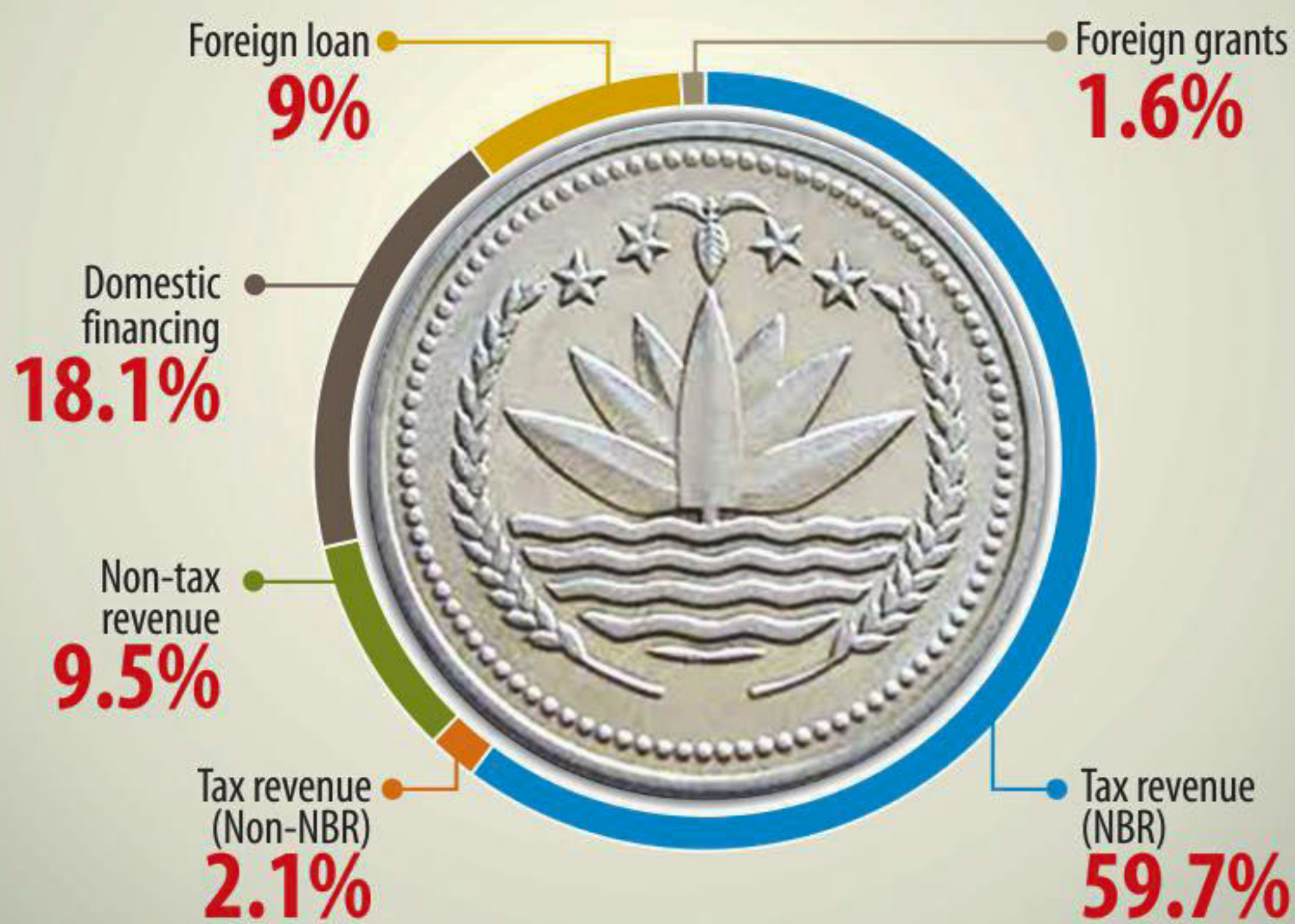


NON-DEVELOPMENT & DEVELOPMENT BUDGET : 2016-17

RESOURCES COMING FROM

TK **340,605** CRORE



NON-DEVELOPMENT & DEVELOPMENT BUDGET : 2016-17

USE OF RESOURCES

TK **340,605** CRORE



SECTOR-WISE RESOURCE DISTRIBUTION (INCLUDING SUBSIDIES & INCENTIVES AND PENSION)

BLACK MONEY?
Keep whitening

STAFF CORRESPONDENT

The scope for whitening undisclosed money will continue in the next fiscal year despite criticism of the provision by many.

