

What do we learn from the proposed national budget?



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DISCUSSIONS on the proposed national budget for the FY2017-18 need to be placed in the current context of six major economic challenges in Bangladesh. These are the sluggish private investment, murky job creation, harsh fall in growth in export, drastic fall in remittances, fragile banking sector and the government's weak institutional capacity. On top of all these, the budget is expected to be in line with the goals and targets set under the national plans (for example, the 7th five-year plan) and the global sustainable development goals (SDGs). It should be kept in mind that the Bangladesh economy is predominantly a private-sector driven economy. Though the national budget is an accounting of the annual income and expenditure of the government, the policies and guiding philosophy in the national budget largely affect the activities of the private sector in the economy. Let's see how the proposed national budget fulfilled the expectation.

First, it has been a matter of great concern that the private sector investment in Bangladesh over the past few years has been stagnant in proportion to the Gross Domestic Product (GDP). As the country is aiming to move towards a much higher growth path, dynamic and accelerated private sector investment is expected to be the driving force behind such growth acceleration. It was, therefore, a big expectation that the proposed national budget would shed some critical emphasis on how to stimulate private sector investment in Bangladesh. Though in the budget speech, improvement in infrastructure and business environment, importance of the special economic zones (SEZ) and setting up of institutions like Bangladesh Economic Zones Authority (BEZA) and Bangladesh Investment Development Authority (BIDA) are rightly emphasised, there have not been any clear roadmaps or directions on how these will facilitate accelerated private sector investment. For example, there is still no clear roadmap on the establishment of the SEZs which has put the private investors into an uncertain scenario. Also, the plan of actions for the improvement of cost of doing

business is unclear and the progress is not visible. Furthermore, despite the importance of the implementation of the VAT law, the preparation for it seems to be rather inadequate. In absence of a clear direction on the improvement in the tax-infrastructure and ensuring efficiency in tax administration, investors and businesses may not be very confident in the effectiveness of the VAT reform, which may again cast a shadow on the future private sector investment prospects. To counter this, the VAT-free turnover ceiling has been raised and a good number of sectors have been exempted from the VAT, which seems to be rather ad hoc, and such decisions need to be re-evaluated in the coming days. On top of all this, there is a

serious thinking in the policy-making arena to avoid the 'jobless growth' phenomenon.

Third, as the data shows, the country in FY2016-17 is experiencing almost half of the growth rate of exports compared to the immediate past fiscal year. The current slowdown of export growth is linked to both the international and domestic factors. International factors include some kind of recession in Bangladesh's major export destinations, and domestic factors include both policy induced and supply-side constraints which aggravate the cost of doing business. For example, a large number of products have been brought under the coverage of new supplementary duty, which might discourage export diversification. Also,

against the US dollar. It should be mentioned here that exports and remittances, over the past three decades, have been two major drivers of economic growth in Bangladesh. With setbacks over both exports and remittances, the prospect of achieving a higher GDP growth rate in FY2016-17 compared to that of the past fiscal year seems bleak.

Fifth, the banking sector in Bangladesh is probably passing through one of its most critical times. Repeated scams in both public and private banks have shaken business confidence. The surge in non-performing loans is an indication of the fragility of the banking system. The recent draft bill seeking an amendment to the Bank Companies Act 1991 to allow four from a family to be bank

ensure better use of the scarce resources. Escalation of project costs, bureaucratic delays, cost over-run and corruption - all of this puts a shadow on the quality and timely delivery of the development projects. A flimsy implementation experience of annual development programmes (ADP) is a major concern and the proposed budget has not been able to mark any significant departure from the past experiences. Given such feeble institutional capacity in implementing ADP, there is a need to come out of the practice of "annual" development programmes, as the scope of a good number of the critical development projects, taken under the ADP, go beyond the annual timeline. The development programmes and associated budgets can, therefore, be made with timeframes of three to five years with annual evaluations and readjustments. Also, such development programmes need to be effectively aligned with the national five-year plan and SDGs.

