

# Green efforts get a boost

## Govt allocates Tk 100cr for modern tech in brick kilns

STAFF CORRESPONDENT

The government has proposed allocating Tk 100 crore to introduce modern technology in the brick kilns to reduce environmental pollution.

The traditional brick kilns use excessive amount of topsoil to burn bricks, waste energy and cause damage to the environment, Finance Minister AMA Muhith said in his budget speech yesterday.

These workplaces are also full of health and safety hazards. The use of scientific techniques replacing the traditional system will resolve these problems to a great extent, he said.

Brick kiln owners shy away from taking up advanced technology due to their lack of financial capacity and awareness. The government would formulate a policy on the utilisation of the funds, Muhith said.

Regarding the government's steps to reduce air pollution and protect the environment, the minister said the government had introduced modern technology in 4,000 brick kilns in past years.

Besides, the government has also allocated Tk 100 crore to the Climate Change Trust Fund (CCTF) for the next fiscal year.

So far the government has allocated total Tk 3,000 crore to the CCTF in the last seven years to mitigate climate risks.

"We are actively pursuing the issues of controlling environmental pollution,

afforestation and preservation of biodiversity. This year, we have finalised the draft of 'National Environmental Policy 2016'," the finance minister said.

Effluent treatment plant (ETP) had been installed in more than 1,000 industries, and the installation of ETP in another 500 industries was in progress.

Additionally, relocation of all leather industries to Savar after installing central ETP was underway. At the same time, construction of a park for pharmaceutical industries with central ETP facility in Munshiganj was in progress.

The government has taken a programme to build a 500km green belt in the newly surfaced chars (shoals) through afforestation by the next five years.

Muhith said the government would carry on its initiatives for afforestation, protection of forests, creating greenbelt in coastal region, social forestry, protection of biodiversity, and development of eco-tourism, among other things.

"We are not being parsimonious in utilising our resources for environmental protection and preservation. For this reason, the world now regards Bangladesh as a role model," the minister said.

Bangladesh Environment Lawyers' Association Executive Chief Syeda Rizwana Hassan hailed the government initiative. She, however, said Tk 100 crore was not sufficient given the large number of brick kilns across the country.



## Cybersecurity products to become cheaper

MUHAMMAD ZAHIDUL ISLAM

Cybersecurity equipment will see a 10 percentage point cutback in import duty in fiscal 2016-17 -- a development most definitely instigated by the recent incidents of cyber attacks on the country's financial system. The network security system, firewall, will now be subjected to 15 percent duty, down from current 25 percent.

"A 10 percentage point import duty reduction is huge," said Suman Ahmed Sabir, chief strategy officer of international internet gateway Fibre@Home.

The move will facilitate in ensuring security in all digital infrastructures, he added.

"The finance minister had no other option but to reduce the duty to secure his own sector," said Mustafa Jabbar, a former president of the Bangladesh Computer Society.

He, however, said the government should have gone one step ahead and withdrawn the duty entirely for the sake of enhancing security of all digital infrastructures in Bangladesh.

"The move would have secured more money than what the government would earn from the 15 percent duty," Jabbar added.

Biometric fingerprint scanners, another essential

security equipment, would see their import duty rise to 5 percent from existing 2 percent in the forthcoming fiscal year. "This is a contradictory move. Both the equipments are vital for the purpose of security," Sabir said.

Muhith also proposed reducing the import duty on WiFi and Wimax local area network card and access points to 15 from 25 percent.

Both Jabbar and Sabir appreciated the move, as it will help expedite internet growth in the country.

Besides, the information and communications technology sector will continue to enjoy the tax exemption status in the coming year.

Duty reduction on some of the inputs used for manufacturing SIM cards, scratch cards, credit cards and other smart cards has been proposed as well.

The import duty on PVC sheet will be cut from 25 percent to 15 for the SIM card or smart card manufacturers. "We appreciate the decision and we hope it will help in establishing a smart tech-related industry in the country," said Jabbar, who is also a member of the digital Taskforce led by Prime Minister Sheikh Hasina.

The import duty on optical fibre cables will be increased to 15 percent from existing 10 percent to lend a helping hand to the local manufacturers.

## Health gets poor attention

FROM PAGE 3

The OOP health expenditure pushes four to five million people into poverty every year, while many of the poor fail to afford minimum healthcare.

