

It'll facilitate corruption

Says TIB about scope for whitening black money, calls for scrapping it

STAFF CORRESPONDENT

Allowing the scope for whitening black money in the name of economic recovery, increasing revenue, investment, and creating jobs will legalise money laundering and facilitate corruption, says Transparency International Bangladesh (TIB).

Such scope is unethical, discriminatory, and anti-constitutional, it said in a statement yesterday, calling for revoking the provision proposed on Thursday by Finance Minister AHM Mustafa Kamal in the budget for fiscal 2020-21.

TIB also expressed frustration as the proposed budget mentioned no steps to check graft and ensure good governance in the health sector, which has weakened because of irregularities, corruption, and mismanagement for long.

The allocation for the sector is also inadequate, it said.

The graft watchdog said the government added two provisions in the income tax ordinance, creating the scope for whitening black money in buying land, buildings, flats, apartments, and for bank deposits, savings certificates, share and bonds, ignoring the conventional law and anti-corruption commitments.

At the same time, the government proposed revoking of the provision that allowed the Anti-Corruption Commission or other authorities to question the source of black money or assets, it said.

In the statement, TIB Executive Director Dr Iftekharuzzaman said, "Such provisions are contradictory to the prime minister's zero tolerance policy against corruption. This is unacceptable. Such provisions have never benefited our economy -- neither in terms of collecting revenue nor increasing investment."

Rather, he said, such policies made the government's anti-corruption stand questionable and promoted unethical practices. These provisions, according to the section 20 (2) of the constitution, are discriminatory against those who earn legally. Through this, the government, in other words, is issuing licence to illegal income and corruption, he added.

The finance minister also proposed a provision in the income tax ordinance -- 50 percent fine to check money laundering through over and under invoicing.

Iftekharuzzaman said such

imposition of fines was nothing but a small punishment for a big crime like money laundering. Those who prepared the budget have not thought of its impacts on rule of law and the government commitment towards the international community.

"This will create the scope for a festival of money laundering, instead of controlling it," he said, adding that the government has announced a "corruption-facilitating budget".

He expects the government to step back from the "suicidal provisions".

TIB said there was expectation that the government would significantly increase allocation for the health sector in the wake of the coronavirus pandemic. Apart from a special allocation of Tk 10,000 crore as an emergency fund to address the pandemic, the health budget has been conventional, it said.

"There has to be a policy framework to ensure that there is no way for any corruption in managing the emergency fund," Dr Iftekharuzzaman said.

There has been no reflection of a strategy to reform the health sector, which is why the rate of allocation for the sector has come down to 5.1 percent of the total budget for the next fiscal year from 5.8 percent in the current fiscal year, TIB said.

The same way, there was expectation that the government would take up a wide range of programmes to create jobs and widen safety net programmes to include those who have become jobless and went below the poverty line due to the pandemic, but the government has focused mostly on avoiding VAT and TAX in various industries sectors, it said.

The government should be congratulated for withdrawing duty benefits for importing furnace oil as oil-based power plants are expensive, but there was no announcement on stopping subsidy for the rental power plants, TIB said.

Also, Bangladesh Climate Change Trust Fund should have received more allocation to address the rising number of natural disasters and increasing climate change impacts, but only Tk 100 crore has been allocated. The disaster management and relief ministry also should have received more allocation given the impacts of Cyclone Amphan, but that has actually decreased.

"We expect the government to consider these aspects before passing it [budget]," Dr Iftekharuzzaman added.

Budget aimed at economic recovery

Quader terms it 'balanced', 'realistic', says it will help turn existing crisis into opportunity

UNB, Dhaka

Road Transport and Bridges Minister Obaidul Quader yesterday said the budget proposed for fiscal 2020-21 is a balanced one to recover the country's economy hit by Covid-19 pandemic.

He made the remark at a post-budget briefing via video conference from Awami League president's political office in the capital's Dhanmondi.

Mentioning that the budget was prepared in a different reality and context, Quader, also the ruling Awami League general secretary, said, "This is a realistic charter of transforming the existing crisis into possibility."

He added that this budget was the result of time-befitting and brave

thought of Sheikh Hasina government to take the country forward by maintaining balance between lives and livelihoods.

Different countries are conducting research to find a Covid-19 vaccine, and as soon as it is prepared will be brought to the country, Quader said, adding that a plan was included in the budget proposal in this regard.

Social safety net has been considered the third priority sector in the budget to ease sufferings of working people affected by general holidays and lockdown, he added.

Finance Minister AHM Mustafa Kamal on Thursday proposed the national budget of Tk 568,000 crore for fiscal 2020-21 at parliament.