Finally, the proposed budget has increased the allocation for social protection which is commendable given Bangladesh's much-needed effort until 2030 to meet SDG 1 (no poverty) and SDG 2 (zero hunger). However, as leakages, mistargeting, wrong selection of projects and corruption are common problems in the social protection projects, a mere rise in allocation will not serve the purpose. In this context, much needed institutional reform should be a priority. Also, proposed public spending on health and education, in proportions to the GDP, are inadequate and much lower than what are needed for the country to be on the track in achieving SDG 3 (good health and well-being) and SDG 4 (quality education).

Therefore, what do we learn from the proposed national budget? The Bangladesh economy is now at a crossroads and the country needs to have some major 'breakthroughs' in several areas of policy-making and institutional processes to achieve ambitious development targets. The proposed national budget has not made any significant departure from its preceding budget exercises, thus not raising many hopes about such 'breakthroughs'.

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need for significant improvement in the tax-infrastructure.

Second, murky job creation in the economy over the past few years is linked to the sluggish private sector investment. The major concern is that economic growth in recent years has not been able to generate a large number of jobs in the economy, which raises the question of whether Bangladesh has entered a phase of 'jobless growth'. Policies and actions, which can promote private sector investment in diversified labour-intensive manufacturing and services sectors, will likely result in generating large scale employment. In the budget speech, the emphasis on skill development and some related measures is very relevant. However, there is a need for

there is a lack of clear indications on how critical infrastructural problems for the priority sectors would be solved.

Fourth, remittance is showing a drastic fall in the current financial year. The proposed budget has rightly pointed out the need for reducing the cost of remitting money through formal channels and taking some supporting measures. These are certainly positive steps. However, the fall in remittances is not only due to the high transaction cost, but a number of international and domestic factors are also responsible for it. These include slowdown of Middle-eastern economies, deep political crisis and conflicts in the Middle-east, lack of savings and investment opportunities at home, unregulated informal channels of remittance, and appreciated taka

directors is a reflection of the weak regulation and governance in the banking sector. Also, the proposed budget, as in the past, made a provision of recapitalisation funds for the misruled public sector banks. Such unruliness in the banking sector, unless corrected, will drive away the genuine investors and aggravate the misuse of the bank loans. The proposed budget, however, has not indicated anything to counter such misgovernance in the banking sector.

Sixth, the government's capacity in implementing the overall budget, in general, and different development and infrastructural projects, in particular, does not exhibit much improvement. Therefore, apparently, the big size of the proposed budget is unlikely to

Glory amid gloom

"One man with courage is a majority."
- Thomas Jefferson



MILIA ALI

PERHAPS the time has come for us, the ordinary citizens of Bangladesh, to take a clear and unequivocal position on certain basic principles: A position advocating religious tolerance and respect for freedom of expression. Recently, these basic rights have come under fierce attack due to the removal of the Lady Justice statue from the Supreme Court premises. The situation exacerbated with the subsequent threats to human rights lawyer and activist Sultana Kamal. When during a recent TV appearance, she asserted that in the eyes of the state one religious symbol carries the same weight as another, Islamists threatened her with dire consequences, including bodily harm. The tirade against Sultana Kamal is nothing short of a frontal assault on the freedom to express an opinion and, more seriously, the secular rights



SOURCE: CLARESPARK

embodied in the country's Constitution. Unfortunately, the Lady Justice statue case has become emotionally supercharged, and spilled over into a raging religious debate. In my view, the issue highlights two important points that encapsulate the founding principles of our secular democracy. The first is the freedom of artistic expression, which is an integral part of Bangladesh's cultural tradition. After all, the war of independence was as much a cultural war as it was

economic and political. The second pertains to the country's secular laws allowing religious freedom and protection for all citizens. On both counts there is no rationale for removing the sculpture, which is not an idol, but merely a symbol of "artistic expression". In the first years of Bangladesh's independence, citizens were immersed in reconstructing the war-ravaged nation founded on the ideologies of secularism, democracy and equity. But, regrettably, we failed

to ensure that these principles were strongly entrenched in the country's institutions. We moved away, not from our beliefs, but from hardcore actions to honour our commitment to the overarching goals of the independence movement. In the process, we imperceptibly allowed the perpetrators of intolerance and extremists to impinge on our freedoms. We can argue that it may have been necessary to take a pragmatic, softer approach to defuse social tensions. But pragmatists

cannot operate in a vacuum and need idealists to constantly remind them of the basic human values. Religious liberty is one such value, even if it leads to disagreements. For, certain fundamental truths are inalienable and discrimination of any form must always be resisted and condemned.

