

# Allocation rises for digitisation

Question remains over proper utilisation

MUHAMMAD ZAHIDUL ISLAM

The proposed budget for the upcoming fiscal year increases investment in digitising government services by 36.01 percent year on year.

Though the allocation is aimed at modernising and speeding up the service delivery process, only a little would be spent for "the actual digitisation work" since a lion's share of the allocation will be eaten up by infrastructural and office expenses, say experts and industry people.

They also have expressed dissatisfaction at the government's move to increase supplementary duty on telecom services.

The government has proposed to allocate Tk 8,306 crore, 2.44 percent of the total budget, for the service digitisation purposes.

Of the amount, Tk 6,242 crore was allocated specifically for 126 projects that will be implemented by different ministries and government agencies.

Most of the projects are under the ICT and telecommunication sector. Other projects and initiatives concern the government agencies on health, education, power, information and

law enforcement.

"This huge allocation will help modernise the service delivery but the main challenge would be to spend the whole amount," says Mustafa Jabbar, former president of Bangladesh Computer Samity.

The project-specific allocation in FY

## BUDGET ALLOCATION ON ICT

Figures in crores of taka

SOURCE: FINANCE MINISTRY



2015-16 was Tk 4,707 crore while the total allocation for the sector was Tk 6,107 crore.

The government has increased the allocation for service digitisation more than 3.5 times the amount, Tk 2,357

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A family working to build a house on a dyke in Char Montaj of Rangabali upazila, Patuakhali, on Tuesday after becoming homeless as cyclone Roanu hit the area. At least 15 families have taken shelter on the dyke.

PHOTO: STAR

# Ambitious targets set deliberately

FROM PAGE 1 provides," said Muhith.

"The government needs revenue for providing services."

About the Centre for Policy Dialogue's criticism that the budget is big but its implementation rate would be low, the minister said, "One could set a small budget deliberately so one can perform better."

Muhith said the implementation rate of budget averaged 95 percent in the last seven years, compared to 80 percent in the previous budgets.

He made it clear that the existing provision of allowing legalisation of

of both domestic and foreign investment. The country received \$2 billion in foreign investment last year, the highest in its history.

"But the important thing is the increase in investment; it has gone up significantly, thanks to the boost in confidence among people in the last one and a half years."

The minister said the pension scheme for the private sector has to be incorporated in the National Social Safety Net strategy.

"We are thinking about introducing contributory pension scheme at least in the organised sector.

to be reduced.

Commerce Minister Tofail Ahmed said the budget is pro-people given the huge allocations for the social safety net.

"If we don't set ambitious budgets how will we reach the desired goals?" he said, shrugging off criticism from the BNP.

Tofail mentioned that some of the proposals in the budget might be changed after consultation with the prime minister.

Planning Minister AHM Mustafa Kamal said it would not be impossible to achieve the GDP target of 7.2

# Muhith hints at further cut in fuel prices

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however said the rebounding of the crude prices above \$50 a barrel had to be taken into consideration carefully.

He said the base price taken into consideration in fixing fuel prices in the local market could not be brought down to the level of current crude oil prices. The base price is about \$82 a barrel.

"It will be appropriate if we manoeuvre carefully before moving from the base price," the minister observed.

On April 24, the government cut the prices of octane and petrol by Tk 10 a litre and diesel and kerosene by Tk 3 per litre. On March 31, the government cut the price of furnace oil, mostly used by industries and power plants, by more than 30 percent to Tk 42 a litre.

The cut was part of a government plan to reduce the fuel prices in three phases. Further reduction in fuel prices would be made if consumers benefit from this price cut and the prices of products and services that depend on fuel ultimately

go down, according to energy ministry officials.

The energy ministry is particularly interested in seeing if the transport fares drop following the price cuts in the first phase. However, transport fares have not gone down as expected since the cut.

