

# Media News Report

Policy Research Institution (PRI) and Ekattor TV organized the pre-budget discussion on "Macroeconomic Uncertainties and Budget Priorities for Bangladesh"

**FE** The Financial Express

[/ Economy](#)

## Focus on inflation, safety net

Economists suggest budget priorities

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Former advisor to a caretaker government AB Mirza Azizul Islam speaking at a pre-budget discussion on 'Macroeconomic Uncertainties and Budget Priorities for Bangladesh' held at a city hotel on Saturday, organised by PRI and Ekattor TV. — FE photo

Budget focus should be on taming inflation, extending social- safety net and introducing ration cards for crisis-hit poor and low-income people rather than concentrating on growth only.

Economists and experts at a pre-budget discussion Saturday offered the suggestion on budget making in the prevailing context featured by pandemic fallout, blowback from war and sanctions and global financial crunch.

The distinguished discussants also said the country's banks should behave "rationally and responsibly" as the central bank of Bangladesh allowed fixing market-based US dollar rates. The forex-regime relaxation should, they feel, be followed by revision of bank deposit and lending rates.

They recommend for the government to mount strong watch on the foreign-exchange market as the free-floating greenback might cast negative impact on the country's import-dependent economy.

The speakers note that many priority sectors, including health and education, require increased allocations but with the size of the existing budget it appears impossible.

They feel that the country needs to raise tax-GDP ratio for increasing allocations for necessary sectors, and to this effect, tax laws, regulations and administration require reforms.

Policy Research Institution (PRI) and Ekattor TV organised the discussion on "Macroeconomic Uncertainties and Budget Priorities for Bangladesh" in a city hotel, days ahead of the new budget to be placed in parliament.

PRI executive director Ahsan H Mansur moderated the discussion.

Speaking at the meet, former adviser of caretaker government AB Mirza Azizul Islam, from his experience of his time in public office during the 2007-08 financial crisis, said the government should include more people in social-safety-net programmes.

He said his measures during the 2007-08 global economic meltdown, including 100-day employment-generation programme and various allowances, didn't let increase the population living under poverty line.

He urged the government to aid vulnerable segments of population through rationing, or any other means possible.

Mr Islam also said the upcoming budget should address the issues of corruption and appropriation of safety net or rationing funds as allegations of misappropriation such funds are rampant.

"Unless it is done, these measures will not work," he said.

Mirza Aziz mentioned that inflation is increasing and the data government providing about inflation are "questionable".

"Contractionary fiscal or monetary policy can't address such inflation as it is mainly externally driven," the former finance adviser told his audience

Lauding central bank's initiative for floating exchange rate, former Lead Economist of the World Bank Dr Zahid Hussain said side by side allowing market-based exchange rate, the central bank buying the US dollar at a higher price but selling at lower price is "suicidal".

He said the government should be careful about budget deficit this year.

Mr Hussain also suggested that the government ought to ensure supply management of goods and commodities, as prices are on the upturn.

The Financial Express Editor, Shamsul Haque Zahid, told the meet that the government doesn't seem to have control over the businessmen, which is not supposed to happen as well.

"But this shouldn't let go free as well."

He said there is a new proposal for increasing edible oil price by Tk 24 per litre, though, according to news reports, the prices of edible oils were on downturn in May.

Distinguished Fellow of the Centre for Policy Dialogue (CPD) Dr Mustafizur Rahman said this budget should focus living standard, buying capacity, not growth.

"The budget this year should not be growth-centric," he said.

He said the central bank should give a thought on interest rate likewise free-floating exchange rate.

Director-General of Bangladesh Institute of Development Studies (BIDS) Bianyak Sen said the government should provide assistance through rationing or any other means to lower-middle-class population during ongoing crisis.

"It is possible to provide assistance to at least 10 million people for six months within existing budget space," he said.

He said the existing inflation crisis is not structural crisis, it is sudden and the crisis may go away within six months.

BBS should improve their quality of data management to present right inflation and other data.

Former chairman of the Association of Bankers, Bangladesh (ABB) Syed Mahbubur Rahman said it is not possible to cut imports drastically at this moment.