Yet, Bangladesh's proposed budget for health sector has declined.

For the next fiscal, it is Tk 17,487 crore, which, though Tk 2,676 crore more than that of present year, is lower by 0.47 percent as share of the total budget compared to present fiscal year's revised budget share of 5.6 percent.

This share is less than 1 percent of Bangladesh's GDP, while per capita total healthcare expenditure (THE) in Bangladesh is one of the lowest (\$31.63), which is \$255.94 in the middle income countries.

This declining trend continues when 33 percent under-five children are underweight and under-five child mortality rate is 46 per 1,000 live births and maternal mortality rate 170 per lakh live births.

"Our major health challenges now are non-communicable diseases and out of pocket health expenditure," said Dr Hossain Zillur Rahman, executive director of Power and Participation Research Centre (PPRC).

Of the 8.86 lakh deaths that occurred in Bangladesh in 2012, 59 percent were

caused by non-communicable diseases (NCDs), including cancer, chronic respiratory diseases, diabetes and others, while 9 percent by injuries, according to a WHO study released in 2015.

The budget proposes to add 235 more community clinics to the existing 13,126 in rural areas, expanding telemedicine but nothing about addressing the rising NCDs with the rising aging population.

Dr Hossain Zillur said preventive measures are now more important than curative ones. It requires better health education, safe food, food habit, hygiene and sanitation that need more allocation.

The issues of preventive measures involve several ministries like LGRD, food and agriculture and water resources, but the health ministry has to take a policy leadership. Such leadership role is not present, he noted.

Interestingly, when preventive measures should get more focus, the budget proposes withdrawal of VAT exemption on meditation service that is a natural way of mental and physical wellbeing.

Earlier, meditation service was exempted of 7.5 percent VAT in 2013-14.

In the urban areas, there are no adequate public health facilities that are in place at union, upazila and district levels

in rural areas. The urban people, especially the poor, directly go to the specialised hospitals like Dhaka Medical College Hospital for primary care.

"If there was a hospital for primary care at ward levels, tertiary level hospitals would not be crowded. In that case, they could better serve the critical patients," he said, suggesting more investment for urban healthcare facilities. According to Bangladesh National Health Accounts, 65 percent of OOP health expenditure is spent to buy medicines.

"The government should immediately intervene to expand the list of essential medicines and ensure their supplies free of cost," Dr Hossain Zillur said.

Prof Syed Masud Ahmed, director, centre of excellence for Universal Health Coverage at Brac University, suggests allocating more funds to ensure presence of health personnel in rural public facilities by creating an enabling environment.

He believes if primary and mid-level diseases can be treated at local levels, rural people would not need to go to city hospitals except for severe illness. This would cut OOP and improve healthcare quality.

He suggests higher allocation to address the health issues for those living in the remote areas and marginal groups.

## Corporate tax for apparel sector cut to 20pc

FROM PAGE 4

"We also welcome the duty reduction on some chemicals used in the textile sector as such a move will help reduce the cost of production for the primary textile sector."

The government proposed reducing the duty on stripping chemical to 15 percent from existing 25 percent.

However, the spinners and weavers are not happy with the proposed budget.

The Bangladesh Textile Mills Association demanded zero-duty on import of capital machinery, but Muhith did not yield to it.

Instead, Muhith proposed continuation of duty concession on import of capital machinery. Currently, importers have to pay 1 percent regulatory duty for bringing in capital machinery from abroad.

## Cost of export-oriented factories to go down

FROM PAGE 4

"In order to prevent it, we are taking various initiatives such as tariff rationalisation, digitalisation and so on. Besides these steps, I am proposing to fix minimum value of importable essential, consumable and commercial goods in order to verify the basis of declared value."

"Moreover, I am proposing to fix tariff value on a few items such as tea, tyre of bus and truck and also to continue the existing tariff value with necessary modifications," Muhith said.

