



UP


IMPORTED MOBILE
Spend more, phone lovers!

CIGARETTE
Pay a high price to burn your lungs

IMPORTED MEAT, SUGAR
Your energy will cost you

CONSTRUCTION MATERIAL
Building gets costlier

SOAP
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MASHROOM
Even a fungus gets expensive

Pledges lofty, hard to deliver on

REJAUJ KARIM BYRON and MD FAZLUR RAHMAN

Finance Minister AHM Mustafa Kamal has stuck to his strategy of making higher allocation for the health sector to combat the pandemic, protect the poor and businesses, and speed up economic recovery.

"The main impetus for our economic activities is our people. This year's budget will attach the highest importance to the lives and livelihoods of people," he said while placing his third budget in parliament yesterday.

The Tk 603,681-crore budget for fiscal 2021-22 is 17.5 percent of the GDP, which is the same as the current fiscal year's revised budget.

This unmask the harsh reality that the government could not execute the revenue and development plans because of lower implementation capacity, though opening the purse strings further was so important to support the battered economy, the poor and the vulnerable, and the businesses.

As expected, the health sector has been given the highest priority for dealing with the Covid-19 fallout.

The continuation of the stimulus packages, whose slow implementation raised questions, came second, pushing the agriculture sector to third.

The expansion of the social safety net programmes has been the third-highest priority sector this fiscal year. It was now placed behind the development of human resources and rural development, and job

creation.

The finance minister's priorities reflected the reality. But the problem is they remained the same as in the current budget. Amid lower execution, the allocation for the next fiscal year has gone up.

The budget will also focus on stimulating the domestic demand through a raft of tax concessions to corporations and industries and also providing funds to the fast-track and priority projects.

Corporate taxes have been slashed, VAT exemptions have been expanded, minimum and advance taxes lowered, and duties on raw material imports have been cut, making it a business-friendly budget.

In a welcome move, Kamal did not renew the special provision in the income tax law that allowed a black money-holder to legalise his or her undisclosed assets, paying a penalty of 10 percent in the current fiscal year.

The finance minister cut corporate tax rates by 2.5 percentage points to 30 percent for the listed companies and 32.5 percent for the non-listed ones.

Despite the slash in corporate tax, the key index of the Dhaka Stock Exchange rose only 0.57 percent yesterday.

Kamal seemed to have taken the middle path when confronting the raging virus.

He presented the budget with the theme "Bangladesh Towards a Resilient Future Protecting Lives and Livelihoods" and talked about what was done last year. But what the

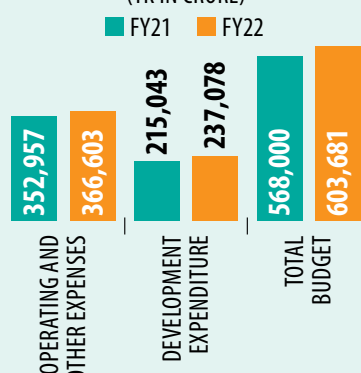
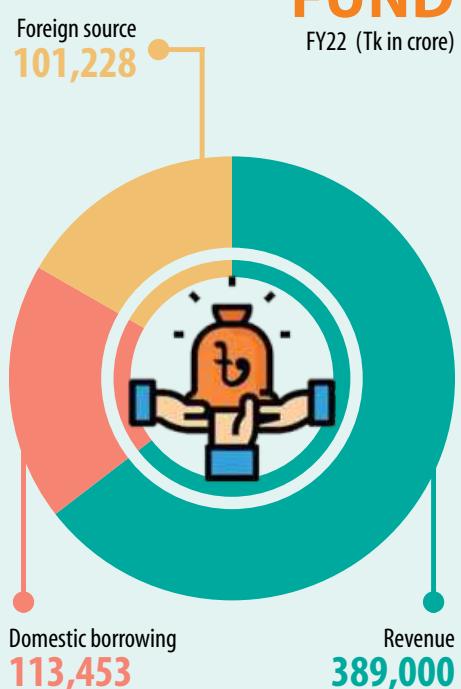
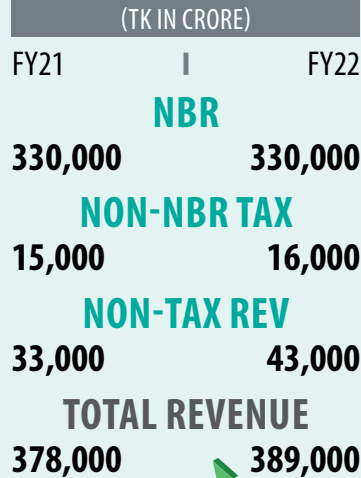
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PROPOSED BUDGET FY 2021-22


GDP GROWTH
7.2%

INFLATION
5.3%

BUDGET: EXPENDITURES AT GLANCE
(TK IN CRORE)

BUDGET SIZE
Tk 603,681 cr
SOURCES OF FUND
FY22 (Tk in crore)

REVENUE COLLECTION
(TK IN CRORE)


AILING HEALTH SECTOR

No shot in the arm

MOUJID AHMED SUJAN

All eyes were on how Finance Minister AHM Mustafa Kamal would plan to revamp the country's ill-equipped and Covid-battered health sector when he presented the 50th budget yesterday.

Although Kamal in his budget speech said the health sector was the top priority, experts termed it frustrating.

The health budget for the 2021-2022 fiscal year offers nothing new compared to the last one. The finance minister earmarked around Tk 32,731 crore or 5.42 percent of the total budget or only 0.95 percent of GDP.