Heavy bank borrowing

FROM PAGE 1

The majority of the businesses, ranging from cottage to large, are now in dire straits due to the ongoing economic fallout emerging from the pandemic, said Fahmida Khatun, executive director of the CPD.

"The businesses will have to take loans from the banking system. But the excessive bank borrowing by the government will narrow the credit space for them."

Besides, the stimulus packages worth more than Tk 100,000 crore will have to be implemented largely by banks.

So how would banks be able to fund the government's enormous bailout efforts and also lend to the state?

If the government borrows heavily from them, banks will face a difficult situation in implementing the packages, Fahmida said.

The government had initially set a borrowing target of Tk 47,364 crore to manage its deficit financing for this fiscal year, but it was later forced to raise the target to Tk 82,421 crore.

Also, the government has estimated that the private investment to GDP ratio would double to 25.3 percent in the upcoming fiscal year -- a farcical projection, by all accounts.

A staggering Tk 802,330 crore will be required to achieve that projection.

"The private investment ratio to GDP for the upcoming fiscal year is unrealistically high compared with that in fiscal 2019-20 at a time when the economy is burdened with significant underutilised production capacity," the

CPD said.

Mustafizur Rahman, a distinguished fellow of the CPD, raised questions over the high bank borrowing, saying the target is opposite the government's appetite to give a boost to private investment.

Besides, the finance minister had committed to forming a banking commission while delivering his budget speech for fiscal 2019-20, Mustafizur said. Kamal had also said actions would be taken against the habitual defaulters.

But what transpired during the fiscal year was the exact opposite. The central bank earlier allowed banks to reschedule defaulted loans by way of taking 2 per cent down payment from delinquent borrowers, Mustafizur said. "This has decreased defaulted loans in the banking sector for the time being. But, the programme will not bring any solution," he added.

Fahmida said the government should emphasise on mobilising foreign loans and grants to manage its deficit financing.

If the government can implement the foreign-funded projects of the annual development programme swiftly, more foreign loans and grants will be bagged, she said.

As per the budgetary target, the government will mobilise Tk 80,017 crore in foreign loans and grants and Tk 20,000 by selling national savings instruments in fiscal 2020-21.

The government could widen the borrowing target from the savings tool as well, Fahmida said.



Holding a stop sign in his hand, a staff of Bashundhara City shopping mall on Panthapath in the capital asks shoppers to maintain social distancing as they are about to step on escalators. The mall opened yesterday after remaining shut for over two months due to the Covid-19-forced lockdown.

PHOTO: FIROZ AHMED

Budget flexible, implementable

FROM PAGE 1

"As our usual path was obstructed, we had to use alternative ways to come up with the budget."

The budget proposals may seem inconsistent to some but the government had no way but to formulate it to run the country.

"If we don't have any budget, we can't take money from the state coffers."

The way it has been designed, the government would be able to implement the Tk 568,000 crore-budget, Kamal said.

Kamal recognised that the revenue-to-GDP growth of 10 percent is very low and it could be raised to 15 percent if the country tries a little harder and also hastens tax automation.

The pandemic has delayed the procurement of electronic fiscal device -- a sales register used to monitor the transactions at shops -- that would aid in curbing the scope of evasion of value-added tax. The purchase of the equipment is under process and it would not be delayed much, he said.

Kamal said nobody knows for sure how long the coronavirus pandemic would be. But the government has taken steps if it prolongs.

"We hope it would not prolong. If it prolongs, we are flexible. This is a flexible budget."

The debt-to-GDP ratio is around 34 percent and this would allow the government to borrow more.

The health ministry would be given funds if it wants more.

"But the health ministry would have to ensure effective health services. Nominal health service would not work," Kamal added.

The government would have to look at addressing the management weakness in the health sector, said Mashiur Rahman, economic affairs adviser to the prime minister.

The agriculture sector would get more attention after the health sector and the government would design the farm sector in such a way so that it can contribute more to the economic progress, the finance minister said.

The government has set sights on addressing the impairment facing various sectors to put the economy again on its higher growth trajectory.

If the situation warrants, the government would increase the tax-free income limit, Kamal said.

He hopes that private investment would accelerate and it has to be increased further.

Foreign investors are also looking to pour money into Bangladesh.

"Previously, we did not know how to attract foreign investors. Now, we know," he said, adding that the government has set off to establish 100 economic zones and 17 of them are nearing completion to attract foreign direct investment to further his point.

The government is simplifying rules and regulations to make it easier for foreign investors to come to Bangladesh.

"We are not discriminating against foreign investors. We are incentivising them," he said, adding that, FDI rose to \$3 billion in the last couple of years.

