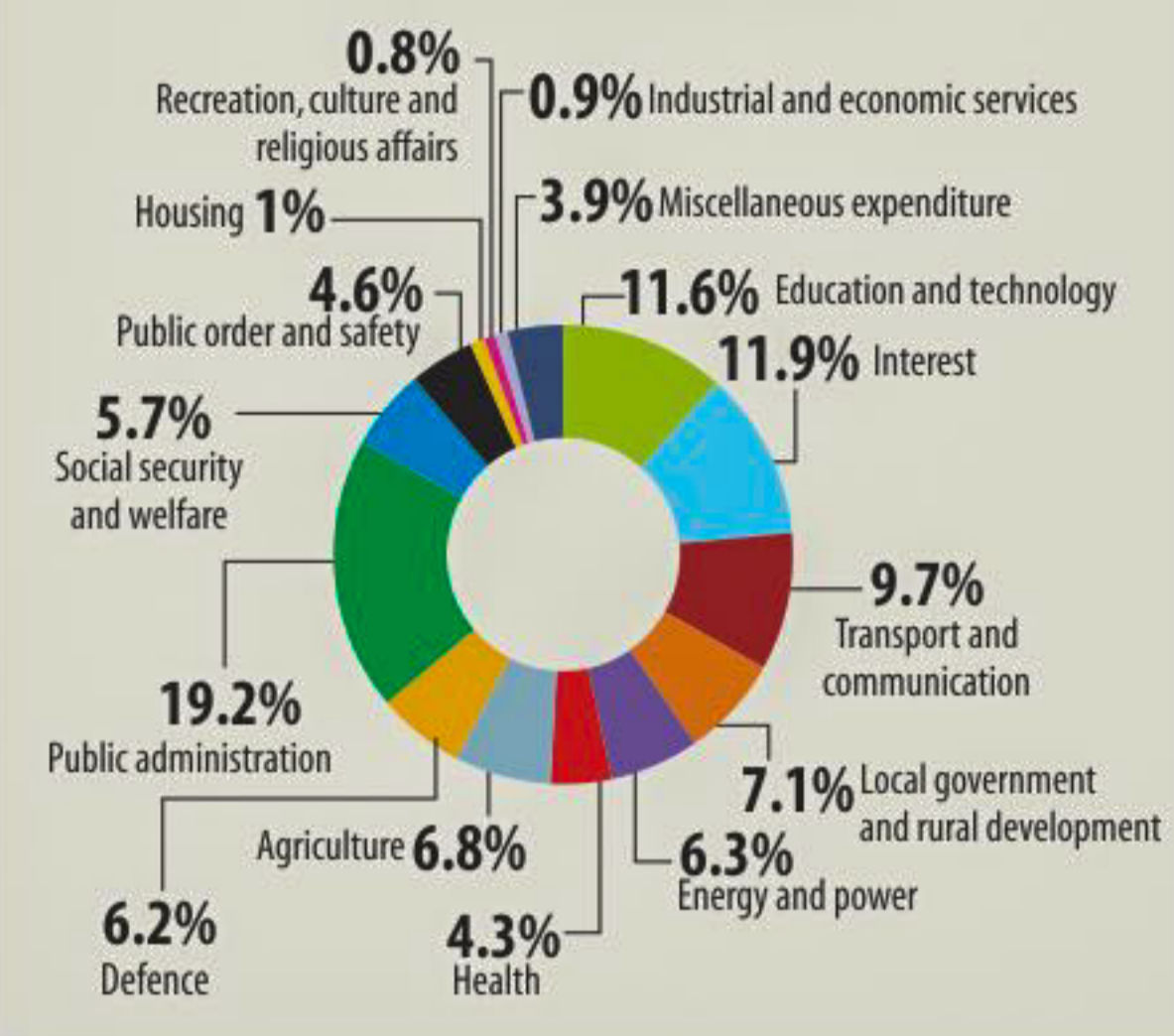
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NON-DEVELOPMENT AND DEVELOPMENT BUDGET: 2015-16

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USE OF RESOURCES



Nothing new in budget

Small political parties react

STAFF CORRESPONDENT

The two major political parties of the country -- the ruling Awami League and the BNP -- were yet to come up with any official reaction over the proposed budget, while some small political parties saw nothing new in it.