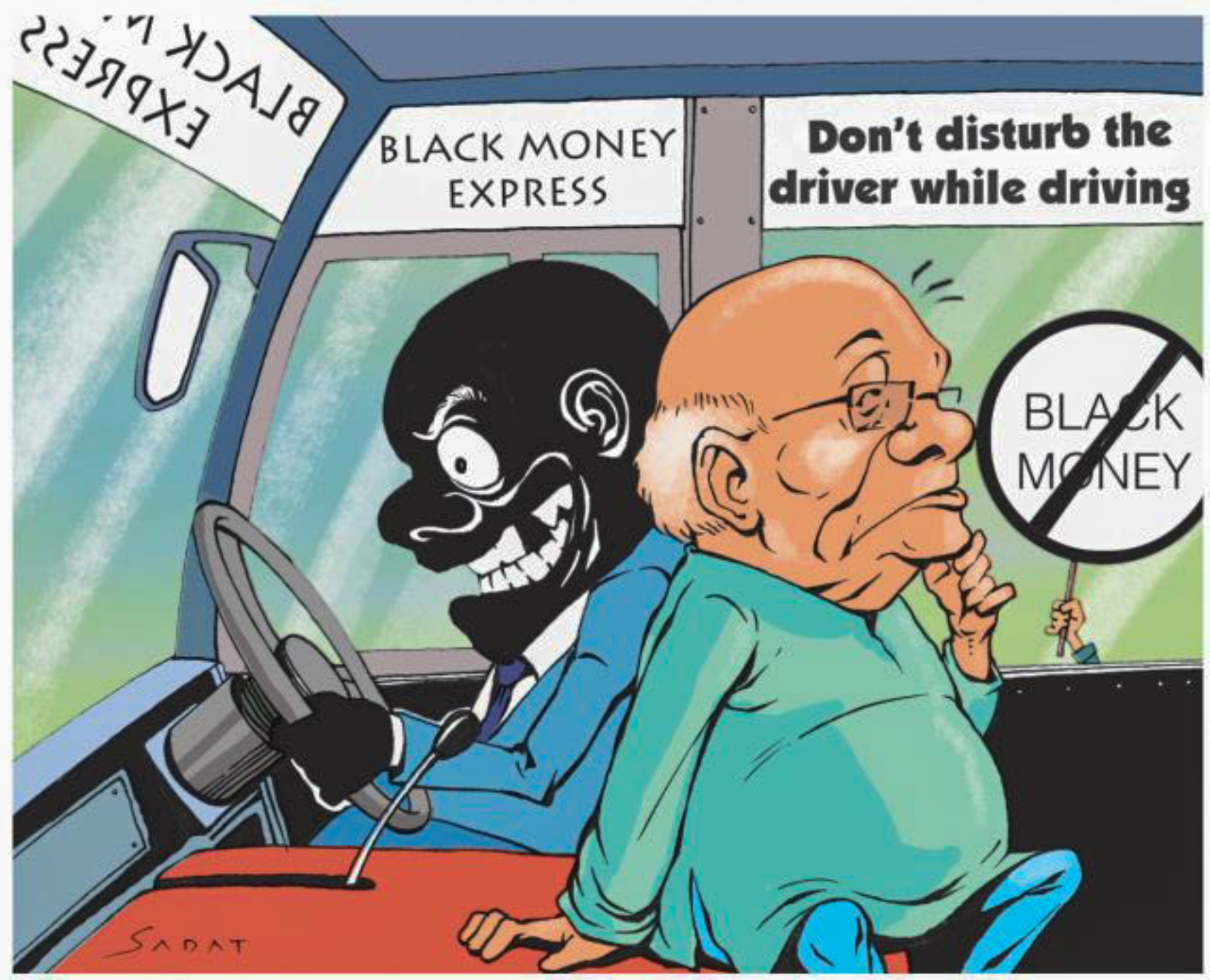
Legalising untaxed income by investing in real estate, which was introduced in FY 2013-14, has rather been made easier in the current fiscal by decreasing the tax rates.