The 9 percent cap on the interest rate on lending would encourage local people to invest in Bangladesh, according to the finance minister.

Because of the higher interest, people don't invest locally and rather invest abroad. As a result, the defaulted loans go up and foreign investors do not come.

"Nine percent is a very competitive rate," he said, adding that the liquidity situation in the banking sector is stronger than in the past.

The government would also raise funds from the capital market and has taken steps to strengthen the market.

The finance minister said he did not believe that the stock market fell because of the coronavirus pandemic. It should be analysed why it happens.

The Bangladesh Securities and Exchange Commission has got a new team and he believed the stock market would make a comeback.

"No governments in the world pursue to revive the stock market."

Good companies are going public and the government would also bring public companies to the market. The stock market would rebound if the economy rebounds, he said.

The government would look at curbing the flow of money laundering by formulating and strengthening laws, through due diligence and automation, Kamal said.

"We need to revisit the laws. If there are any flaws, we can make the laws comprehensive."

In the past, newspaper reports showed that money flew out of the country but goods had not arrived. It has gone down a lot in the last one-and-a-half years, he said.

The tax authority would face challenges in attaining the revenue generation target set for fiscal 2020-21 if the pandemic prolongs, said Abu Hena Md Rahmatul Muneem, chairman of the National Board of Revenue.

"If the pandemic does not last long, it would not be difficult."

He pointed out that the country could not collect more revenue because of its traditional focus on raising tax rates instead of expanding the tax network and bringing in more people under the coverage.

"As a result, it put pressure on existing taxpayers and tax evasion increased. We have to widen the tax net," he said, adding that tax evasion can't be prevented without automation.

He was backed by the finance minister.

Users hurt, telcos irked

FROM PAGE 1

than spend more. People would use apps to make calls more often and save their spending on voice calls, they added.

Association of Mobile Telecom Operators of Bangladesh (AMTOB) in a statement said the move would place an unbearable burden on poor people.

Due to the pandemic, people's dependence on phones has multiplied, said AMTOB General Secretary SM Farhad, adding that the burden of such taxes would not be good for the economy which is becoming more reliant on digital services.

"It will be detrimental to the 'Digital Bangladesh' vision. The sector will be weakened and damaged further."

Banglalink CEO Erik Aas said subscribers were already paying a lot in

taxes.

"The additional tax on telecom services will especially affect the less privileged consumers, and this in turn will limit their ability to participate in the digitalisation of Bangladesh," Aas said.

He urged the government not only to withdraw the decision, but also to suspend VAT on the mobile data usage, considering the economic impact of the pandemic.

Hossain Satad, director and head of public and regulatory affairs at Grameenphone, said, "Such a decision will also be unfavorable to unlocking the possibilities of Digital Bangladesh."

The market leader also urged the government to reconsider the decision.

Shahed Alam, chief corporate and regulatory officer at Robi, said even

Situation getting worse as deaths, infections surge

FROM PAGE 1

51 and 60, 15 between 61 and 70, seven between 71 and 80, one between 81 and 90 and another over 100, Nasima said.

Nineteen of them were from Dhaka, 11 from Chattogram, three from Sylhet, two from Rajshahi, three from Barishal, five from Rangpur, one from Khulna and the remaining two from Mymensingh division, she added.

Of the total infected, 85.45 percent were from Dhaka and Chattogram divisions, according to the IEDCR.

The number of Covid-19 cases is higher in Mirpur, Jatrabari, Dhanmondi, Kakrail, Mugda, Mohakhali, Mohammadpur and Uttara areas in the capital.

The tests were done in 59 labs across the country.

Meanwhile, 502 Covid-19 patients have recovered in those 24 hours, said Nasima.

A total of 17,249 people recovered from the disease, she added.

WE'RE BECOMING BRAZIL

"We're heading towards Brazil's situation but we're not seeing any

"There was a tendency that those who already pay taxes would pay more, while those who don't pay taxes wouldn't pay anything. This was a flaw in the law," Kamal said.

Muneem also said the hike in supplementary duty on all mobile services, including voice call, internet and SMS, from 10 percent to 15 percent should not increase the cost for using mobile phones very much.

There was a strong public consensus about increasing the allocation for the health and the agriculture sectors and the government has responded accordingly, said Planning Minister MA Mannan.

Usually, the budget implementation begins in September after initial preparation in July and August, said Agriculture Minister Muhammad Abdur Razzaque.

"We hope the intensity of the coronavirus would peter out in September and we would be able to go for normal economic activities."

The agriculture ministry has undertaken a Tk 3,200 crore-project to give a boost to farm mechanisation. Under the project, the government would give a 50 percent incentive to help farmers buy agriculture equipment.

