



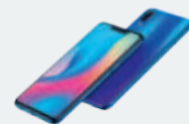
FRIDGE
Keeping cool not so cheap



LAPTOP
Higher price tag on the portable PC



CARS
Driving to lighter pockets



MOBILE PHONES
Staying connected now costlier



COVID-19 EQUIPMENT
Being safe now dearer

Not for respite, but for restraints

In his fourth budget, Kamal brought glad tidings for businesses but hardly anything for the poor and the middle-class

ZINA TASREEN

When reassurance was needed, he exuded panic.

In Finance Minister AHM Mustafa Kamal's fourth budget speech delivered in the backdrop of a cost of living crisis, recovering economy and strained foreign currency reserves, the key takeaway is: that better days are not around the corner for most.

Inflation pops up 29 times in his budget speech, suggesting he is overwhelmed by the possibility of reining in the spiralling price level.

The elevated inflation is mostly imported, meaning there is not much the government can do to stop it. What it could do was help the poor offset the inflationary shock.

Kamal had the scope to engage in some serious redistribution from the rich to the poor in the form of support package for households with cost of living problems. But he held back.

For instance, he increased the excise duty on bank account balances of upwards of Tk 5 crore by just Tk 10,000 to Tk 50,000.

He withdrew the advance income tax on the import of gold, a superfluous purchase for the most, and made importing aircraft and helicopters cheaper.

To encourage import substitution and local manufacturing, he raised the tax incidence on the import of products such as laptops, lifts, mobile batteries and chargers and interactive displays.

At the same time, he brought down the import duty on raw materials for those.

On paper, this looks promising, but in practice, only a select few large conglomerates stand to benefit.

The poor and the vulnerable do not have any cash support to look forward to in the incoming fiscal year beginning July 1 to help them manage the cost of living crisis.

Only Tk 5,000 crore was kept aside for this purpose, which is the same as in this fiscal year, meaning about 35 lakh would stand to get one-off handouts of Tk 2,500.

More than 35 lakh need this support and they need it every month.

For the 40 million middle-class people, there are no glad tidings.

The tax-free income ceiling was not raised from Tk 3 lakh, disregarding the need for inflationary adjustment. Neither was the excise duty lowered on bank balances corresponding to them.

This is particularly a blow to pensioners: the value of their savings has surely eroded in the face of inflation and given the interest rate cap there cannot be an adjustment there.

Admittedly, his scope to offer one-off patches – be it for moral or political reasons – is limited by the narrow fiscal space.

But some out-of-the-box thinking and chutzpah could have provided a way out.

While Kamal has allocated a whopping Tk 82,745 crore as subsidy in the budget

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Little cushion against soaring cost of living

MAHBUBUR RAHMAN KHAN and AKM ZAMIR UDDIN

It is becoming harder for the poor and those with limited incomes to make ends meet as none of the government measures could rein in the rising cost of living.

Just when thousands of people were getting back on their feet as the coronavirus restrictions got lifted and the economy reopened, the war in Ukraine rattled global commodity markets and food prices.

Families are being forced to reduce consumption with point-to-point inflation hitting 6.29 percent in April, an 18-month high.

But economists say the budget for the 2022-23 unveiled yesterday was unlikely to provide any relief to the majority of low-income and middle-class people who are grappling with rising costs of healthcare, education, food and edible oil.

Debapriya Bhattacharya, a distinguished fellow at the Centre for Policy Dialogue (CPD), said the measures mentioned in the proposed budget were not enough to contain inflationary pressure on the general

public.

The government has raised taxes on luxury goods to discourage their import. But it will have little impact as there is no scope to reduce imports of essential commodities such as fuel, fertilisers and cereal from abroad, which will play a role in increasing inflation, he said.

"The exchange rate of the taka against the dollar is now weakening, which will push inflation further. There is limited scope to tackle the ripple effect of inflation by way of revising trade and monetary policies," he said.

In the budget, the government proposed increasing subsidies in the agriculture and energy sectors and gradually adjusting the sales price of fossil fuel, gas, electricity and chemical fertilisers on a small scale.

The finance minister also kept the individual tax ceiling unchanged and vowed that the Open Market Sale (OMS) programme would continue to provide 30 kg of rice at Tk 15 a kg every month to 50 lakh low-income households.

The government is providing essential commodities to one crore poor families at a low cost under the

Family Card Programme of the Trading Corporation of Bangladesh, said the finance minister in his speech.

But the economists recommended increasing the amount of cash assistance so as to shield the poor from the price hike.

According to a recent study by Power and Participation Research Centre and Brac Institute of Governance and Development, the number of "new poor" is 3.09 crore, which is 18.54 percent of the population.

The per capita daily income among the surveyed households was Tk 117 during the pre-pandemic period. It dropped to Tk 83 during the second shutdown in August last year.

Although the per capita income increased to Tk 105 in January this year, it came down to Tk 99 in May because of inflation, the survey said.

Inflation rate averaged 5.81 percent in April and is likely to rise due to increased prices of commodities in the international market and decreased value of taka against dollar.

Yet, the government targets to contain average inflation to 5.6 per cent in the upcoming fiscal year.

TAX MEASURES

Relief for the rich, burden for others

SOHEL PARVEZ

Over the last couple of months, various sections of society called upon the government to raise the tax-free income limit amid the rising cost of living.

Their argument is an upward revision of the ceiling will protect the buying capacity of low-income people to some extent from spiralling inflation and prevent erosion of their living standard.

The demand, as it seems from the proposed tax measures for the next fiscal year, remains unmet with the tax-free income limit staying unchanged for another year.

