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Budget implementation Bangladesh's Achilles' heel

Salehuddin Ahmed says at post budget dialogue

Staff Correspondent

The budget for fiscal year 2019-20 is traditional, proposes an impossible revenue collection target and will be difficult to implement, three renowned economists of the country conveyed yesterday.

“In light of my previous experience, I can bet that the revenue collection target will be impossible to attain,” said former caretaker government adviser AB Mirza Azizul Islam.

He was speaking at “Post Budget Dialogue FY 19-20”, organised by Brac Business School at Brac Centre Inn.

The budget assures taking steps against willful loan defaulters but does not mention how to determine such cases, he said, adding that it also lacked directives for forming a regulatory reform commission and for facilitating ease of doing business.

Regional disparity is evident and income inequality is rising with some 22 percent of the population below the poverty line but the budget gives no hint on addressing those, said Islam, a visiting professor at the university.

The allocation for young entrepreneurs is a welcome move but it remains to be seen how it will be utilised, he said, adding that solutions were also required to ensure that actual beneficiaries gain from the widening of the social safety net.

“Whether this budget will benefit the nation in the long run remains to be seen,” said another renowned economist, Dr Akbar Ali Khan, at the event.

According to him, the budget’s weaknesses include absence of banking sector reform proposals, ways to address rising default loans, providing just prices for produce and ensuring good governance.

Khan, a Brac Business School professor, also lamented that the budget would be passed in 15 days without any parliamentary discussion and standing committees were not getting involved in making recommendations.

Former Bangladesh Bank governor Salehuddin Ahmed said that the budget was traditional, attempting to appease all and giving too much emphasis on VAT for revenue collection.

Terming budget implementation the country’s “Achilles’ heel”, he said product prices just rise in Bangladesh but never decrease.

Apprehending that increasing dependence on national saving certificates will stifle private sector credit growth, he said private sector investment had remained stagnant, because of which employment was not rising.

He lamented that the budget overlooked the need for diversification of other sectors while providing incentives for ready-made garments export.

Ahmed urged cutting reliance on the banking sector and focusing instead on the capital market and taking up new initiatives for the latter. He, however, lauded the budgetary allocation proposal for young entrepreneurs and widening of social safety net.

Mominul Islam, managing director and CEO of IPDC Finance Limited, also spoke at the programme as a special guest.