"So, I urge the banks to behave responsibly and rationally."

Replying to a question, he admitted that there is over-invoicing which is responsible for ballooning import basket, but there are also imports including capital machinery happened in recent weeks.

Chairman of Policy Exchange of Bangladesh Dr Masrur Reaz urged the government to keep watch on the exchange market lest there be a free fall of Taka price.

He said, "Floating exchange was a demand for long time, but the government doesn't have luxury to let it float free."

Former Chairman of the National Board of Revenue (NBR) Moahmmad Abdul Mazid said the government has legal right to ask for tax if it allows untaxed money in the economy.

He said tax rebate, tax exemption and system loss are some of the reasons the tax authority can't collect enough tax revenue.

Former NBR official Barrister Jahangir Hossain, Md Farid Uddin and PRI senior economist Ashiqur Rahman, among others, spoke at the event.

*bdsmile@gmail.com*

<https://thefinancialexpress.com.bd/economy/focus-on-inflation-safety-net-1654395787>



## Give ration to low-income people: Economists

### Star Business Report

Sat Jun 4, 2022 09:46 PM Last update on: Sat Jun 4, 2022 10:11 PM



Photo: Reuters

The government should focus on restoring macroeconomic stability and providing rations to people who are financially insolvent and in the lower-income tier in the upcoming national budget for fiscal year 2022-23, recommended economists today.

Worldwide inflationary pressure affected price levels in Bangladesh in recent months and many people are passing tough times for this and require support, they said.

The economists were addressing a pre-budget discussion "Macroeconomic Uncertainties and Budget Priorities for Bangladesh" jointly organised by Policy Research Institute (PRI) and Ekattor Television at Amari Dhaka.

Inflationary pressure rose in the country due to the increase in prices in global markets soon after economic sanctions were imposed on Russia, said Binayak Sen, director general of the Bangladesh Institute of Development Studies.

The situation will hopefully not continue to prevail for long because European countries may not continue to accept high prices and interruption to gas supplies in the upcoming winter, he said.

"Meanwhile, the poor and low-income people need rations of essentials goods," said Sen.

The government can target people who are financially insolvent and in the lower-income tier and industrial workers who are the main victims of inflation, said the economist.

"I hope the government has the fiscal space to introduce rations for at least during the high inflationary period," he said.

Inflation shot up to 6.29 per cent in April, the highest in 18 months, amidst persistently high food and non-food prices, according to the Bangladesh Bureau of Statistics (BBS).

In March, overall inflation stood at 6.22 per cent.

On whether this inflation data is reliable, Sen said product prices were readily available and so the BBS should work on qualitative improvements so that no question arises.

The BBS could work on calculating issue-specific inflation instead of average inflation, he added.

AB Mirza Azizul Islam, a former caretaker government adviser, said inflation rose in Bangladesh due to global market price hikes, so contractionary monetary policy or fiscal measures would not be the appropriate method for controlling it.

In this perspective, social safety nets should be widened and the government should ensure that it reaches the right people, he added.

Zahid Hussain, a former lead economist at the World Bank's Dhaka office, lauded the central bank for allowing banks to determine dollar prices in spite of the associated risk of it inducing inflation.

Ahsan H Mansur, executive director of the PRI, recommended launching a realistic and balanced budget so that macroeconomic stability could be restored even if the growth of gross domestic product decreased.

Prof Mustafizur Rahman, distinguished fellow at the Centre for Policy Dialogue; Selim Raihan, executive director at the South Asian Network on Economic Modeling; Mohammad Abdul Majid, former chairman of the National Board of Revenue; Shamsul Huq Zahid, editor of The Financial Express; Syed Mahbubur Rahman, former chairman of the Association of Bankers, Bangladesh (ABB), and Mashrur Reaz, chairman of the Policy Exchange of Bangladesh, also spoke at the event.

