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P11
Will the spark reignite Mohammedan?



P8
To end inequality, stop pandering to plunderers



P7
India is not what the media shows: Rahul



P6
'He was a director who elevated numerous stars'

Bracing for budget of self-preservation

ZINA TASREEN

In 2019, when AHM Mustafa Kamal took charge as the finance minister, the Bangladesh economy was taxing for take-off for its long-haul flight to the developed country club.

Four years later, it failed to fly into the air, as Kamal refrained from opening the throttle to increase the engine power needed for the economy to take off.

For the Bangladesh economy, the throttle is the tax revenue collection, which would enable the government to make the expenditure needed to level up GDP growth in an equitable manner.

As per the original flight schedule, the budget for fiscal 2023-24 would have been the one priming the Bangladesh economy for cruise control in the post LDC-world.

But Kamal's bolting for the auto-pilot mode from the onset has left the economy ill-positioned to withstand the adverse conditions of the global coronavirus pandemic and the Ukraine war – even while on the runway.

Subsequently, the budget that he is set to unveil today, his fifth as the finance minister, has become one of survival amid spiralling inflation, depleting reserves, rising poverty and slowing economic activities.

And whether he manages to succeed in barely

that is also in question given the narrow fiscal space, which got narrower during his term.

When he took charge, Bangladesh's tax-GDP ratio was in the neighbourhood of 10 percent. Now, it is about 7.5 percent is the lowest in South Asia, and on average, almost 5 percent less than lower middle-income countries, according to a study by the International Growth Centre.

It is for this reason that he did not go for an expansionary budget amid the pandemic, when most countries in the world were going for one to prevent a hard landing of their economies from the worst global economic and public health crisis in recent memory.

And it is for this reason, he is unable to provide the funds needed to extend adequate cash support to the poor and the low-income people to cushion themselves from the vagaries of inflation, which averaged 8.85 percent in the first ten months of the fiscal year and way above the budgetary target of 5.6 percent.

What he can manage at best is a token amount that would not be of much help to this demographic amid the high prices of essentials.

This would unravel the decades of gains made in poverty alleviation – and would be stepping back in time. Already there are signs of this

SEE PAGE 2 COL 2



A BIWTA excavator knocks down a warehouse of Metro Courier, illegally built on the Turag, during an eviction drive in Savar's Birulia yesterday. The authorities plan to install demarcation pillars and construct walkways along the riverbanks to protect the water body from encroachment.

PHOTO: PALASH KHAN

BUSINESS

Moody's cuts ratings for 6 local banks

US-based global ratings agency Moody's Investors Service yesterday downgraded the credit rating of six local banks by one notch, a day after it cut the sovereign credit rating for Bangladesh.

The banks are Brac, City, Dutch Bangla, Eastern, NCC and Premier.

Selim RF Hussain, chairman of the Association of Bankers, Bangladesh, says the credit rating for the banks slipped by one notch automatically as the country's rating has been downgraded.

STORY ON B1

Foreign debt servicing likely to soar by 45pc

REJAU KARIM BYRON

The government's foreign debt servicing burden may rise by as much as 45 percent in the next fiscal year due to the devaluation of taka and higher utilisation of foreign loans in recent years.

About Tk 24,700 crore would be set aside in fiscal 2023-24's budget for foreign loan repayment, according to finance ministry officials.

It is about \$2.42 billion considering the current exchange rate of Tk 102 for a dollar.

In the outgoing fiscal year, Tk 17,000 crore was initially allocated for this overhead, which was later revised upwards to Tk 18,150 crore. The revised allocation is about \$1.78 billion considering the current exchange rate.

The higher allocation is due to the slide in the value of taka in recent times, said a finance ministry official. Taka has depreciated by about 23 percent against the dollar in the past year.

Besides, Bangladesh's use of foreign funding has increased in recent years, hitting a peak of \$10 billion in fiscal 2021-22.

This fiscal year, the government is projected to utilise foreign assistance of around \$12 billion.

Different mega projects including the Dhaka metro rail, Matarbari port and coal-fired power project, are being implemented in full swing and with it, more foreign funds are being used.

SEE PAGE 2 COL 6

SAFETY NET PROGRAMMES

Slice for the poor only gets thinner

MD ASADUZ ZAMAN

Although budgetary allocation for social safety net programmes has increased over the past 13 years, the share of compatible programmes has declined significantly.

Compatible social safety net programmes (SSNPs) mean such programmes that actually provide protection to poor and vulnerable people. For example, old age allowance; allowances for the widowed, deserted and destitute women; and allowances for people with disability who are financially insolvent.

