SOCIAL SAFETY NET

Approach not a good fit for multiple crises

WASIM BIN HABIB *and* REJAUL KARIM BYRON

The need for expanding the coverage of social protection schemes with new approaches has never been felt so badly than now as people are struggling to keep their heads above water amid one crisis on top of another.

First, there was a two-year long pandemic that plunged thousands into poverty. As they saw their livelihoods bounce back with a decent economic recovery, then came the war in Ukraine.

The unforeseen event has already caused food inflation because of supply chain disruptions, putting tremendous pressure on people since their cost of living went up and purchasing power weakened.

So, when Finance Minister AHM Mustafa Kamal placed the national budget for 2022-2023 fiscal year in parliament, all eyes were fixed on the government's measures to protect the vulnerable groups, who are feeling the squeeze of rising inflation that hit 6.29 percent in April.

However, the proposed budget did not offer much hope for them as the government did not devise new approaches in the social safety net schemes to deal with the multiple crises. It seems more like old wine in a new bottle.

The finance minister emphasised on the ongoing schemes with a proposal to increase the number of beneficiaries and assistance in some of the programmes.

Kamal yesterday proposed increasing the allocation by 5.5 percent year-on-year for the social protection programmes as

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FOOD, AGRICULTURE

A lot of hype, little promised

PINAKI ROY

Amid the Russia-Ukraine war and global food price hike, Finance Minister AHM Mustafa Kamal placed emphasis on boosting food production to ensure food security in the country.

Presenting the budget for the 2022-23 fiscal year in parliament yesterday, the finance mister quoting the World Economic Forum said the world is on the brink of starvation.

"But our government has been watchful since the onset of the pandemic to ensure continuityof agricultural production in the country," he said in his budget speech.

He proposed an allocation of Tk 33,698 crore for food, fisheries and agriculture for the coming fiscal year, which is only 6.2 percent of the total budget. The allocation was Tk 24,345 crore in FY 2021-2022.

However, the finance minister did not mention any new measures for farmers to increase production other than increasing subsidy on fertiliser.

Dr M Asaduzzaman, former research director at Bangladesh Institute of Development Studies, said, "It seems to be a low-key budget. The finance minister did not give us much hope regarding the agricultural sector."

He added, "He [finance minister] should have outlined an agricultural growth path in the context of climate change and irrigation water scarcity."

As the price of fertiliser has increased in the international market due to the Russia-Ukraine war, the minister has increased the subsidy for fertiliser to Tk 16,000 crore in the coming fiscal year, a rise of Tk 4,000 crore from 2021-22.

In the previous fiscal year, the subsidy for fertilisers was initially Tk 9,000 crore but that had to increase to Tk 12,000 crore as the price of fertiliser in May 2022 shot up by 177 percent in the international market.

"We have prioritised farmer welfare by expanding fertiliser subsidies," the finance minister said in parliament.

In addition to providing subsidy to the agriculture sector, the minister mentioned offering incentives and rehabilitation aid to farmers to enhance productivity. However, he did not elaborate.

Like the current FY, the minister proposed a 20 percent cash incentive for exports of agricultural products and a 20 percent rebate on electricity bills for power use in irrigation pumps.

He also proposed disbursement of special agricultural credit at 4 percent for cultivating 24 crops including

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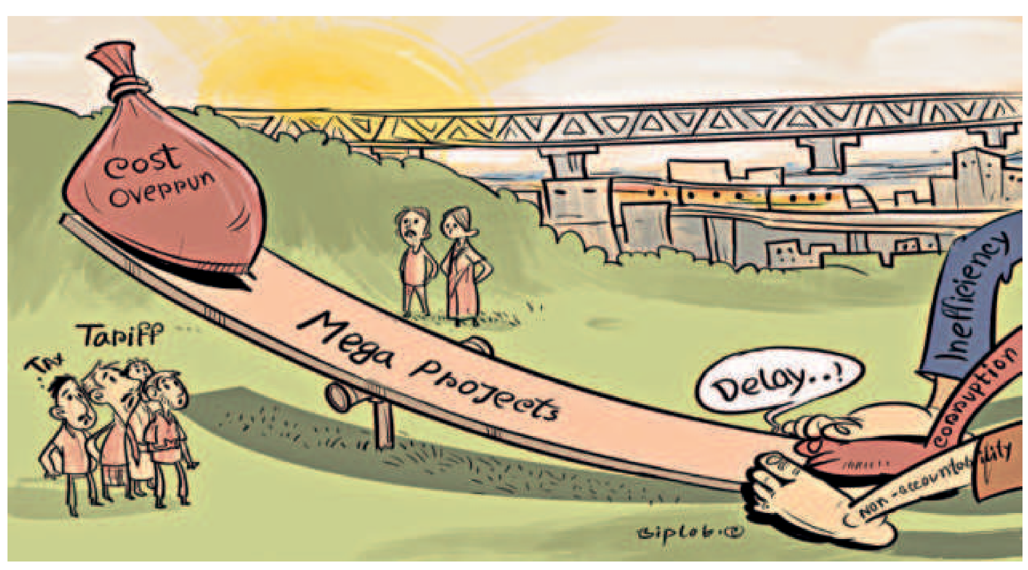
FAST-TRACK PROJECTS

Debt repayment a worry now



TUHIN SHUBHRA ADHIKARY

After the Awami League government came to power in 2009, it took up several gigantic development projects with a view to transforming the country's communication and transport infrastructure.