For the FY 2015-16, tax rates on buildings and apartments in municipali-

ties in the district areas have been cut down to Tk 600 and Tk 800 per square metre of floor space from Tk 1,000 and Tk 1,500.

The graft watchdog Transparency International Bangladesh (TIB) has expressed deep frustration and concern over keeping a tricky provision for legalising ill-gotten wealth in the proposed budget.

In a press release, the TIB termed the provision unethical and demanded that the government scrap the opportunity.



Good news for safety net beneficiaries

STAFF CORRESPONDENT

Good news for the beneficiaries of the social safety net programmes (SSNPs).

The government has increased their monthly allowance in the proposed budget for the upcoming fiscal year.

The allocations for the programmes and the number of their beneficiaries have also been raised.

The beneficiaries are, among others, pension holders, old people, widows, oppressed and destitute women, disabled and transgender people, and other members of backward communities.

The government also for the first time has started implementing the National Social Security Strategy (NSSS) to make the SSNPs target-oriented.

The beneficiaries of the programmes will now directly receive the disbursements through electronic means, resulting in timely and speedy delivery of services, and boosting the financial inclusion process.

The proposed budget has allocated Tk 43,500 crore, up by nearly 16 percent year-on-year, for all SSNPs.

As a percentage of gross domestic product (GDP), the allocation has not increased that much in comparison with the outgoing year's. It is now 2.22 percent of the GDP from 2.19 percent a year ago.

Tk 16,915 crore or more than a third of this year's allocation has been kept for pension and retirement benefits of government employees and their families.

For this purpose, Tk 11,144 crore was spent in the outgoing year.

The number of beneficiaries of old age



Govt allocates Tk 43,500cr for safety net schemes

Monthly allowance for pension holders, old people and widows has been increased to Tk 500 from Tk 400

The number of beneficiaries has been raised to 31.50 lakh from present 30 lakh

Govt starts implementing the National Social Security Strategy to make safety net programmes target-oriented

has been increased by 37,000 to 11.50 lakh.

The number of destitute women benefiting from vulnerable group development (VGD) programme rose to 10 lakh from 7.5 lakh.

The number of beneficiaries of maternity allowances was increased by 90 percent to 5 lakh.

The budget also proposed to increase the allowance for financially insolvent disabled people to Tk 600, up by Tk 100. Again, the number of such beneficiaries has been increased to 7.5 lakh.

Allowances for transgender people, and bedes and other members of backward communities were increased by Tk 100 to Tk 600 and Tk 500 respectively.

The budget has also proposed to bring a total of 180,300 poor mothers under the umbrella of Working Lactating Mother Assistance Programme by extending it for all municipalities from present 10 municipalities.

The government has also increased the allocation for tea labourers to Tk 15 crore from Tk 10 crore and Tk 30 crore for patients suffering from cancer, kidney diseases, liver cirrhosis, stroke-related paralysis and congenital heart diseases from previous Tk 20 crore.

Another Tk 10.5 crore has been allocated to Neuro-Developmental Disability Protection Trust Fund.

Prof Mustafizur Rahman, executive director of the Centre for Policy Dialogue (CPD), welcomed the government's move to raise the allocations.

He, however, said, "There is a slight improvement in wastage and leakage in social safety nets in recent times, but that's not enough."

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Inflation target set at 5.8pc

MD FAZLUR RAHMAN

Finance Minister AMA Muhith yesterday set the inflation target at 5.8 percent for the upcoming fiscal year against the backdrop of a stable local market resulting from a drop in international commodity prices.

If achieved, this would be the lowest average inflation in a decade.

According to the Bangladesh Bureau of Statistics, the annualised average inflation in the outgoing fiscal year is 6 percent, based on the data available up to April and so it would likely remain within the target of 6.2 percent by the year end in June, Muhith said.

The overall inflation declined 4 basis points to 5.61 percent in April from the previous month amid lower rice and vegetable prices at home and the slump in commodity prices in the international market.