Despite the cut, the Bangladesh Petroleum Corporation will still make a profit of Tk 27.75 a litre on octane, Tk 23.5 on petrol, Tk 15.75 on diesel and Tk 16.75 on kerosene.

# Private investment biggest challenge

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from average 13 lakh a year during 2010-13, Debapriya said.

"Jobs are there in the informal sector, but not in corporate and industrial sectors. And that is not possible either without a rise in private investment."

He said banks' lending rates already came down, yet private investments were not picking up. On the other hand, banks and capital markets, the two major sources of borrowing, have weakened in recent years.

On the one hand, the government wants to boost private investment and on the other, it has cut down the investment limit of total personal income to 20 percent from previous 30 percent. This will put an extra pressure on lower income groups, he said.

Prof Mustafizur Rahman, executive director of the CPD, also spoke at the budget analysis programme at Lakeshore Hotel in the city.

This year's budget comes at a time when the economy witnesses sluggish private investment, low job creation in manufacturing sector, increase of borrowing from domestic sources to finance deficit, unachieved tax revenue and a lack of good governance in the financial sector, the CPD said.

The think-tank also sees government's inability to take the full advantage of the current macroeconomic stability in favour of investment and employment-led GDP growth.

It also questioned the pace and the rate of implementation.

Budget implementation, be it development expenditure, non-development expenditure or revenue collection, fails to achieve the target. Debapriya questioned the incremental expenditure without improving the implementation capacity. According to him, this shows Bangladesh is weak in fiscal projection compared to other countries, including India.

The budget proposed an increase of 2.1 percentage points, both for revenue and total expenditure, and this additional spending will be met from domestic sources, led by bank borrowing. Of the 5 percent deficit, 72 percent

## KEY RECOMMENDATIONS

Tax deduction (1.5pc) at source should be reconsidered

Packaged VAT will create pressure on small traders

Local government institutes must be strengthened

Disclose financial accounts of state-owned enterprises

Establish a Public Expenditure Review Commission for more transparency

anticipated gross foreign financing worth \$5.7 billion, an almost impossible target in view of only \$2.1 billion during July-February of the outgoing fiscal year.

Though the tax-GDP ratio in Bangladesh is among the lowest in the world, revenue collection target -- Tk 65,351 crore more than the revised budget -- seems to be a big challenge. Of the revenue target, over 81 percent will come from NBR tax.

The think-tank said implementation of new VAT law remained a big test for the government. Packaged VAT, which has been revised significantly in the budget, will create a burden on small traders.

Tax deduction at source for all exporters at 1.5 percent from previous 0.6 percent is too high and it should be reconsidered, said the CPD. However, the increase of tax-exempted turnover limit for small and medium enterprises will support business growth and encourage entrepreneurship.

The CPD urged the government to formulate a comprehensive subsidy policy for proper utilisation of public money. Total subsidy allocation stands at 6.8 percent of the budget.

The think-tank also criticised the government for including so many projects in the Annual Development Programme (ADP), many of which did not get funds. "I didn't see any serious effort and reforms to expedite ADP implementation," Debapriya said.

The CPD reiterated its opposition to the scope for whitening of undisclosed money, terming it an unethical practice that encourages people to evade tax.

On rationalisation of customs and supplementary duties, Khandker Golam Moazzem, additional research director of the CPD, said most of the measures would protect local industries.

The allocation for education and health is a welcome move, but much emphasis has to be given on the quality, said Debapriya. He also hailed the expansion of allocation and coverage of a number of safety net programmes.

But allocation should be increased for the agro sector, said Prof Mustafizur Rahman.



Finance Minister AMA Muhith, centre, addresses a post-budget briefing at Osmani Memorial Auditorium in the capital yesterday with Agriculture Minister Matia Chowdhury on his left and Planning Minister AHM Mustafa Kamal on his right.

undisclosed income by paying a certain amount of fine under the regular laws would continue as long as the present government is in power.

"There is no point in saying that we are silent about the black money issue."

The minister, however, didn't say anything about another provision that allows legalisation of undisclosed income through investment in real estate.