In the outgoing fiscal year, the government allocated Tk 29,247 crore or 5.15 percent of the total budget and 5.84 percent of the revised budget.

Public spending on healthcare has been hovering below 1 percent of the GDP for the last twelve fiscals, although the World Health Organisation recommends it to be 5 percent of GDP.

According to the Eight Fiscal Year Plan of 2021-2025, the government target is to spend 2 percent.

Besides, a block allocation of Tk 10,000 crore has been kept to meet the expenses related to unanticipated emergency requirements, like in the previous fiscal.

Health experts and right activists said a considerable increase in budgetary allocation

focusing on primary healthcare would have been a true recognition from the government for the health sector, which is battling against the pandemic to save life and livelihood.

Although there is no mention of separate allocation for Covid-19 vaccines, the minister only said the government would provide "as much funds as is required" for procuring the required doses.

"During the critical period of the pandemic, the government has strengthened its efforts to ensure affordable health services for all citizens through the development of the health, nutrition and population sector," the finance minister said in his budget speech.

He also said there is a plan to vaccinate 80 percent of the population in phases -- 25 lakh each month.

The government had earlier planned to vaccinate 50 lakh a month. But the vaccination campaign fell into uncertainty due the dearth of vaccine supply.

His statement also did not reflect the implementation plan, especially how effectively the money allocated for the health sector will be spent, experts said.

For instance, 24 percent of the development budget for the health sector remained unused while the health service division only spent 25.46 percent of its allocation budget in the first ten months of FY 2020-21.

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Little done for SMEs, job loss

Economists, businesses call for new stimulus

REJAVET ULLAH MIRDHA and PORIMOL PALMA

The budget has not proposed any direct cash support to revive the cottage, micro, small and medium enterprises (CMSMEs) sector, where millions of workers lost jobs, though the government proposed some short tax-relief measures.

Rather, Finance Minister AHM Mustafa Kamal emphasised proper implementation of the previous stimulus packages of more than Tk 1.24 lakh crore for them.

Economists and businesses said the previous stimulus packages have not come to much use of the CMSMEs and informal sectors that were affected the most during the pandemic beginning early last year.

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Business as usual

Experts say budget not pandemic-specific

STAR BUSINESS REPORT

Economists and businesspeople in general have labelled the proposed national budget for fiscal 2021-2022 a conventional one which is seemingly a continuation of last year's financial plan.

Besides, the necessary allocations and strategy reforms needed to address the new challenges stemming from Covid-19 have not been taken, they said.

Even employment generation, which is a key economic issue amidst the ongoing coronavirus pandemic, did not receive enough focus.

But still, the government should now emphasise on the immediate implementation of policies, projects, and other initiatives that have been included in the fiscal plan to tackle Covid-19, they added.

AB Mirza Azizul Islam, a former adviser to a caretaker government, expressed concerns about the plan's implementation and how

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New safety net funds for poor

Tk 7,300cr for those affected by pandemic, Tk 5,000cr for climate victims

WASIM BIN HABIB

The government has created two separate funds worth a combined Tk 12,300 crore under its massive social safety net programmes in the next fiscal year for targeted populations and low-paid informal sector workers.

Of these funds, Tk 7,300 crore has been earmarked for the purpose of providing cash assistance to the poor and vulnerable and addressing Covid-19 health risks, according to the budget documents.

Another Tk 5,000 crore fund has been created for assisting affected day labourers, farmers, domestic workers, and those imperiled by natural calamities such as untimely floods, storms, hailstorms, and cyclones.

However, the government is yet to come up with details of the beneficiaries of these funds.

"The work to prepare the list of beneficiaries for both the activities is going on and will be determined according to the necessity in fiscal year 2021-22," stated the finance ministry's budget documents.

With these two newly created funds, the government yesterday proposed to allocate Tk 1,07,614 crore for social safety net programmes in FY 2021-22, aiming to bring around 14 lakh new people under social protection.

The amount is 17.83 percent of the total budget and 3.11 percent of the gross domestic product (GDP), Finance Minister AHM Mustafa Kamal said while presenting the national budget yesterday afternoon.

This is the first time the budgetary allocation meant for the poor and vulnerable crossed the Tk 100,000 crore mark. It was Tk 95,574 crore in last year's revised budget.

The funds will be used to implement and expand the coverage of various social security programmes designed to reduce poverty in the country.

Earlier, the government provided cash assistance to nearly 35 lakh poor families facing income losses and hardship during the shutdown imposed in the wake of the second wave of Covid-19. Each family received one-off cash support of Tk 2,500 before Eid-ul-Fitr, celebrated last month.

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Whitening Black Money

Questions may be asked about sources of income

REJAUJ KARIM BYRON and DWAIPAYAN BARUA

The opportunity to whiten black money without any question from authorities regarding its source, which was offered by the government in the current fiscal year, is not going to continue the next fiscal year 2021-22.

It means the scope of legalising black money, which saw a record whitening of nearly Tk 14,459 crore, will expire on June 30.

However, the scope of buying homes, land, buildings, or flats by paying a certain amount of tax, depending on area and location of the property, through undisclosed income will remain. But government agencies can ask questions about sources of funds.

In the outgoing fiscal, the amnesty was widened to cover any kind of untaxed income, while the government gave a wholesale opportunity to legalise income by introducing a provision that no authority, not even the income tax authority or the Anti-Corruption Commission, could question the source of assets once legalised.

Individual taxpayers were allowed to declare any type of undisclosed property, including homes, land, buildings, or flats, by paying a certain amount of tax for each square feet of the asset.

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