Over the years, the list of safety net programmes, however, has included loosely related or completely unrelated programmes that do not have much to do with protection of vulnerable groups of people. Examples include pension for retired government officials, agriculture subsidies, and various credit programmes and infrastructure projects.

The Centre for Policy Dialogue has made these observations in its review report titled "State of the Bangladesh Economy in FY2022-23". Citing the government's allocation of Tk 1.13 lakh crore for 115 social security programmes in the current fiscal, the report says that Tk 33,966 crore or only 29.7 percent of the total allocation is used for compatible safety net programmes.

In the 2009-10 fiscal year, the share of

compatible SSNPs was as high as 62.2 percent, says the CPD report.

Terming the completely unrelated programmes non-compatible, the report says that the share of such programmes has risen to 65.5 percent of total allocation in the current fiscal, which was only 25.5 percent in FY 2010.

The list of safety net programmes has included over the years loosely related or completely unrelated programmes that don't have much to do with protection of vulnerable groups of people.

"While it can be argued that fringe elements need to be included to make a comprehensive list, the inclusion of completely unrelated programmes raises questions as to whether the intention was to inflate the statistics in the first place," says the report.

In the current fiscal, Tk 28,037 crore is allocated for the pension of retired government officials, Tk 12,500 crore for agricultural subsidies, and Tk 7,907 crore for savings certificate interest assistance.

The share of non-compatible programmes

SEE PAGE 2 COL 2

Govt trying its best to keep the economy vibrant: PM

STAFF CORRESPONDENT

Prime Minister Sheikh Hasina has said the government is making all-out efforts to keep the country's economy vibrant despite the global economic recession caused by the Russia-Ukraine war and the Covid-19 pandemic.

The premier was responding to a question from Awami League MP M Abdul Latif (Chattogram-11) during the question-answer session in parliament yesterday.

The PM's answers to the lawmakers' questions were tabled in the House, with Speaker Shirin Sharmin Chaudhury in the chair.

Yesterday, the Jatiya Sangsad went into its budget session around 5:00pm.

Hasina said the government has been able to quickly bring the country's

SEE PAGE 2 COL 5



28 arrested in DSA cases last month

Almost all BNP activists; the number was eight in April, says rights body

STAFF CORRESPONDENT

At least 28 people were arrested under the Digital Security Act across the country in May, and only one of them was not a BNP activist, according to a report by Manabdhikar Shongskriti Foundation.

In April, eight people, including a journalist, a teen, and a BNP activist, were arrested in seven cases filed under the act, said the report signed by its founding president Sultana Kamal.

The report released yesterday was based on reports published by 18 media outlets. The news reports were verified by rights activists, it said.

The rights body strongly condemns the government's failure to address the violations of human rights.

According to the report, the misuse of the DSA persisted in May when six of the DSA cases were filed for "tarnishing the images" of either the country or Bangabandhu Sheikh Mujibur Rahman, Prime Minister Sheikh Hasina, high-ranking government officials and members of the ruling party on social media.

Two DSA cases were filed in Faridpur and Rajbari, against BNP activists and leaders.

Besides, a Narayanganj court issued an arrest warrant for a journalist for publishing an article about Narayanganj-4 MP AKM Shamim Osman.

The DSA is being abused to keep people from expressing their opinions and to intimidate and silence them, it said, adding that at least 45 journalists were humiliated, harassed, and tortured in May.

SEE PAGE 2 COL 1



This used to be a hillock at Doripura village in Narsingdi's Shibpur upazila. The owner has illegally sold off the soil to brick kilns, caring little about the damage done to the environment. Locals said that mobile courts often raid the area and fine errant owners, but the raids fail to stop the activity.

PHOTO: JAHIDUL ISLAM

New visa policy USA's own affair

Says home boss after meeting with Haas

STAFF CORRESPONDENT

Home Minister Asaduzzaman Khan has said it is the USA's concern who they will allow to enter the country and who they won't.

Speaking to reporters at the secretariat after a meeting with US Ambassador Peter Haas yesterday, the minister said the envoy wanted feedback on the American visa policy for Bangladeshis who "undermine the democratic election process".

The ambassador also enquired why the extra police security facilities for some envoys were withdrawn suddenly, the minister added.

The visa policy was not adopted targeting any particular person, rather it was adopted so that a fair election could be held, the minister quoted Haas as saying.

SEE PAGE 2 COL 5