## New jobs to stay elusive

| UNEMPLOYMENT RATE, AS % OF RESPECTIVE LABOUR FORCE |         |         |      |      |                |
|--|---------|---------|------|------|----------------|
|  | 2002-03 | 2005-06 | 2010 | 2013 | 2015 (Jul-Sep) |
| MALE   | 4.2     | 3.2     | 4.1  | 3    | 3.1            |
| FEMALE   | 4.8     | 7.4     | 5.8  | 7.2  | 7              |
| URBAN  | 5.3     | 4.3     | 6.8  | 5.8  | 4.7            |
| RURAL  | 4       | 4.2     | 3.9  | 3.7  | 4.1            |
| TOTAL  | 4.3     | 4.2     | 4.6  | 4.3  | 4.3            |

SOURCE: BBS LABOUR FORCE SURVEYS 2002-2015

FROM PAGE 1 should give a clearer picture of future employment growth. It should specify the sectors and how school education and skills will be contributing to employment and productivity.

The Centre for Policy Dialogue last week said Bangladesh had failed to create adequate jobs despite higher economic growth in recent years.

The independent think-tank said the economy is estimated to register about 7 percent growth in the outgoing fiscal year, largely supported by the pay hike of public employees, after maintaining more than 6 percent growth in the past decade.

The economic growth, particularly since 2013, could not result in enough job creation, it said, adding that the number of jobs rose impressively during 2002-2013, by 13.6 lakh per year.

But the number appears to have fallen to only three lakh a year since 2013, it said, referring to the BBS survey.

The finance minister, however, in his speech said about 47 lakh men and women were added to total labour force in 2010-15. Around 98 percent of

it could secure employment. Mustafizur Rahman, executive director of the CPD, said skilled human resources are necessary "if we want to transform our sector-driven economy into efficiency- and productivity-driven economy."

Referring to the National Human Resource Development Fund, he said the government should implement it on an urgent basis.

The finance minister in his last year's budget speech announced a Tk 100 crore fund for skilled human resource development that is yet to be used. The minister, however, in this year's speech said the fund will be utilised from the next fiscal year.

"It is unfortunate that we have lost one year. We could have enhanced our productivity by using the skilled labour force during the time," said Mustafizur Rahman.

Zahid Hossain, lead economist at the World Bank, said the record shows the budgetary measures were not enough to create direct employment in the public sector or to indirectly contribute to employment generation in the private sector. "Budgetary measures have been

very deficient in encouraging the improvement of operational performance in the state-owned enterprises. Implementation performance of employment creating public investment projects has been poor as well."

He said the measures have not only failed to create employment directly but also failed to induce employment creation in the private sector by easing infrastructure and energy bottlenecks. The recent budgets have not been bold enough in carrying out policy and institutional reforms that could have reduced the cost of doing business in the private sector.

"Budgetary measures to accelerate the implementation of transformational infrastructure and energy projects, better management of public workfare programmes in social protection and policy reforms to rejuvenate private investments can boost employment generation both directly and indirectly."

He said high priority needs to be given to completing the ongoing large public investment projects in the energy and physical communication sectors. Better management of public-sector

social protection programmes, such as employment generation programmes for the poor and Food for Work, particularly by reducing leakages, can create more employment without expanding budgetary allocation to these programmes, he added.

"At the same time, policy and institutional reforms in the areas of taxation, contract enforcement, business dispute resolution, property registration, bankruptcy resolution, processes in getting utility connections and so on can contribute to creation of more and better jobs in the private sector."

According to BBS, private sector investment came down to 21.78 percent in this fiscal year, from 22.07 percent in the last fiscal year.

The inward remittances fell 7.75 percent year-on-year to \$1.19 billion in April as low oil prices continue to erode the incomes of the countries that host most of the Bangladeshi migrant workers.

In the first 10 months of this fiscal year, \$12.23 billion was received as remittance, down 2.39 percent year-on-year, according to the central bank data.

## Businesses welcome VAT plan

FROM PAGE 3

Mahbul Alam, president of Chittagong Chamber of Commerce and Industry, is pleased as the government proposed a substantial amount of money to make infrastructural improvements in Chittagong.

In particular, construction of the more than 16-kilometre elevated expressway in Chittagong would give new impetus to economic activities at the commercial capital of the country.

Alam also supported reduction of the corporate tax in the sector to 10 percent.

Asif Ibrahim, chairman of Business Initiative Leading Development (BUILD), the body for policy reform for the private sector through consultation, thinks the higher budgetary allocation in electricity, transport, mega infrastructure projects and support for women participation in the economy are positive.

Businesses will be benefited from delayed implementation of the proposed VAT Act from July 2017, he added.

"Reform initiatives will need to be given the highest priority if current macroeconomic stability is to be translated into a journey along a higher growth trajectory," he added.