

# A budget divorced from reality

ZINA TASREEN

Self contradictory is what best describes Finance Minister AHM Mustafa Kamal's fifth budget, and the last of the Awami League-led government's current term.

Take, for instance, the title of his budget speech: Towards Smart Bangladesh Sustaining the Development Achievements in a Decade and a Half. It speaks of transforming the nation into a smart one by 2041 and yet there are measures that would impede the process.

He proposes increasing the customs duty and value-added taxes for an array of essential software like databases, operating systems, anti-virus, word processor, spreadsheet and so on from 5 percent to 25 percent on the excuse of protecting the local ICT industry.

But, there is no local firm building such software. Besides, literacy in such tools is vital for the fourth industrial revolution. Which begs the question: why make the enablers of Smart Bangladesh prohibitively expensive?

This wasn't the only own goal from Kamal. He also raised the VAT for locally manufactured and assembled mobile phones, including the cheaper devices mostly used by the poor and low-income people.

Mobile phones are no longer a luxury product, and at a time of elevated inflation, this demographic will simply choose to forego their planned phone purchase.

In fact, in Kamal's world, inflation does not exist. Inflation averaged 8.85 percent in the first 10 months of this fiscal year and way above the fiscal 2022-23 budgetary target of 5.6 percent.

The poor and the low income are barely making it through, skipping meals or consuming the bare minimum.

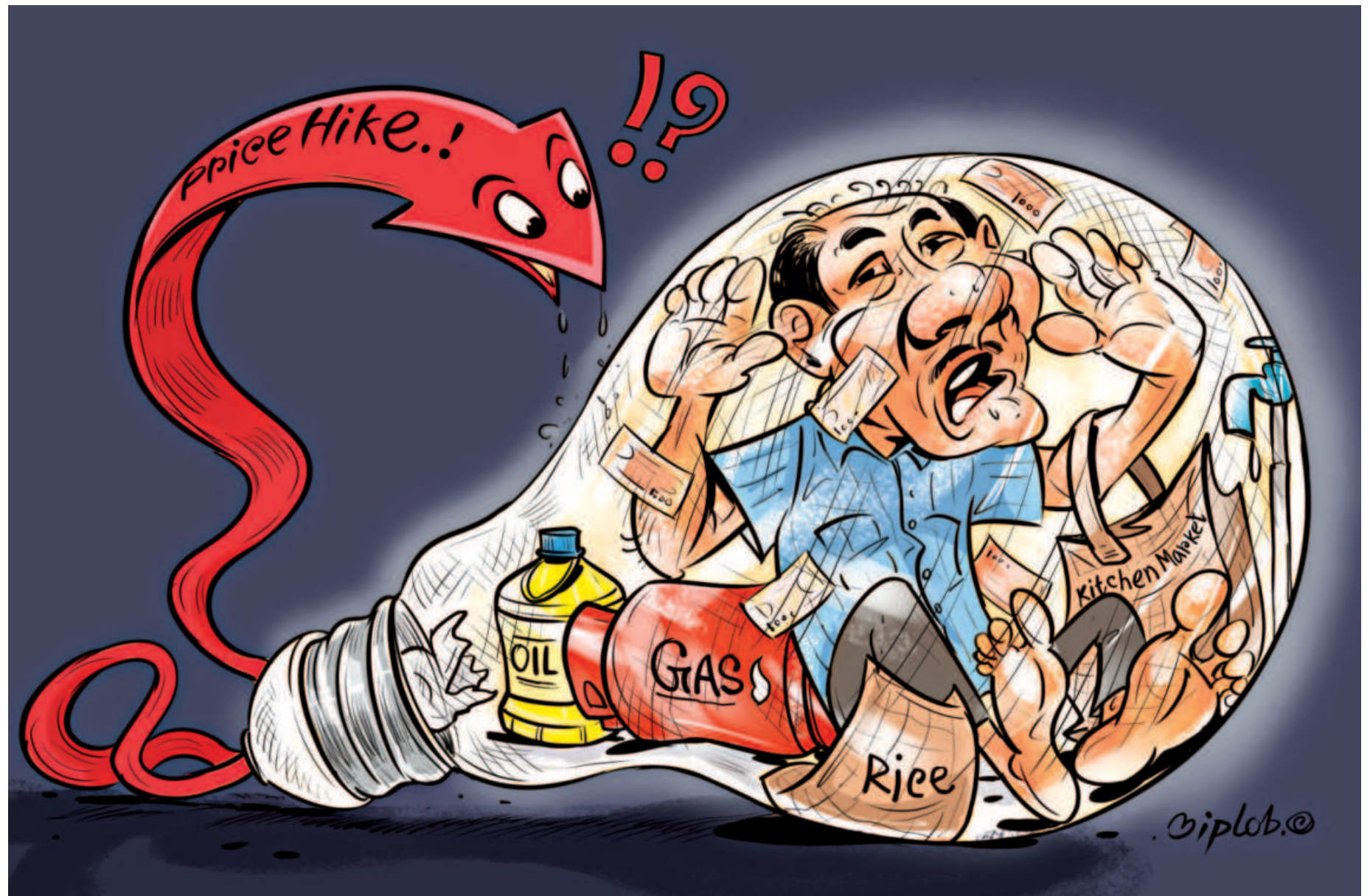
So dire is the problem that a recent survey of the Bangladesh Institute of Development Studies found that 51 percent of Dhaka's total poor as of 2022 were new.

