

Economists downbeat about budget

'No indicators support 7.2pc growth rate'

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Noted economists on Sunday said the proposed budget for fiscal year 2017-18 is non-implementable, non-transparent and anti-people.

They said allocations for health, education, agriculture and social safety net programmes have been reduced compared to other growth indices, which would affect the economic growth of the country in the long run. Inflation would go up due to high VAT rate and spending on mega projects, which do not have immediate impact, they added.

They also expressed doubt about achieving the GDP growth target in the outgoing fiscal year as well as the next fiscal, as the economic indicators do not support the GDP target in the proposed budget.

The experts made the observations at a seminar on 'National Budget FY 18', organised by the BRAC Business School (BBS) at the Global Development Learning Network (GDLN) Centre of BRAC University in the city.

Speaking at the seminar, former adviser to caretaker government Dr Mirza AB Azizul Islam said the proposed budget is not only ambitious, it is more than ambitious. "It is a budget of hallucination. It is not implementable," he added.

He said no indicators support the GDP growth rate of 7.2 per cent, which the government is claiming to achieve.

Mr Islam said the budget spending up to third quarter of 2016-17 was less than 50 per cent. Even if the pace of spending doubles in the following three months, full budget would not be implemented in the outgoing fiscal year, he said, posing a question: then how would it be possible for the government to spend a bigger budget in the next fiscal year?

He said it is unfortunate that the allocation for social safety net has been cut. Bangladesh is home to 40 million poor. So, the allocation should go up.

About imposing excise duty on bank deposits, he said it is totally unfair. The bank clients already pay taxes twice on deposits, he added.

He also said the proposed VAT rate of 15 per cent is higher than those in many countries having higher growth rate and per capita income.

Former adviser to caretaker government Dr Akbar Ali Khan said the proposed budget is not democratic as people's representatives in parliament did not have contribution to the budget.

"The budget is prepared by the finance minister as per the direction of the prime minister; others hardly contribute to the budget. The approach is undemocratic and this situation should be changed," he said.

He also said the proposed budget is not transparent. There is no mention of amount of revenue earning from new taxes. How could you call this a transparent budget?

About the deficit budget, he said it can be justified if the government spends the money on investment. Bangladesh can pass even higher deficit budget, he added.

Former Bangladesh Bank governor Dr Salehuddin Ahmed said the budget proposal is not inclusive and people-oriented.

He said the NBR would not be able to achieve targeted revenue income from VAT as he feared that most tax deals will be settled under the table.

He also said the government should have reformed NBR and increased the capacity before imposing 15 per cent VAT.

Imposing excise duty on bank deposits and reducing allocation for healthcare and education prove that the budget is anti-people, he added.

Dean of BBS Prof Dr Iftekhar Ghani Chowdhury chaired the seminar.
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