Muhith said that though the corporate tax rates remained unchanged, the government would still earn more from the businesses as their incomes have gone up.

There had been a big push in case

"We are working. It will take time. However, I think we will be able to introduce the pension scheme within the tenure of the present government."

Muhith also talked about turning the "district budget" idea into a reality. He, however, didn't present any new proposal on it.

"I think districts will be the effective unit of local government."

"We have to make a political decision as to the extent the districts would be empowered."

The minister said there would be no customs duty in the near future as Bangladesh is getting integrated with the free market economy. The supplementary duties will also have

percent.

Agriculture Minister Matia Chowdhury said the country has achieved food autarchy despite the fact that its agricultural land is dwindling and the population is on the rise.

Hasanul Haq Inu, information minister; MA Mannan, state minister for finance and planning; Mahub Ahmed, senior secretary of the Finance Division; Md Nojibur Rahman, chairman of the NBR; Mohammad Mejbahuddin, senior secretary of the Economic Relations Division; and Abu Hena Mohammad Razeq Hassan, deputy governor of the Bangladesh Bank, were also present.

# Final phase of UP polls today

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At least 121 people have been killed and over 8,000 injured in election-related violence across the country since the UP polls schedule was announced in February, according to media reports.

The voting day in the fifth phase on May 28 turned out to be deadliest. Twelve people were killed on that day alone.

In the latest incident of polls-violence, a man was killed and around eight people were injured as the supporters of two member candidates clashed over establishing supremacy in Boirag union of Anwara upazila in Chittagong yesterday.

The dead is Mohammad Faruk, 35, of the same union, reports our correspondent here.

The clash took place after the two groups swooped on each other with sticks and sharp weapons near Boirag Government Primary School around 5:30pm, leaving Faruk critically injured. He died later.

Shushashoner Jannoy Nagorik (Shujan), a body working for good governance, has said the death toll and irregularities in the ongoing UP polls have broken all previous records in Bangladesh.

Around 27 people were killed in UP

polls-related violence in 2011. The death toll was around 80 in 2003, 31 in 1997 and 80 in 1998, according to EC, Shujan, development organisation Democracy Watch and media reports.

Elections to around 3,290 UPs across the country were held in five phases from March 22 to May 28 this year.

Of them, AL-nominated chairman aspirants won in 2,195 UPs, BNP-nominated in 315 UPs, Jatiya Party-nominated in 41 UPs and independent candidates in 697 UPs. Candidates from other political parties sealed victory in the rest, according to EC and media reports.

Like the previous phases, around 18 AL-nominated and two independent chairman aspirants have been elected unopposed in today's polls, raising the total number of chairmen elected unopposed to 211 in all six phases.

The BNP has no candidate in around 65 UPs in this phase. With this, the party did not field a single candidate in total 550 UPs during the six phases.

Besides, members of several minority communities in different districts have come under attacks by miscreants in separate incidents over polls-related feud.

Against this backdrop, Bangladesh

Hindu-Buddha-Christian Oikya Parishad and Ekattorer Ghatok Dalal Nirmul Committee demanded that the EC take effective steps to end attacks on minorities.

Later on this May 31, the commission sent a letter to the home ministry, asking for necessary measures for ensuring security of voters, especially of minorities and women.

Experts, however, claimed that apart from sending the letter, the EC did not do anything else to check violence.

"The commission should have played a tough role in containing violence and election irregularities since the very

beginning," said Abdul Alim, director of Election Working Group (EWG), a platform of 28 civil society organisations.

"The EC must have an absolute control over the field-level administration, if it really wants to hold a fair poll. But we haven't seen that absolute control."

Meanwhile, the chairman and member candidates in Korerhat union of Mirersara upazila in Chittagong and Ramchandrapur union of Muradnagar upazila in Comilla have been elected unopposed in today's polls.

As many as 54 unions in three hilly districts will also go to the polls today.