

Bangladeshi expatriates show ray of hope

SHYKH SERAJ

It is in our thoughts that the Bangladeshi expatriates who are living in abroad are doing well and they have a great status in the society and a wonderful livelihood. It is a common thinking process. However, many of them lead a life of uncertainty. They spend less and save more to send some money to their home. Many of them lead a terrible life that we could ever imagine. These people left the country in the hope of doing something bigger and achieving something higher. We couldn't ensure their employment at home and thus they went abroad to fetch secured and hard-earned life. Just to stay a bit well, they work tremendously hard. I have witnessed it with my eyes travelling to different parts of the world where I got close to so many Bangladeshi expatriates.

Recently 26 Bangladeshi were shot dead in Libya's Mizda town. Many of us thought of this and it has put a strong mark into our hearts. These men left their homes in search of a new life, but they turned into dead bodies. As you all know, many Bangladeshi travel to the Middle East countries for a better life. And many of them also plot to illegally enter the European countries crossing the Mediterranean Sea with the full risk of life. Human traffickers are everywhere and they are very strong, particularly Libya to Europe route.

In 2016, I went to Germany and met some

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Shykh Seraj poses for a photograph with some Bangladeshi expatriate workers in Qatar's Um Ubaydya region. PHOTO: HRIDOEY MATI O MANUSH

agricultural workers. One of them was Ashraful who first went from Bangladesh to Egypt and then to Libya. When Gaddafi was killed he was planning to leave the country and hence contacted a trafficker.

That man promised Ashraful that he would arrange him a clear entrance to Italy. The journey through the Mediterranean Sea to Italy would have taken them only 10 hours. He boarded on a small boat with 350 people and nothing went well for him. The boat sunk and they were rescued by a ship and later kept at a camp in Munich from where Ashraful came to Lemo in Germany to start a new life. And this is why their hard-earned money is so precious because these desperate people put their life into risk. And we all know how remittance is so important for Bangladesh's economy. When the other

economic sectors are going downwards, only the remittance came as a ray of hope amid the Covid-19 outbreak. However, during the coronavirus outbreak, around 700 thousand Bangladeshi expatriates have returned to the country. This would certainly affect the remittance flow. We are also hearing that another 500 thousand will come back. Hence, we should take the right measure for their safeguard and find out a flow for the economic mechanism.

Recently, the Italian government took a wise and visionary decision that they will employ the foreign workers in the agricultural sector, instead of sending them back to their home.

Regarding the issue, I talked with the Consul General, working at the Bangladesh Consulate in Italy. Consul General Iqbal

Mahmud told me that many Bangladeshi expatriates in Italy have already applied for the provision. I also talked with some Bangladeshi expatriates in Italy. All of them seemed very optimistic regarding this decision from Italy's government. We know that many Middle Eastern countries are sending back our Bangladeshi workers during the spread of coronavirus. It would have been great, if they employ our workers in their farm sector. This skilled human resource can strengthen their food security with a new prospect.

Regarding this issue, I talked with Bangladesh's Foreign Minister AK Abdul Momen and recommended two vital issues to be pursued. First: the foreign countries, especially the Middle Eastern countries shouldn't return our workers; rather they

should employ them in their agricultural sector. This would help the foreign countries and our workers will be effectively and timely employed during this coronavirus crisis. Second one: livestock meat of Bangladesh has a high demand. And if our livestock farmers and entrepreneurs get the support they can export the Halal meat at the Muslim countries. This would boost up the meat sector.

I must say these two proposals are wonderful, effective and very much timely during the ongoing Covid-19 pandemic. I tell you, we must pursue it and thank you very much for your kind thoughts,' said the Foreign Minister, after listening to my proposals. This definitely would help our workers and also boost up the agricultural production. I have also talked with the Agriculture Minister Dr Abdur Razzaque and he has assured me that he'll work on this. I am sure Honourable Prime Minister Sheikh Hasina will also take it significantly to improve the lives of Bangladeshi expatriates working in different countries across the world.

I have watched all the progressive agricultural ventures and effort from Bangladeshi expatriates in Oman, Saudi Arabia, Qatar, Kuwait and many more countries. These entrepreneurs and workers have started the new dream economy in the desert land. The stories of the Bangladeshi expats are awesome and I have been closely following them for quite a long time. The Qatar government is already providing a 70 percent subsidy in the farming sector. Many workers in Qatar have turned into agricultural entrepreneurs. When I visited Qatar during February this year, a couple of them shared their thoughts and said they should be able to import Bangladeshi seeds. The immigration at Bangladesh airport causes different troubles for them but when they reach Qatar, they witness the opposite scenario.

I believe there can be a solid diplomatic step to employ the Bangladeshi expatriate workers in the farming initiatives taken across the world, especially in the Middle East countries. This huge number of more than 10 million can contribute to the economies of the world and also can assist the remittance flow in Bangladesh. The development thoughts must focus on the working class where bilateral objectives are well met. Assistance from the Bangladesh government can trigger our economy at a rapid speed.