<https://www.thedailystar.net/business/news/give-ration-low-income-people-economists-3039291>

**The Daily Star**

**Economy**

## Provide low-income people with rations

Economists also call for macroeconomic stability

**Star Business Report**

Sun Jun 5, 2022 12:00 AM Last update on: Sun Jun 5, 2022 06:43 AM

Social safety nets should be widened and the government should ensure that it reaches the right people, says an expert

The government should focus on restoring macroeconomic stability and providing rations to people who are financially insolvent and in the lower-income tier in the upcoming national budget for fiscal year 2022-23, recommended economists yesterday.

Worldwide inflationary pressure affected price levels in Bangladesh in recent months and many people are passing tough times for this and require support, they said.

The economists were addressing a pre-budget discussion "Macroeconomic Uncertainties and Budget Priorities for Bangladesh" jointly organised by Policy Research Institute (PRI) and Ekattor Television at Amari Dhaka.

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AB Mirza Azizul Islam, a former caretaker government adviser, said inflation rose in Bangladesh due to global market price hikes, so contractionary monetary policy or fiscal measures would not be the appropriate method for controlling it.

Zahid Hussain, a former lead economist at the World Bank's Dhaka office, lauded the central bank for allowing banks to determine dollar prices despite the associated risks.

Ahsan H Mansur, executive director of the PRI, recommended launching a realistic and balanced budget so that macroeconomic stability could be restored even if the growth of gross domestic product decreased.

Prof Mustafizur Rahman, distinguished fellow at the CPD, and Selim Raihan, executive director at Sanem, also spoke.

<https://www.thedailystar.net/business/economy/news/provide-low-income-people-rations-3039336>



## Experts: Increase social safety nets to keep inflation in check

They also advised keeping effective guidelines to ensure proper use of the money allocated in this sector



People buying onion from a truck authorized by TCB **Mehedi Hasan/Dhaka Tribune Meraj Mavis**

June 4, 2022 9:22 PM

Economists on Saturday suggested increasing the social safety net in the upcoming national budget for fiscal year 2022-23, as it will become very difficult for the government to control inflation due to various global and domestic reasons.

They also advised keeping effective guidelines to ensure proper use of the money allocated in this sector.

These recommendations came from a pre-budget discussion titled “Macroeconomic Uncertainties and Budget Priorities for Bangladesh” organized by Policy Research Institute (PRI) and Ekattor Television.

Ahsan H Mansur, executive director of the PRI, and moderator of the discussion, said: “We want a fair and balanced budget to be formulated, keeping in view the current context, especially inflation and foreign exchange reserves. Although I disagree with calling it a crisis, there is instability in the market.”

"I hope in the upcoming budget there will be a clear direction to overcome this. There is no substitute for thinking about improving the quality of life of the marginalized and middle-class people to fix macro stability," he also said.

AB Mirza Azizul Islam, economist and former financial adviser to the caretaker government, said: "Inflation has increased a lot in our country. However, it is also the case in different countries of the world and also in the countries around us. And when inflation rises, contractionary policies are not possible for the government."

Asked what the government could do in this situation, the economist said that the government has to plan a way that more people can be brought under the social safety net.

It can be done by creating new sectors and giving extra allocation to the existing sectors such as freedom fighters, old age and the very poor, so that the present situation becomes tolerable for them, he also said.

Asked about the current decisions taken by the Bangladesh Bank and the government towards the dollar rate instability in the economy, Dr Zahid Hussain, former lead economist at the World Bank's Dhaka office, said that the country was currently in a dilemma.

"On one hand, inflation is on the rise, and on the other hand, the exchange rate of the dollar is behaving erratically. However, I applaud the latest policy of the Bangladesh Bank regarding the dollar exchange rate. If the exchange rate is fixed, then the central bank has to release more dollars from the reserves to keep the market normal. This will deplete the reserves, especially when we have reserves to set the import bill of only 4.5 or 5 months approximately," he further commented.

"On the other hand, inflation is also rising in other countries. Many countries are short on dollars. Overall, import prices have also increased. I hope the budget will be expansionary even if it does not go for a contractionary policy. However, in doing so, one must think about the amount of deficit," Hussain also said.

The economist also advised the government to make accurate calculations about subsidies in the next budget.

"You have to make the right decision about subsidies, especially when inflation is rising. Suppose you subsidize vegetables. But you have to keep in mind that its prices do not affect other commodities. But if prices of diesel, gas or electricity go up, it will definitely affect different sectors," he explained.