The amount of bank borrowing is low compared with other countries and the government would borrow more if needed, said Tawfiq-e-Elahi Chowdhury, energy adviser to the government.

The government has borrowed Tk 74,000 crore from the banking sector and the revised target is Tk 82,000 crore for the ongoing fiscal year, said Bangladesh Bank Governor Fazle Kabir.

"There is no problem for the banking sector in supplying the funds to the government. The liquidity situation is very good."

As of April 30, after meeting the statutory liquidity ratio (SLR), there was Tk 113,000 crore in additional liquidity in the banking sector. There is another Tk 62,000 crore in additional fund owing to the healthy reserves, the governor said.

As part of the stimulus packages, the central bank has injected Tk 73,000 crore in the banking system through the refinancing schemes and the cut in cash reserve ratio. So, the sector would not face problems in implementing the stimulus packages, the governor said.

The definition of social safety net in Bangladesh is very wide, said Finance Secretary Abdur Rouf Talukder.

The safety net programmes include an allowance for freedom fighters, physically and mentally challenged people and widows and stipend for students and pensions for government employees, he said, adding that public sector employees are no longer part of the government once they retire.

Liberation war affairs minister, his wife infected with Covid-19

STAFF CORRESPONDENT

Liberation War Affairs Minister AKM Mozammel Haque, his wife, and private secretary have tested Covid-19 positive, a ministry statement said yesterday.

Mozammel, his wife Laila Arjumand Banu, and Private Secretary Habibur Rahman had the coronavirus tests on Thursday and the results came yesterday, said the statement, signed by the ministry's Senior Public Relations Officer Sufi Abdullahil Maruf.

The minister and his wife were receiving treatment at their home on the capital's Mintoo Road following doctors' advice. They were feeling feverish and had no complications, he told this newspaper.

Habibur was also taking treatment at his home, he added.

A freedom fighter and an MP from Gazipur, Mozammel, 74, is the second cabinet member who tested Covid-19 positive, after Chittagong Hill Tracts Affairs Minister Bir Bahadur Ushwe Sing.

Seven other MPs tested coronavirus positive and two of them have recovered.

UNITED HOSPITAL

Doctor, 2 nurses left soon after fire started

Finds probe body

MOHAMMAD JAMIL KHAN

Rather than taking any step to take the Covid-19 patients to safety and douse the fire at the United Hospital's isolation unit, an on-duty doctor and two nurses left the spot. Only a cleaner tried to fight the fire, but his efforts went in vain, leaving five patients dead.

A three-member police investigation team, led by Abdul Ahad, additional deputy commissioner (Gulshan division) of Dhaka Metropolitan Police, shared the findings with The Daily Star yesterday.

There were two parts in the isolation unit -- one for patients and another for doctors and nurses. The fire originated from an air-conditioner in the doctor's room, said a member of the team.

When the fire broke out, the duty doctor left the unit immediately and then the two nurses followed the doctor.

The cleaner, Md Arafat, first tried to extinguish the fire with his broom. But it did not work and the fire began to spread.

Arafat then attempted to put out the flames with water. But by then, smoke engulfed the entire unit, said the probe team member.

The team, formed to investigate the fire in the capital's United Hospital on May 27 that killed the five patients, submitted its report to the DMP commissioner on Wednesday, Sudip Chakrabarty, deputy commissioner of Gulshan division police, told this correspondent.

The report would be forwarded to the Police Headquarters soon, he said.

Regarding the findings, DC Sudip, who coordinated the probe, said the hospital authorities built the extension for coronavirus patients without taking permission from the authorities concerned. The unit had no fire safety measures and was built in violation of the Bangladesh National Building Code, he said.

SEE PAGE 4 COL 1

reconsider it, because the people are having a hard time and they are now more dependent on digital services," said Kabir, also the managing director of Dream71, a leading software company of the country.

The government has been increasing taxes on all kinds of mobile services for the last few years. In the fiscal 2014-15, the total tax paid by users was 15 percent. With the new hike, the tax would be 33.25 percent.

As of March, there are 16.53 crore active mobile connections in the country. Of them, 9.52 crore are connected to the internet, according to Bangladesh Telecommunication Regulatory Commission.

Annual revenue from the market currently stands at around Tk 25,000 crore.

"The health expert would spot areas where new infections are being found and immediately put the area under complete lockdown. They will strictly enforce isolation and quarantine upon the people of the infected areas," he said.

Through this, the number of infections will gradually decrease, he said adding these teams will also look after the critical Covid-19 patients at the hospitals to reduce hassle.

Be-Nazir said, "We need a holistic approach. Any half-hearted attempt will not bear any fruit."