Food inflation dropped 5 basis points to 3.84 percent and non-food inflation 2 basis points to 8.34 percent in April, mainly due to satisfactory yields of agricultural products, reduction of commodity prices, and prudent macro-economic management.

SEE PAGE 4 COL 1

Businesses welcome VAT plan

Chamber leaders criticise withdrawal of supplementary duty



Abdul Matlub Ahmad



Hossain Khaled



Siddiqur Rahman



Mahbul Alam



Asif Ibrahim

REFAYET ULLAH MIRDHA

Business leaders have welcomed the proposed budget for continuation of the package VAT system, but criticised withdrawal of the supplementary duty on the import of 1,200 products as the move will discourage the thriving local industries and fail to lure new investors.

Over the last couple of months, the business community has been demanding a continuation of the package value added tax system, as they reckoned that implementation of the new VAT law would hamper their businesses.

The government responded positively to their demands, although the amount of proposed VAT was doubled, which will eventually still be a lesser burden on them.

"The budget is business and investment friendly as the government proposed to reduce the duty on import of several raw materials," said Abdul Matlub Ahmad, president of Federation of Bangladesh

Chambers of Commerce and Industry.

Ahmad said continuation of the package VAT, although doubled, will especially help the small and medium enterprises.

"If we evaluate that the supplementary duty waiver on import of 1,200 products hurts certain industries, we will suggest the government to re-impose the supplementary duty, to protect the local industries," said Ahmad.

However, Hossain Khaled, president of Dhaka Chamber of Commerce and Industry, said there is no financial or policy incentives to attract new investment or encourage expansion of existing capacities.

As a result, businesses would not come up with new investment at the expected level, which is needed to generate more jobs in the country, he said.

"If the government wants new investment, it should propose financial incentives for the potential investors," Khaled added.

Although the government has proposed a reduction of corporate taxes for the garments sector, the same facility was not proposed for other export-oriented sectors, he said.

The DCCI chief bitterly criticised the proposed withdrawal of the supplementary duty as it would discourage the domestic industries, as a majority of those goods are produced locally as well.

He hailed some measures in the proposal, like financial incentives for jute and jute goods, real estate and garments.

Khaled said allocation of 26.5 percent of the total annual development programme for human resource development is a good move, as the country needs skilled manpower for economic development.

He also welcomed continuation of the package VAT system, although the amount has been doubled.

"We need quality education. I hope the government would be careful about ensuring the quality

of education, as it has allocated a substantial amount of money in the budget," said Khaled.

Siddiqur Rahman, president of Bangladesh Garment Manufacturers and Exporters Association, also welcomed the proposed VAT system.

But he urged the government to reinstate the source tax at 0.3 percent, as exporters are now paying 0.6 percent.

Instead of reducing the source tax, the budget rather proposed to increase the source tax to 1.5 percent.

Any increase in source tax would only hurt the garments sector as profitability from apparel exports has been declining, he said.

The apparel exporters want the previous 10 percent corporate tax to be reinstated, to reduce the cost of production and attract higher investment.

"We want the corporate tax rate for the export-oriented garment sector at 10 percent, which was effective till 2014," he said.

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Health gets poor attention

Allocation for the sector declines

PORIMOL PALMA

Seventy-five-year-old Halima Begum has been undergoing treatment in Dhaka for the last three months as her eyes got damaged due to a stroke late last year.

A patient of hypertension and arthritis for around 20 years, Halima has been frequently visiting Dhaka for treatment as her sons could not rely on the doctors of their home district Natore.

"I am tired of visiting doctors and taking so much medicine. The doctors have recently said my kidneys have also got damaged for taking too much medicine," she said.

She added her monthly cost for medicine is around Tk 1,500, while diagnosis requires almost a similar amount.

The health budget means a little to her. She rarely visited the Union Health and Family Welfare Centre, except for emergency or primary treatment, from where she was recommended treatment in Dhaka, not in upazila or district public hospitals that could provide healthcare at minimal cost.

Halima's story fits well with the country's health financing scenario where out of pocket (OOP) health expenditure is 63 percent of the total health expenditure, which is much higher than that of global average of 32 percent.

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GOVERNMENT EXPENDITURE ON HEALTH

As % of budget



*Proposed