This means a person with a monthly income of more than Tk 25,000 will have to pay tax even if he or she cannot afford basic commodities to lead a decent life.

The initial tax rate and corresponding slabs of income are to remain unchanged.

But the limit of eligible investment for an individual has been reduced as the National Board of Revenue seeks to cut it to 20 percent from 25 percent of a taxpayer's total income.

It wants to do away with the slabs and introduce a uniform rate of 20 percent for eligible investment and a uniform rate of 15 percent in case of tax credit.

According to NBR officials, there were claims that too many slabs on tax rebates create complexity in tax credit calculation, prompting the tax authority to bring uniformity to the rate of tax rebates.

In the outgoing fiscal year, an individual

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A fillip to 'Made in Bangladesh'

All export goods may get VAT exemption, tax holiday

MOHAMMAD SUMAN, Ctg

The government plans to extend VAT exemption and offer tax holiday to all export-oriented goods and services in order to create new export sectors, diversify goods and explore new markets.

The move aims at making 'Made in Bangladesh' a global brand.

The proposal of the finance minister is targeted to give a major boost to the domestic manufacturing industries, including those making automobiles (three-wheelers and four-wheelers), refrigerators, freezers, and compressors.

The manufacturers of ocean-going vessels, carrying the Bangladeshi flag, will enjoy the tax holiday until 2030. They will, however, have to bring in their income to Bangladesh through the banking channel.

In Bangladesh, the prevailing tax rate for the export-oriented garment sector stands at 12 per cent for general factories and 10 per cent for green factories. The finance minister has proposed to make the same facility available for all other exporting goods and services.

Mega industries such as automobiles with investments amounting to at least Tk 100 crore would be eligible for a 20-year tax holiday.

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Job creation: an empty promise

AHSAN HABIB

Although Bangladesh is witnessing a golden hour in terms of demographic dividend, a lack of decent employment opportunities in the country is leading to rising unemployment among educated youths, according to experts.

Besides, the pandemic dampened opportunities in the local job market as most non-essential economic activities were put on hold for the past two years due to Covid-19, they said.

In addition, Bangladesh Bank recently tightened the money supply to contain runaway inflation but the move may slow private investment and subsequently impact job creation as loans will become costlier.

Considering the circumstances, Finance Minister AHM Mustafa Kamal yesterday focused on employment generation in his budget proposal for fiscal 2022-23.

However, he did not include any new steps in this regard and instead opted for continuing the previous training and skills development projects.

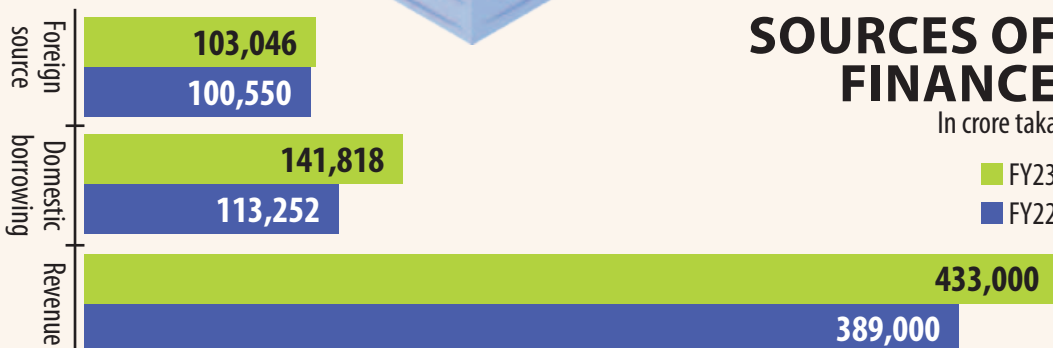
There are mainly three ministries working for training and skills development in the country, namely the Ministry of Youth and Sports, Ministry of Industries, and Ministry of Labour and Employment.

And although the allocation for the Ministry of Youth and Sports increased by 1.42 per cent compared to the revised budget for fiscal 2021-22, the other two ministries saw their funding slashed by 31 per cent and 0.83 per

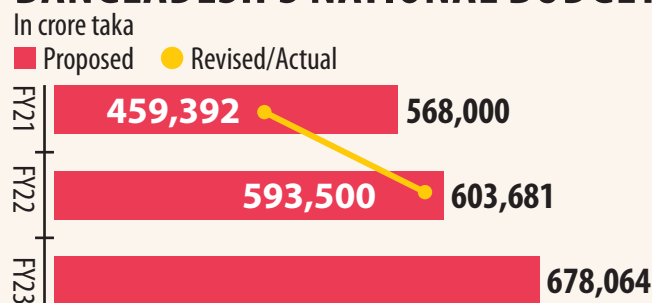
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PROPOSED BUDGET

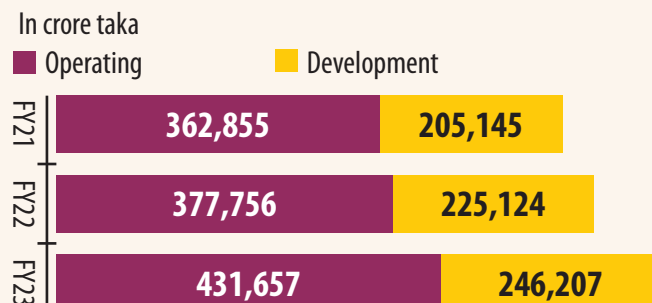
FY2022-23



BANGLADESH'S NATIONAL BUDGET



EXPENDITURE BY CATEGORIES



SOURCE: FINANCE MINISTRY