Sultana Kamal and the other participants on the TV show were involved in a dialogue where diverse views were aired. How could this discussion result in threats of bodily harm? It's relevant to ask, why speaking freely and expressing a contrary opinion should lead to recriminations and persecution. Is "free expression" to be circumscribed by the limits imposed by self-appointed religious police? Is this the "tolerant society" we envisaged as the outcome of our independence struggle? In a civilised discourse, when people with different points of view disagree, they seek creative accommodation through intelligent arguments and do not resort to absolutism and physical force! Unfortunately, over time certain concessions were made to the religious right by the authorities as well as the civil society. Many of us who believe in Bangladesh's secular traditions abdicated our fight and made compromises along the way without realising that in the process,

we isolated people like Sultana Kamal who were left to carry the burden on their fragile shoulders. We believed that by adopting a path of least resistance and using rational arguments, we could influence the opinions of the dissenters. However, appeasement of extremists is a short-term palliative, with grave consequences for a secular society. Obviously, we did not see the tsunami that loomed on the horizon until it hit us too close to home. We now realise that we are on the verge of a much larger struggle - not about one statue or two statues, but one threatening our basic rights of free expression.

Perhaps it's not too late to make amends and stand united in support of the brave men and women who are resisting extremism and intolerance. Let us salute Sultana Kamal and her fellow activists (many have sacrificed their lives) in humble recognition of the fact that we have given them so little in return - we have not even ensured that their lives are protected.

Will we, the ordinary citizens, rise up to the challenge and pass the litmus test once again as we did in the past?

The writer is a renowned Rabintra Sangeet exponent and a former employee of the World Bank.

CROSSWORD BY THOMAS JOSEPH

- ACROSS**
- 1 Winter quaff
 - 6 Comic strip unit
 - 11 Physics bits
 - 12 Green shade
 - 13 Kim of "Vertigo"
 - 14 Burdened
 - 15 Puts up
 - 17 Lobed organ
 - 19 Week part
 - 20 Alley prowler
 - 23 Lone Star State city
 - 25 "Downton Abbey" countess
 - 26 Low shrubs
 - 28 Singer k.d.
 - 29 Map key
 - 30 Brain chart, briefly
 - 31 For every
- DOWN**
- 1 Sack
 - 2 Ear: Prefix
 - 3 Recording of a past hit
 - 4 Poet Khayyam
 - 5 Did butler's job
 - 6 A bit daft
 - 7 Woeful cry
 - 8 Veto
 - 9 First lady
 - 10 Was ahead
 - 16 Cake toppers
 - 17 Aerie builder
 - 18 Emanations
 - 20 Some work clothes
 - 21 Sports site
 - 22 Late
 - 24 Gentle pull
 - 25 Machinery part
 - 27 Brain parts
 - 31 Bit of change
 - 33 Sandbox toy
 - 34 Highstrung
 - 35 Piper of myth
 - 36 Freud topic
 - 37 Fare carrier
 - 39 Spot
 - 40 Simile center

YESTERDAY'S ANSWER

C	R	I	B	S	W	H	A	M
R	E	T	R	O	C	A	I	R
E	D	S	E	L	O	N	T	O
S	H	O	D	O	N	T	I	M
T	A	N	H	A	T	T	A	D
S	I	M	M	E	R	E	D	
R	E	P	S	M	I	F	F	
S	I	M	P	E	R	E	D	
A	H	A	T	O	T	E	R	A
W	A	R	S	A	W	S	E	M
A	L	I	E	N	D	I	M	E
R	E	S	E	T	I	N	A	N
E	Y	E	S	G	E	N	T	S

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