

BANGLADESH UPDATE



1,887
New cases in 24hrs



8,07,867
Total cases



12,758
Deaths



7,47,758
Recoveries



3,721,251
Deaths



173,109,701
Total cases

AVIATION, TOURISM SECTOR

Budget blanks out recovery plan

Say stakeholders, lament absence of financial packages to bail them out amid pandemic

RASHIDUL HASAN

Aviation and tourism have been hit perhaps the hardest by the pandemic. Airlines went bankrupt and airlines were sent into early retirements or long storages. Flights got cancelled due to measures meant to contain the spread of the virus and planes that flew, flew nowhere near the full capacity.

Zoom became the substitute for business travellers and planned holidays got postponed in the hope one day things would be normal again.

Pristine sunny beaches remained devoid of tourists dealing a blow to the carriers and businesses that are absolutely dependent on tourism.

People have been laid off in thousands from this sector across the globe.

Yet, there was almost nothing in the proposed budget for fiscal 2021-22 about bailing out struggling businesses or even any hint of a direction the government was taking to bring back the glory days of this sector.

Leaders of the sector said they were utterly frustrated as the finance minister ignored tourism and aviation.

The allocation in the proposed budget

was Tk 364 crore more than that of the previous budget - Tk 3,426 crore.

He spoke about developing the tourism industry in Bangladesh and building a world class air transport system. He also mentioned projects to increase the capacity of airports in the country.

There was no word on the bailout. Biman lost Tk 1,300 crore since the pandemic hit and the losses incurred by two other carriers -- US Bangla and Novoair -- are in the several hundred crores, according to industry insiders.

For Biman, it is hard to imagine a worse time for the pandemic to hit.

Many of the 21 aircraft in its fleet, including Boeing 787s and De Havilland Canada DHC-8 (Dash-8), are quite new but they have been sitting on the tarmac more than they have been in the air.

Before the pandemic, Biman served 19 destinations. Now it serves 8.

Sources said the pandemic cost the tourism sector around Tk 20,000 crore. Tourism involves 40 lakh people.

Members of Tour Operators Association of Bangladesh (Toab) said they alone lost Tk 5,000 crore last year

SEE PAGE 5 COL 3



This temporary fruit market in Gor-e-Shaheed Maidan of Dinajpur town is bustling with activity as trading of litchi goes on. Production of this popular summer fruit is rather low this year due to unfavourable weather. A hundred pieces of litchi sells for Tk 400 to Tk 1,000 in the town, depending on size and variety. The photo was taken yesterday.

PHOTO: STAR

Tangail rivers in peril

FROM PAGE 1

got fat amounts during renewal of the environment certificates, they alleged.

The Louhajang river flowing through Tangail district town is all but dead due to pollution and illegal encroachment.

The dumping of a large amount of waste, particularly industrial waste from different local mills and factories, has turned the river into a toxic water body over the last two decades.

The natural environment of the river has been destroyed and aquatic life in it has disappeared.

The picture is especially sordid at Taratia, Gosai Bari Kumulli, Khudirampur, Karatia and Birpushia areas of Sadar upazila. Artificial colours used in the factories have bled into the river and can be seen in different layers.

"We cannot use the water of this river for bathing, farming or for any purposes. Drinking this polluted river water causes diarrhoea in cattle," said Abdur Rauf, a resident of Khudirampur area.

"Once upon a time, big boats plied this river. We swam in the river and fished. The farmers of the area irrigated the river. But now not even a single frog can be found in this water," he said.

Shamim Mia of Gosai Bari Kumulli said it was difficult to stay in the area because of the noxious smell coming from the water contaminated by untreated waste from factories. Contact with the rotten water of the river causes various diseases, including skin diseases.

According to locals, a BSCIC Industrial Area was established on 23 acres of land at Taratia of Sadar upazila along the Dhaka-Tangail highway in

1983.

Later, several mills and industries were opened there. After a few years, another textile mill was set up in nearby Khudirampur area.

Pollution in the rivers started as more and more industrial units were set up. The untreated toxic wastes dumped in the river is carried to other areas with the current during rainy season, while it remains stagnant during the dry season, they said.

The river has never regained its original appearance despite protests by locals for years and even fines levied on mills and factories by the DoE on a few occasions.

"What did we not do? Protests, rallies, human chains, complaints to the public representatives of the area, verbal and written appeals to the district and upazila administrations. How much more? But nothing happened," said Abdur Rashid of Gosai Bari Kumulli.

On the other hand, authorities of mills and factories have been claiming that the Louhajang is a dead river and they released the water into it after treating it with ETP.

Locals, however, allege that running ETP is expensive, so sometimes ETP is run to show people, but in the dark of night, all the untreated water is dumped directly into the river through pipelines.