The BNP has not expressed its reaction to the budget as the party believes there is no acceptance of the budget to the people as both the government and parliament, what it said, were unelected.

Some AL leaders, however, said the proposed budget itself was the reaction of the ruling party.

Termining the proposed budget "pro-people and poor-friendly", AL presidium member Nuh-Ul-Alam Lenin said the budget would help expand industrialisation and facilitate the progress of the ongoing development work.

Political stability was the key to implementing the proposed budget, the AL leader viewed.

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Target stable stockmarket

Institutional investors get exemption of 10pc tax at source

SARWAR A CHOWDHURY

Institutional investors will be exempted from paying 10 percent at-source tax on their income from the share market, in a budgetary move aimed at stabilising the capital market.

As the deduction of the at-source tax could not be implemented due to complexities, the proposal would now eliminate the difficulties and allow the institutions to pay the taxes during their submission of yearly tax return.

The tax exempt dividend income was also increased to Tk 25,000 from existing Tk 20,000 at the budget proposed yesterday. The move would encourage small investors to invest in the market.

The finance minister also proposed to discontinue the tax waiver for the companies that declares 30 percent dividend. The condition to impose 35 percent tax has also been withdrawn if the dividend is less than 10 percent.

The provision of existing 5 percent tax at source on interest income of treasury bond and treasury bill will be discontinued from the next fiscal year, in order to make the bond market vibrant.

Faruq Ahmad Siddiqi, former chairman of Bangladesh Securities and Exchange Commission, said the proposals were capital market-friendly and showed the government's willingness to stabilise as well as to improve the market.

"However, the regulator should monitor the stockmarket carefully so that no one can take the opportunity of manipulating the prices using the budgetary moves," he said.

Referring to the stockmarket crash in 2010-11, Finance Minister AMA Muhith said: "We all the time talk about the collapse of capital market."

The capital market now stands on strong foothold due to continuous efforts in the last four years, he said. "We would like to attract more companies to further expand the capital market."

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Communications lack new vision

Proposal for procurement of 400 buses; Ctg skipped in traffic management plan

M ABUL KALAM AZAD

Smooth communications directly boosted economic activities and development, yet the country would continue suffering for not having adequate infrastructure thanks to the government's inefficiency in implementing some major projects and taking a coordinated strategy.

The budget hardly offers anything to improve communications network and perennial traffic congestions in the capital and the major highways. Finance Minister AMA Muhith repeated what he said last two years. He mentioned some old and new projects, hoping their implementation would improve communications.

As part of new visions, Muhith proposed for a separate coordinating authority for traffic management in the capital but skipped the growing congestion in Chittagong city.

The minister also announced procurement of 300 double-deckers and 100 articulated buses to improve passenger services. However, the move might further increase the congestion as he said no new roads would be constructed in the city.

Of the old projects, upgrading the narrow Dhaka-Chittagong Highway

into four lanes is vital. It will be opened to public early next year. Experts say the expanded highway will initially help ease the traffic, but movement of slow moving vehicles as well as shops and bazars will soon hamper smooth travel on the country's economic lifeline.

Expansion of the 16-kilometre Nabinagar-Chandra road is a glaring example of it as it faced regular congestion due to occupation of the road's two lanes by vehicles and vendors.

Besides, construction of metro rail and bus rapid transit in the capital, a tunnel under the Karnaphuli river in Chittagong, and the Padma bridge to connect the capital with the southern region will take three to five years.

A 20-year Railway Master Plan was formulated in 2013 under which 235 projects were taken. Implementation of which would require Tk 2.33 lakh crore.

However, allocation of Tk 7,717 crore proposed for the railway ministry does not match with the master plan at any cost.