Growth, revenue targets too lofty

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that the country would quickly get rid of Covid-19 and the economy would regain its past trends, he said.

"But given the health risks we are witnessing, we will not get any respite from the Covid-19 very quickly."

The resources mobilisation target of Tk 378,000 crore is Tk 20,000 crore higher than the revised budget of Tk 348,000 crore in 2019-20.

"This projection is not realistic," Mustafizur told a virtual media briefing.

According to Mustafizur, income and consumption inequalities are widening. But the income tax rates have been slashed in a way that would benefit the low income and high-income groups equally.

The money whitening scheme has been expanded, which he said was not acceptable from a moral and economics point of view.

Honest taxpayers would pay 25 percent in income taxes, whereas untaxed money-holders would legalise their money, paying just 10 percent. This is not acceptable, he said.

The CPD welcomed the priorities given to health, job creation, social safety nets and agriculture.

Prof Selim Raihan, executive director of the South Asian Network on Economic Modeling, said the budget assumed that economic activities would quickly pick up the normal pace.

However, the question remains as to whether the reality corroborates this assumption. As we are witnessing increasing health hazards, rising cases of infection, and deaths, when it will be possible to resume full-fledged

economic activities is a huge question," he said.

This budget has seen an increase in allocation for the health sector. But management of the health sector must be improved. Otherwise, effective usage of the increased allocation will be uncertain, said Prof Selim.

The professor of economics at Dhaka University welcomed the increasing allocation for social protection.

In the current crisis, a large number of people have slid below the poverty line and in the coming days many will follow suit. Many people have lost their jobs. Allocation for social protection as well as the health sector should have been increased more, he added.

The budget deficit might increase in the coming days, especially if the revenue target is not met and spending increased, he said.

PRI's Ahsan said the health budget reflected the good intention of the government. Allocation has been increased and another Tk 10,000 crore has been set aside to meet the future needs. He welcomed the increased spending for the social safety nets, but pointed out that there was a lack of setting goals. A temporary scheme should have been taken for those who have been laid off, he said.

The plan to borrow Tk 85,000 crore from the banking sector would affect the credit availability for the private sector, Ahsan said.

The export sector is calling for the depreciation of the taka but has not been addressed in the budget, Ahsan said. The government can't support the export sector just by giving out

subsidies.

"The devaluation would allow the government to save thousands of crores of taka from the budget because it would give the incentive to the export sector automatically."

The debt servicing cost has risen significantly to Tk 63,801 crore. The government has to be careful about it, he said.

"We have to make the debt management proper and increase revenue generation," said Ahsan, also a former economist of the International Monetary Fund.

Given the situation arising from the pandemic, the budget for 2020-21 has rightly focused on addressing the twin challenges of saving lives and attaining economic recovery, said Rizwanul Islam.

To aid economic recovery, the finance minister seems to be relying on the typical neo-liberal strategy of reducing taxes, he said.

"But money saved in the form of lower taxes are not immediately spent -- either on consumption or for investment, while money given to the poor is spent immediately and contributes directly to boosting demands and stimulating the economy."

In order to generate revenue, there is heavy reliance on VAT and this is not a smart strategy, because consumers are not likely to open their wallets too often to spend on goods and services that carry the indirect tax.

Nothing has been mentioned about the prime minister's 2019 announcement of creating 1.5 crore jobs in five years, he added.

Mahmud added.

Syed Ershad Ahmed, president of American Chamber of Commerce and Industry in Bangladesh (AmCham) appreciated the government's allocation of budget for technology, but said money needs to be invested in automating the National Board of revenue.

Ershad also said all ports in the country need to be developed -- both infrastructure and management -- for attracting Foreign Direct Investment (FDI). Railway and waterway services for both goods and passengers need to be modernised to ensure adequate supply chain management as well.

Welcoming the decision to reduce corporate tax to 20 percent in the next fiscal year, considering the impact of the novel coronavirus. Instead, it proposed to reduce it to 32.5 percent from 35 percent.

Manwar also expressed concern over the target in revenue collection as the period following the Covid-19 outbreak, irrespective of debit or credit balances up to Tk 1.0 crore at any time of the year, irrespective of debit or credit, will have to pay Tk 3,000 in excise duty from the fiscal 2020-21, up 20 percent from Tk 2,500 in the outgoing fiscal year, said finance ministry officials.

A proposal has been made to increase excise duty rates for bank balances with more than Tk 1 crore but less than Tk 5 crore by 25 percent to Tk 15,000 per account for the next fiscal year from Tk 12,000 per account for the current fiscal year.

In case debit or credit balances in the account exceeds Tk 5 crore at any point of the year, the excise duty rate is going to increase by 60 percent to Tk 40,000 the next fiscal year from Tk 25,000 per account this fiscal year.

However, the budget had its fair share of detractors.