Syed Mahbubur Rahman, managing director and CEO of Mutual Trust Bank Limited (MTB), said that the Bangladesh Bank should look at all banks with the same vision.

"One day I went to Bangladesh Bank and did not get any dollars to buy. But now that the decision has been made about the free-floating rate (of the dollar), I think it is a good thing. Remittances will increase if the government continues this thinking even in the budget that is coming with the state of the dollar," he also said.

Moreover, the banker thinks that remittances will increase even before the upcoming Eid-ul-Azha.

Selim Raihan, executive director of **South Asian Network on Economic Modeling** (Sanem), said: "Surprisingly, our budget is not growing in proportion to its true GDP. This time the proposed budget is probably 14%. But at one time the budget was 28% of our GDP."

"Moreover, we have seen spending cut by at least 20% over the proposed budget in the past. I think the size of the budget should be increased," he added.

Dr Ashikur Rahman, senior economist at PRI, said: "Of course, subsidies must be increased. Oil prices are now a cause of concern. We have to fix the subsidy in such a way that there is no pressure on the marginalized people for at least the next six months."

<https://www.dhakatribune.com/business/2022/06/04/experts-increase-social-safety-nets-to-keep-inflation-in-check>



### **TBS Report**

04 June, 2022, 10:25 pm

Last modified: 04 June, 2022, 10:32 pm

## **Keep lending rate free floating: Economists**

**'Keeping lending rate free floating will help stabilise  
the market'**



Representational image.

**The government should allow banks to determine their lending rates according to the market demand considering the current inflation situation like it did in the case of the taka-dollar exchange rate, said economists.**

They added that should the government decide to leave the lending rate to the market, the rate will increase, which people have to accept.

"Now the savings rate in banks is 6%, whereas the inflation rate is 6.5%. So it is negative for the depositors. So, you have to pay interest rate on free float and you have to accept that the interest rate will increase," distinguished CPD fellow Professor Mustfizur Rahman elaborated at a discussion meeting jointly organised by the Policy Research Institute (PRI) and Ekattor tv.

Zahid Hussain, former lead economist at World Bank Dhaka office said, "Bangladesh Bank's decision to leave the exchange rate to the market is correct. But where the dollar is being sold at Tk92 or more, the central bank is selling at a rate of Tk88. This is counterproductive."

He emphasised on keeping the demand management and supply on track.

AB Mirza Azizul Islam, former finance advisor of a caretaker government, said, "The coverage of social safety network needs to be increased and its smooth distribution needs to be ensured. We often see that those who are deserving do not get this facility while those who are not supposed to come under this facility get it. The budget should have guidelines in this regard."

He further said it is not possible to deal that with the current inflationary pressures with a contractionary budget.

Zahid Hussaid however thinks although the budget is contractionary, there is scope to increase the budget deficit.

Dr M Masrur Reaz, chairman at Policy Exchange of Bangladesh said, "For exports we must think of alternative sources. Countries like India, Italy and Indonesia are doing that."

PRI Executive Director Dr Ahsan H Mansur, the moderator of the event, said expending massive sums of money while not modernising loss-incurring state-owned companies is equivalent to "draining the budget".

"We are keeping state-owned institutions and not allocating funds for modernisation. Over Tk1 crore were spent for institutions like Bangladesh Railway. Similarly, thousands of crores are allocated for organisations including Teletalk," he said.

"The budget is not just an account of income, expenditure or arithmetic. It involves many issues, including social issues and investment. The current instability needs to be overcome through monetary and fiscal policy," added Dr Mansur.

Binayak Sen, director general at the Bangladesh Institute of Development Studies, said the reason for the plight of the jute industry is lack of modernisation.

Professor Mustfizur Rahman urged that focus be kept on people's purchasing power, standard of living and distribution rather than calculating growth in the forthcoming budget.

### **Field level NBR officers were the only obstacle for VAT Act in 2012**

The issue of failed revenue reform and non-implementation of the much talked about VAT Act of 2012 came up in the discussion. The then NBR member Barrister Jahangir Hossain said the VAT Act of 1991 was much better than the current one.