Although allocation for railway's development has increased, but execution of the projects taken years ago is slow due to inadequate fund. The Indian dollar credit fund is being spent on buying railway engines, coaches and

wagons, but the project for expansion of rail networks failed to see progress.

Of the rail projects, double-lining of Dhaka-Chittagong railway track has seen adequate headway, but rail communications would not begin through the Padma bridge after its planned opening in 2018.

Experts cast doubt over the Dhaka Elevated Expressway, which remains stalled even after the prime minister's inauguration of construction four years ago.

All the projects have rather been delayed by years, increasing cost. Against this backdrop, the idea of fast-track projects came in 2014 in a bid to expedite execution of some mega projects including the Padma bridge and metro rail.

Prof Shamsul Hoque of civil engineering at Buet said the government must pay attention to make quality infrastructure and ensure fast mobility of vehicles to get benefit from expansion of highways.

"The government must have a plan for it and invest a large amount of money to execute the plan," he told The Daily Star, expressing disappointment over the budget in communications and infrastructure sector.

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Thoughts for children

Budget contains 24-page report

STAFF CORRESPONDENT

This year an additional document to identify the government's overall allocation and expenditure for the betterment of children has been prepared under the title 'Shishuder Niye Budget Vabna' (Budget thoughts for Children).

The 24-page report analyses projects, programmes and other initiatives related with the needs, rights and welfare of children.

The report also took into account the budgetary allocations of five ministries directly related to socioeconomic development of children.

The five ministries are the ministry of health and family welfare, ministry of education, ministry of primary and mass education, social welfare ministry and ministry of women and children's affairs.

Shahida Parvin, research associate of Centre for Policy Dialogue, said, "This initiative would actually provide us information on government spending in child-related activities."

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No specific target for job creation

STAFF CORRESPONDENT

The budget sets out no specific target of employment generation, although it outlines strategies that may act as a catalyst to help create jobs, experts say.

The finance minister, however, claimed to have generated 1.3 million jobs every year since 2010.

His claim is in stark contrast to the fact that hundreds of Bangladeshis are being trafficked through seas for jobs abroad.

Even as Muhith was placing the budget, several thousand Bangladeshis were waiting for repatriation from temporary camps in Myanmar, Thailand, Malaysia and Indonesia or were in jail for intruding into those countries illegally.

"If we look back, four years preceding 2010, the number of jobs created per year was 1.6 million," said Rushidan Islam Rahman, research director of Bangladesh Institute of Development Studies (BIDS).

More than half of the 1.3 million jobs that Muhith spoke of include self-employment and unpaid household labour, Rushidan added.

"So the real number of jobs, in terms of being employed for a monthly salary by an authority, would constitute around 35 percent of the total [labour force]."

According to a 2013 World Bank estimate, of the country's 7.7 crore labour force,

4.3 percent are unemployed.

And according to the government's Labor Force Survey-2010, the number of people aged 15 and above eligible for work is 5.67 crore, of which, 5.41 crore are employed. Unemployment rate in that year was 4.3 to 4.5 percent.

But in that survey, a person engaged in work for an hour in a week was considered employed, Zaid Bakht, another research director of BIDS, told this newspaper in March this year. "It shows Bangladesh's unemployment rate is lower than that in the US."

Reduction of corporate tax, withdrawal of supplement duty and reduction of price in raw material purchase as proposed in the budget are among the steps that can create jobs in private sector, said Khondaker Golam Moazzem, assistant research director at CPD.

"Employment opportunities will depend on whether or not businessmen invest their profits," said Moazzem.

In his speech, Muhith did not mention a word about illegal workers and trafficking. Instead, he said: "Workers are now going to Malaysia, Saudi Arabia, Jordan and South Korea at a reasonable cost on G2G [government to government] basis."

Rushidan thinks the country is becoming over-dependent on overseas job.

"And yet, there is no plan about the future of these overseas workers. They become jobless once they return home."



The government did not say anything special for the improvement of communications in the budget. The photo shows the flyover between BRTC and Kadamtoli in Chittagong when it was being built.

PHOTO: FILE