Md Shahidullah, managing director of Metrocem Cement and first vice-

president of Bangladesh Cement Manufacturers Association (BCMA) said the minimal reduction in the corporate tax will not help businesses much as they expected at least 10 percent corporate tax cut.

Manwar Hossain, group managing director of Anwar Group and chairman of Bangladesh Steel Manufacturers Association (BSMA) said the reduction in advance income tax in raw material import -- from 5 percent to 4.45 -- in the proposed budget for the next fiscal year was very nominal and will create a burden on businesses.

He said the government could have reduced corporate tax to 20 percent in the next fiscal year, considering the impact of the novel coronavirus. Instead, it proposed to reduce it to 32.5 percent from 35 percent.

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Loads ease on low income groups

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However, a small amount of money has been brought to the formal channel. Fiscal 2007-08 saw the legalisation of the highest amount of undisclosed money -- Tk 8,900 crore.

Yet, policymakers seem to be obsessed with the idea of offering black money holders scope for legalising their income.

The finance minister once again came up with such a proposal.

Citing Covid-19 crisis and the need for increased revenue, he said, "Extraordinary time requires extraordinary measures."

He mentioned that taxpayers may make mistakes while preparing and submitting tax returns.

To offer them scope for "correcting past mistakes and bringing funds to mainstream of the economy", he proposed that the authorities, including the income tax department, would not ask holders of undisclosed money and assets any questions about their wealth to be disclosed in income tax returns from July 1, 2020 to June 30, 2021.

His proposal for allowing taxpayers to disclose their undeclared land, buildings and apartments on payment of a specific amount of tax is likely to give a boost to the coronavirus-hit real estate and construction sectors.

The ailing stock market may benefit too as he proposed giving black money holders the scope for investing in it.

Seeking anonymity, a senior tax official said the proposal might work if the law is strictly enforced to compel the holders of undisclosed income to declare assets and pay tax.

Otherwise, it is unlikely to bring desired results, the official added.

Talking to The Daily Star, Syed Aminul Karim, former member (tax policy) of the National Board of Revenue (NBR), said, "Irregular taxpayers are going to be the main beneficiaries. They will reap the

ultimate benefit of the new tax measures."

The proposal for offering amnesty may help bring some money to the formal channel and also encourage people to bring back funds from abroad, he pointed out.

If the money is invested, a lot of jobs will be created and society will benefit indirectly, he added.

TAX BENEFITS

Non-listed companies are going to see a reduction in tax liability as corporate tax has been slashed to 32.5 percent from 35 percent which remained in place for the last six years.

"I think it will give a lot of relief to non-listed companies and enable them to get through these tough times," said Aminul.

Tax from listed and non-listed companies accounted for 64 percent of the total revenue collection of Tk 56,700 crore in fiscal 2017-18. The majority of it came from non-listed companies which include various multinational firms.

In the next fiscal year, the NBR will lose out on a good amount of revenue due to the tax cuts for firms and individuals. It has been assigned to collect Tk 330,000 crore, which is 10 percent higher than the revised collection target of Tk 300,500 crore in the outgoing fiscal year.

A large number of taxpayers will also be out of the income tax net because of the rise in the limit of tax-free annual income.

Besides, minimum tax, wealth tax surcharge and corporate tax rates for companies other than non-listed firms will remain unchanged.

To offset tax loss and curb scope for evasion, the NBR sought to make the submission of income tax returns mandatory for holders of all Taxpayers Identification Numbers (TIN).

The number of TIN holders is nearly 50 lakh but only 22 lakh submit returns.

The rich to feel the pinch

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Tk 1.0 crore at any time of the year, irrespective of debit or credit, will have to pay Tk 3,000 in excise duty from the fiscal 2020-21, up 20 percent from Tk 2,500 in the outgoing fiscal year, said finance ministry officials.

A proposal has been made to increase excise duty rates for bank balances with more than Tk 1 crore but less than Tk 5 crore by 25 percent to Tk 15,000 per account for the next fiscal year from Tk 12,000 per account for the current fiscal year.

In case debit or credit balances in the account exceeds Tk 5 crore at any point of the year, the excise duty rate is going to increase by 60 percent to Tk 40,000 the next fiscal year from Tk 25,000 per account this fiscal year.

However, holders of accounts with

debit or credit balances up to Tk 10 lakh will not need to pay higher excise duty rates the next fiscal year, according to Kamal's budget speech.

At present, small ticket account holders, who have up to Tk 1 lakh balance at any time during a year, are exempted from excise duty. Account holders with a balance between Tk 1 lakh and Tk 5 lakh have to pay Tk 150 for excise duty a year.

Meanwhile, bankers will deduct Tk 500 as excise tax from accounts with debit or credit balances above Tk 5 lakh to Tk 10 lakh.

NBR data showed that it collected Tk 1,285 crore as excise tax from banks in the fiscal 2017-18, down from Tk 1,295 crore a year earlier. A fresh hike came three years after the government increased excise duty

rates on bank balances to achieve higher revenue goal.