Earlier, local DoE officials had inspected the factories at different times and found the allegations of the locals to be true.

They fined several mills and factories in the area for river pollution and also directed the local industries to increase

the efficiency of the ETPs and to become modernised.

However, the situation has not changed so far.

"What else can we do? Nothing has happened at all. The media focuses on the problem on many occasions. However, local public representatives, administrations, and also environment department could not free us from this curse," said Azahar Ali, a resident of the Gosai Bari Kumulli.

People living close to river banks are frustrated as they have not gotten any solution to the mindless river pollution and its effects in Sadar and Mirzapur upazilas for years, said Gautam Chandra Chanda, a senior research officer of Bangladesh Environmental Lawyers Association (BELA).

Gautam, however, admitted that BELA did not file any lawsuit against the river pollution by the mills and factories. Asked about the matter, Mohammad Mujahidul Islam, deputy-director of the Tangail office of the environment department, told The Daily Star that several mills and factories were fined by the DoE on a few occasions for polluting the rivers.

"We could not do regular monitoring and take action against the industrial pollution due to lack of manpower," he said.

"We have also no water testing laboratory here. Water released from the mills and industries is tested in the laboratory in Dhaka every three months. If pollution is found, action is taken against the mills and factories concerned," he added.

Kamal drops hints

FROM PAGE 1

"When I made the comments [two weeks ago], we had no information about the people who got the benefits. Some are in favour of it, and some are against it. Some have phoned me to say equitable justice can't be ensured in the society if the provision continues."

He said he was not sure yet if the undisclosed money was being used in the economy.

"If the money or income is disclosed, it will have a long-term multiplier impact on the economy. These people will invest the money in the economy. We have to do more work on this."

The finance minister defended the budget for the next fiscal year that proposed several measures to support domestic manufacturing industries and local business, but had hardly anything for the new poor, for social safety net protection, the health and education sectors.

Corporate taxes have been slashed, VAT exemptions have been expanded, minimum and advance taxes lowered, and the duty on raw material imports have been cut.

"Thanks to the tax measures, businesses will produce more and create more jobs. The tax measures will attract more investment. This will boost collection. We will be a winner. This will be a win-win situation."

The measures would help the economy hit its growth target of 7.2 percent, he said.

"All other economies have suffered. Our economy has never contracted. We are always advancing. If you look at the figures for all years, except for the pandemic-hit one, our GDP growth was higher than the previous year. We have achieved whatever we have said in the past."

But everything rests on how fast the fight against Covid-19 is won.

Stressing the role of the health sector in this regard, he said, "We have to manage it now effectively, efficiently and comprehensively."

In the proposed budget, Tk 14,200 crore has been allocated for procuring vaccines, and the amount can be raised by diverting funds from other sectors.

"We aim to bring all of the population under the vaccination programme. We are ready for that. We have allocated the resources. We will do whatever we need to do."

The government would have to bring changes to its plan for sourcing vaccines, instead of relying on only one source.

"We are already exploring alternative sources, and the vaccines will come from those sources," Kamal said.

At the briefing, Abdur Rouf Talukder, senior secretary of the finance division, said there was no problem with the allocation in the health sector as a portion of it remained unspent in the current fiscal year.

The full amount could not be spent because of problems in the procurement process and the inexperience of the project directors.

"We will address these two issues in the next fiscal year. We have already spoken to the health ministry about it, particularly about procurement."

The procurement in the health sector was supply-driven.

"We will make it demand-driven in the next fiscal year," he said.

The project directors in the health sector lacked experience in project management and procurement of this scale and urgency, according to Talukder. "They will be given a crash course," he added.

In the budget documents, Kamal could not provide the updated data on the poverty rate. Instead, he maintained the 2019 estimated poverty rate of 20.5 percent.

Yesterday, he said Bangladesh Bureau of Statistics (BBS) will come up with the figure, and it is working on it.

Referring to a survey by Bangladesh Institute of Development Studies, Kamal said the upper limit of the poverty rate stands at 26 percent.

"Our task is to help the poor. The prime minister's instruction is to find out all of the marginalised segments and integrate them in the mainstream economy."

He went on to cite the government's initiative to build homes for the poor as a case in point.

"This is an excellent initiative. The government is building homes with its own money... You will not find any such example in any other country. We will do this for all the homeless people. The work is going on in full swing."

The government had not explored fiscal measures when it came to unveiling stimulus packages, he said.

"We have so far relied on the monetary policy. Now, we are going to explore the support that fiscal measures can offer."

The finance minister went on to describe the budget for fiscal 2021-22 as expansionary.