And yet, Kamal did not find it in his heart to make room in his budget to provide such people, who form the majority, with some sort of assistance.

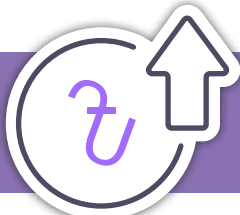
If the trend continues, the impressive poverty alleviation over the decades, which has made Bangladesh the toast of the development world, would unravel spectacularly.

Actually, his social safety net budget is nothing to write home about. It is smaller than the current year's both in proportion to the overall budget and GDP. He increased

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## PRICES UP



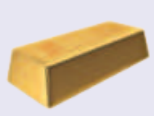
Bicycle parts



Software



Dates



Gold bar



Mobile phone



LPG cylinder

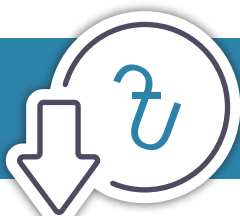


Cement



Ball point pen

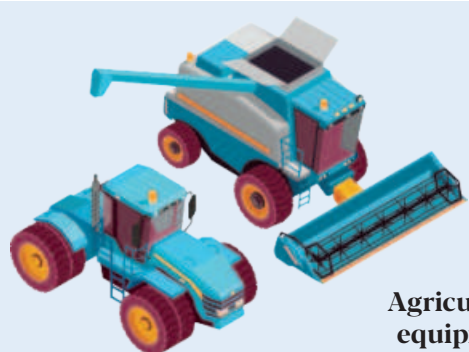
## PRICES DOWN



Sweets



Cancer medicine



Agriculture equipment

Optical fibre cables



## Little cushion for people against inflation

WASIM BIN HABIB

In April, the inflation rate in Bangladesh stood at 9.24 percent. And for some, this economic term has become an issue for deliberation in brightly-lit air-conditioned conference rooms.

But for most people with fixed income, it translates to their struggle for making ends meet getting tougher day by day.

"The thought of going to the kitchen market gives me jitters because I am scared that the prices of groceries and staples have risen further. I wonder whether there is anyone to care about us," Maksudur Rahman of Adabar in the capital told The Daily Star.

With his nine-to-five job, Maksudur earns around Tk 35,000 a month. The 35-year-old is the lone breadwinner for his family of four.

He feels the walls are closing in on him with his rent, healthcare, and education costs rising. Some

things had to go on the chopping block. Non-essentials were the first, like dining out and trips to his village home. Even his expenditure on food had to be reduced.

The belt-tightening helped but the struggle continued.

He said, "The list of exclusions is long, yet I cannot strike a balance between my income and expenses."

"Things were not so bad last year. I used to buy chicken and fish several times a month as my children love chicken. Now I can afford chicken only twice a month and try to get by with eggs, lentils and vegetables. It makes me sad when I see my children eat," Maksudur said.

From metropolises to small towns and villages, people are struggling to stay above the water. After taking a pounding during the pandemic, people of fixed incomes, like Maksudur, are now overwhelmed by the high cost of living in the absence of a corresponding wage increase.

The national budget unveiled yesterday is unlikely to bring any relief for them.

It is true that the budget proposed raising the minimum taxable income ceiling to Tk 3.50 lakh from Tk 3 lakh but there are no specific measures mentioned in the budget that can curb raging inflation, said experts.

There is not much in the budget to ease the rising cost of living, said Selim Raihan, executive director of the South Asian Network on Economic Modeling (Sanem).

"It is not clear in the budget how the inflationary pressure would be reduced or what measures would be taken to decrease the commodity prices."

Raihan said inflation has largely been hovering between 8 and 9 percent during the current fiscal year. Such a high inflation rate for so long has become a huge problem for families with low income.

According to a Sanem survey on

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## It's unrealistic, unattainable

Say economists on new budget



Rizwanul Islam



Debapriya Bhattacharya

JAGARAN CHAKMA, REJAU KARIM BYRON and MAHMUDUL HASAN

The proposed budget for 2023-24 is unrealistic and unattainable as the challenges that caused the economic growth to decelerate, foreign exchange reserves to dip and inflation to surge in the past one year still persist, said economists and think-tanks.

In the context of ongoing crisis and problems, the macroeconomic projections announced in the budget are illusionary and unattainable, said the Centre for Policy Dialogue (CPD) in its instant budget reaction.

"It is not possible to curb inflation and the price hike

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## What gets costlier, what gets cheaper

STAFF CORRESPONDENT

The prices of many products and services are likely to go up owing to the proposed hikes in duties and value added tax in the 2023-24 national budget.

Due to VAT and duty cuts, a handful of products will be less expensive.

"Prices of essentials are already high. If they get more expensive, it would be nothing but rubbing salt in the wounds," said Habibur Rahman, who works at a company.

Prices of plastic tableware, kitchenware, household articles, hygiene and toilet articles, including any similar products (except tiffin boxes and water bottles), kitchen towels, tissue papers, aluminum kitchen utensils, and frames of glasses are likely to go up due to proposed hike in VAT on those.

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