Later, more mega projects were added to the list, especially in the power and energy sector. The government poured thousands of crores of taka, sourced mostly from foreign loans, into the projects over the years.

But the cost and deadlines of the projects were revised multiple times amid poor planning, uncertainty over funding, and the Covid pandemic.

However, people are set to benefit from the initiatives, as some of the structures will become usable in the new fiscal year, starting from July 1.

It will begin with the inauguration of Padma Bridge, the country's longest bridge, on June 25. The country's first metro rail is expected to be partially operational in December.

The Chattogram-Cox's Bazar Rail Link project and a unit of the Rampal Power Plant project could be ready in the first half of 2023.

As four of the eight fast-track projects near completion, the budgetary allocation for them is set to come down significantly in the new budget.

Similarly, the physical work of several other new major projects is set to begin in the next fiscal year, with some ongoing projects finally gaining momentum, prompting the government to divert more funds to the projects.

The construction of the country's first underground metro rail, known as Mass Rapid Transit (MRT) Line-1, another metro line MRT Line-5 (northern route), the Dhaka-Sylhet highway expansion project and the Dhaka-Ashulia Elevated Expressway project is likely to kick off in FY23.

Now, the challenge for the government is to make the most of the mega structures because the debt repayment of some of the projects will begin in a few years.

It will also need to speed up the physical work of the ongoing projects and put funds in the others.

The size of the annual development programme for FY23 has been fixed at a record Tk 246,066 crore, even though the country is facing crises from the fallout of the Russian-Ukraine war and the pandemic.

The proposed ADP has increased by 9.2 percent compared to what it was in the original budget for the fiscal year 2021-22.

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'Ethically unacceptable'

Experts criticise budgetary proposal for amnesty to laundered money

REJAUL KARIM BYRON *and* DWAIPAYAN BARUA

Money laundered out of the country can be legalised in exchange of seven to fifteen percent tax under a new proposal aimed to boost revenue as well as mobilise foreign currency.

Finance Minister AHM Mustafa Kamal yesterday proposed the amnesty to undisclosed assets or cash stashed in foreign shores, which the economists term "ethically unacceptable" as it would encourage more money laundering.

The new move has the proposition that no question would be raised by any authorities, including the tax administration, about the source of any undisclosed assets located outside Bangladesh if a certain amount of tax is paid.

The opportunity will remain effective from July this year to June next year if the proposal is passed.

The government, however, will discontinue the opportunities of whitening black money amassed in the country.

Under the new proposal, Bangladeshi citizens who have immovable assets bought outside the country with undeclared income from Bangladesh can legalise those by paying 15 percent tax.

Citizens who have any movable assets, including cash or cash equivalents, bank accounts, securities and financial instruments, squirrelled away in foreign shores can legalise those by paying 10 percent.

And those who have any cash or cash equivalents, bank deposits, bank notes, bank accounts, convertible securities and financial instruments squirrelled away abroad can bring them back home by paying 7 percent.

In his budget speech, Mustafa Kamal hoped that the proposal would increase the flow of foreign currency and increase revenue.

"... and the taxpayers will also feel relieved by availing this opportunity to declare their assets and money acquired or earned abroad in their respective income tax returns," he added.

The minister stressed the need for adopting and implementing a visionary fiscal policy aiming at generating more revenue to face the tough challenges in the coming fiscal year, as the

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INDIVIDUAL INCOME TAX

TAXABLE INCOME RANGE	TAXABLE INCOME	CUMULATIVE TAXABLE INCOME	TAX RATE: 2021-22	TAX RATE: 2022-23
0-Tk 300,000	0	0	0%	UNCHANGED
Tk 300,001-Tk 400,000	100,000	400,000	5%	UNCHANGED
Tk 400,001-Tk 700,000	300,000	700,000	10%	UNCHANGED
Tk 700,001- Tk1,100,000	400,000	1,100,000	15%	UNCHANGED
Tk 11,00,000- Tk 16,00,000	500,000	1,600,000	20%	UNCHANGED
Tk 16,00,001 >		1,600,000	25%	UNCHANGED

MINIMUM INCOME TAX BASED ON LIVING AREA (In taka)

PERSON	TAXABLE INCOME LIMIT 2021-22	TAXABLE INCOME LIMIT 2022-23
Dhaka and Chattogram city corporations	5,000	Unchanged
Others city corporation areas	4,000	Unchanged
All areas other than city corporations	3,000	Unchanged

TAXABLE INCOME EXEMPTION LIMIT (In taka)

PERSON	TAXABLE INCOME LIMIT 2021-22	TAXABLE INCOME LIMIT 2022-23
General taxpayer	300,000	Unchanged
Women taxpayer	350,000	Unchanged
Senior citizens: 65 years & above	350,000	Unchanged
Persons with disability	450,000	Unchanged
Gazetted freedom fighters	475,000	Unchanged
Parents with physically challenged child	Normal exemption+50,000	Unchanged

SURCHARGE ON NET WEALTH

	Income year 2021-22	Income year 2022-23
NET WEALTH	Rate	Rate
Up to Tk 3cr	0%	Unchanged
Over Tk 3cr to Tk 10cr, or one more motor car or over 8,000sft house property in city corporation	10%	Unchanged
Over Tk 10cr to Tk 20cr	20%	Unchanged
Over Tk 20cr to Tk 50cr	30%	Unchanged
Over Tk 50cr	35%	Unchanged