"We were able to go for an expansionary budget because of our low debt to GDP ratio. Many countries don't have that scope."

Bangladesh's debt-to-GDP ratio stands at 40 percent.

"If we can use the money, we will be able to save both lives and livelihoods," Kamal said, adding that it would not take long to bring down the budget deficit.

Planning Minister MA Mannan said the government was using the same sources to finance the budget deficit.

"The credit market is good. Our repayment record is good," he noted.

Bangladesh Bank Governor Fazle Kabir said the central bank would design the monetary policy in keeping with the expansionary budget.

About Tk 76,450 crore would be borrowed from the banking system to finance the budget deficit.

There was excess liquidity of Tk 200,000 crore in the banking system, which includes Tk 40,000 in cash liquidity. The rest are in the form of investment in bonds, Kabir added.

Talukder made mentions of the government's stimulus packages involving Tk 128,441 crore -- Tk 90,000 crore being channelled through the banking system and the remaining Tk 38,441 crore through budgetary allocations.

The government is providing from the budget Tk 4,500 crore as the interest subsidy every year for the loans provided by banks under the stimulus packages.

"So, the implementation of the stimulus packages has not been imposed on the banking system. The government is also sharing its fair share of the burden through the interest subsidy," Talukder said.

The 23 stimulus packages would continue until they are fully implemented. "The honourable prime minister has said she would come up with more stimulus packages, if needed," he added.

Shamsul Alam, a member of the General Economics Division, said there was nothing to be worried about the revenue generation.

Agriculture Minister Muhammad Abdur Razaque said the government plans to commercialise agriculture and support farm mechanisation so that the cost of production goes down.

"Because of the higher labour cost, the profit for the farmers is not much."

The commercialisation of agriculture would generate higher incomes and create jobs in the rural areas, he added.

Mashhur Rahman, economic affairs adviser to the prime minister, said the government did not have to present a budget in a challenging situation like the one the country was in now.

Abu Hena Md Rahmatul Munem, chairman of the NBR; Md Ashadul Islam, senior secretary of the Financial Institutions Division; and Fatima Yasmin, secretary of the Economic Relations Division, also attended the virtual briefing.

A budget that forgot new poor exists

FROM PAGE 1

have much to offer in terms of concrete measures and innovative policies to combat the Covid-induced challenges, the CPD said.

The tax exemption, value-added tax and duty benefits proposed in the budget are expected to stimulate private investment, create jobs and indirectly benefit the economy, Rahman said.

"But private investment cannot be stimulated through tax benefits only. It also depends on the ease of doing business and competition in the market. So, the tax benefit can be termed as a necessary condition not sufficient," he added.

Khondaker Golam Moazzem, research director of the CPD, went on to call for a second stimulus package for the cottage, micro, small and medium enterprises (CMSMEs) as only reducing tax is not enough to resolve the existing problems of those businesses.

The government should allocate an additional fund of Tk 30,000 crore for the CMSMEs to take the total allocation to Tk 50,000 crore for revival of the affected CMSME units, which will help generate employment.

The higher allocation for mega projects in the incoming year was unnecessary in the face of rising poverty, he said.

For instance, the highest allocation was given to the Rooppur nuclear power plant, raising a question to this end, he said.

"The country does not require additional electricity due to the surplus production at this moment. But the situation is quite different for commoners. In the absence of help from the government, they cannot live their lives smoothly."

For instance, the people of Koyra have been struggling to build an embankment to save themselves from tidal surges, Moazzem added.

Given the magnitude of negative impact on various sectors due to Covid-19, the CPD had emphasised the need for a medium-term strategy for economic recovery.

The budget document does not

China voices annoyance at disclosure of sale price

FROM PAGE 1

regrets to the Chinese ambassador over the matter. But this has made our position very bad," Foreign Minister AK Abdul Momen told private TV station Channel24 yesterday.

He said the government would not be able to buy the Sinopharm vaccine at this price in future.

The minister said Bangladesh now have to buy the vaccine at prices it was sold to other countries, which is almost double or triple the price offered to Bangladesh.

At a briefing on May 27, a Cabinet Division official told reporters that the government was purchasing the

vaccine at \$10 per dose.

The briefing was held after a cabinet committee meeting approved a proposal for buying 1.5 crore shots of Sinopharm's Covid-19 vaccine, paving the way for the final agreement.

As the news spread online through different media outlets, ministry officials contested the disclosure saying that the price was yet to be approved.

The Directorate General of Health Services has written a letter to the Chinese embassy in Dhaka, expressing regrets, said Prof Abul Bashar Mohammad Khurshid Alam, director general of DGHS.

"We said we did not make the price public intentionally, but it became public somehow. We wrote a letter to them, but they are yet to respond to it," he told Channel24.

Khurshid said China sold the vaccine to Sri Lanka for \$14 per dose and to Indonesia for \$17.

"After learning about the selling price to Bangladesh, those countries are pressing China to sell the vaccine at lower prices. They [China] became very much annoyed with us."

Despite several attempts, this newspaper could not reach the foreign minister over the phone for comments.

81 Rohingyas reach Indonesia after 113-day voyage

REUTERS, Dhaka

A boat carrying dozens of Rohingya refugees that set sail in February but had been adrift in the Andaman Sea with engine failure has landed on an Indonesian island after a voyage of more than 100 days, a human rights official said yesterday.

The vessel sailed on Feb. 11 from Cox's Bazar in Bangladesh carrying 90 Rohingya refugees, most of them women and children, with the hope of reaching Malaysia.

But the boat's engine failed four days after leaving Cox's Bazar, where refugee camps house hundreds of thousands of Rohingya Muslims who have fled neighbouring Myanmar.

"We have learnt that the 81 (refugees) were fine, they landed on Idaman Island in Aceh (Indonesia)," said Chris Lewa, director of the Arakan Project, a group that monitors the Rohingya crisis.

"They are not 100% safe there yet. We hope they will not be pushed back," Lewa told Reuters.

Of the 90 people who set out on the voyage, eight were found dead by Indian Coast Guards who had tracked and later repaired the vessel in February.

Indian authorities provided food and essential supplies to survivors but refused to let them set foot on their shores. Bangladesh, too, denied re-entry to 81 survivors.

Over the last three months, international aid agencies and family members of those onboard have made repeated appeals to India, Bangladesh, Myanmar and Malaysia for information about the fate of the survivors on the boat.

Dwi Prafitia, spokeswoman for the United Nations High Commissioner for Refugees in Indonesia, told Reuters that the refugees currently don't have a place to stay as it awaits coordination with the local government.

Authorities in Indonesia, including local police and immigration, were not immediately available for comment yesterday.

The Rohingyas are a minority group, most of whom are denied citizenship by Buddhist-majority Myanmar, which considers them illegal immigrants from Bangladesh.

Leading trade bodies

FROM PAGE 1

incentives, it said.

The MCCI said the upcoming fiscal year might be one of the most challenging years from the perspective of fiscal management due to the economic slowdown caused by the Covid-19 pandemic.

"Revenue mobilisation will be a daunting task," said MCCI President Nihad Kabir in the statement.

Besides, the budget has not indicated any specific reform and restructuring of the tax policy and tax administration to enhance associated capacities and deliver the right kind of public services, which in turn will increase revenue collection without overburdening the compliant taxpayers.

The MCCI suggested adopting an interim evaluation system for the budget every three months for the next year so that, if required, it could be restructured and revised accordingly.

"As there are still so many unknowns to be dealt with regarding the pandemic and its ongoing effect on society and economy, the need of the hour is flexibility to deal with situations and requirements swiftly as they arise," she said.

The MCCI urged the government to utilise all available channels to pursue all the different lower-cost sources of funding being made available internationally in order to reduce the pressure on domestic resource mobilisation.

It, however, opposed the plan to increase the corporate tax rate for mobile financial service (MFS) providers, citing that the sector was at a nascent stage of development in Bangladesh.

Increasing their tax rate steeply during the pandemic will cause a slowdown of the growth of the MFS services and send a wrong signal to investors and users alike amidst all the positive signals of the budget, said the MCCI.

The Foreign Investors' Chamber of Commerce & Industry (FICCI) lauded the move to reduce corporate taxes and tax exemptions for agro processing and IT-related industries.

"The chamber also highly appreciates the government's plan to vaccinate 80 percent of the population in phases against the novel coronavirus," it said.

The FICCI, however, said it would have been happier had the government withdrawn the 2 percent minimum tax on telecom, 1 percent on tobacco, 0.25 percent on individuals and 0.6 percent on others.

The Bangladesh Chamber of Industries said the private sector would benefit from the tax reductions and exemptions.

It urged the government to continue reducing the corporate tax rate in the next three fiscal years.

Bangladesh Frozen Foods Exporters Association (BFFEA) demanded a reduction of source tax on export of frozen shrimp and other fish to 0.25 percent from the present 0.50 percent.

The BFFEA also urged the government to increase the cash incentive on export of frozen shrimp to 20 percent from 10 percent and incentive on export of other fish to 10 percent from 5 percent.

In a separate statement, Business Initiative Leading Development said the budget seems to have done well in addressing the current situation and is forward-looking, considering the "Made in Bangladesh" concept.

This will not only help businesses to diversify but also pave the way for the country's graduation from least developed to a developing country, it said.