Ahsan H Mansur asked if the field level officers blocked the law to be implemented in 2012? In response, Jahangir Hossain said, "Obviously. No one from outside did it."

He also said a study needs to be done on the law currently being implemented.

"NBR's challenges have increased but its capacity has decreased," he added.

Dr Selim Raihan, executive director at South Asian Network on Economic Modelling, Farid Uddin, former NBR member, Syed Mahbubur Rahman, managing director of Mutual Trust Bank and Shamsul Huq Zahid, editor of The Financial Express spoke among others at the event.

<https://www.tbsnews.net/economy/banking/keep-lending-rate-free-floating-economists-433118>



- অর্থযোগ
- মূল্যস্ফীতি নিয়ন্ত্রণকে বড় চ্যালেঞ্জ মনে করছেন অর্থনীতিবিদরা

## মূল্যস্ফীতি নিয়ন্ত্রণকে বড় চ্যালেঞ্জ মনে করছেন অর্থনীতিবিদরা

কাবেরী মৈত্রেয়, একাত্তর

প্রকাশ: ০৪ জুন ২০২২ ১৯:১৭:১৬



বাজেটে মূল্যস্ফীতি নিয়ন্ত্রণে রাখাকেই বড় চ্যালেঞ্জ বলে মনে করছেন অর্থনীতিবিদরা। পণ্যের চড়া দাম থেকে ক্রেতাকে স্বস্তি দিতে বাজারে পণ্যের সরবরাহ বাড়ানো, নিম্ন আয়ের মানুষের জন্য রেশন কার্ড পদ্ধতি চালুসহ সামাজিক নিরাপত্তা বলয় বাড়ানোর পরামর্শ দিয়েছেন তারা।

অর্থনীতিবিদরা বলছেন, এতে করে সরকারের খরচ বাড়লেও, রাজস্ব আদায়ে অমনোযোগী খাতগুলোর মাধ্যমে সেই খরচ তোলাও সম্ভব।

দেশের দারিদ্র্য পরিস্থিতি মূল্যায়ন করে আড়াই বছর আগে এক প্রতিবেদনে বিশ্বব্যাংক বলেছে মোট জনগোষ্ঠীর ৫৪ শতাংশ সব সময়ই আবারও গরিব হওয়ার ঝুঁকিতে থাকে।

সেই হিসাবে এই জনসংখ্যা এখন আট কোটিরও বেশি। তারওপর নিত্য প্রয়োজনীয় প্রতিটি পণ্য কিনতে এখন গুনতে হচ্ছে প্রতি একশো টাকার বিপরীতে বাড়তি প্রায় সাড়ে ছয় টাকা।

শনিবার বেসরকারি গবেষণা প্রতিষ্ঠান পলিসি রিসার্চ ইনস্টিটিউট ও একাত্তর টেলিভিশনের যৌথ আয়োজনে শেষ মুহূর্তের বাজেট ভাবনা শীর্ষক এক গোলটেবিল বৈঠকে বক্তারা জানান, করোনা পরবর্তী অর্থনীতি পুনরুদ্ধারে বাজেটে গুরুত্ব দিতে হবে মানুষের জীবন জীবিকায়।

আলোচকরা বলেন, মূল্যস্ফীতি নিয়ন্ত্রণের পাশাপাশি আমদানি খরচ কমাতে ডলারের দাম স্থিতিশীল রাখার কৌশল খুঁজতে হবে বাংলাদেশ ব্যাংককে।

আসছে বাজেটে গরিব মানুষকে সুরক্ষা দিতে সামাজিক নিরাপত্তার আওতা বাড়ানো এবং সেই অর্থ কোথা থেকে আসবে সে বিষয়েও আলোচনা ছিলো জোরসোরে।

ঘুরে ফিরে এসেছে বাজেট বাস্তবায়নে দুর্বলতা, সরকারের প্রাতিষ্ঠানিক সমক্ষতা ও দুর্নীতির প্রসঙ্গ। দেশের শীর্ষ অর্থনীতিবিদরা জানালেন গরিব ও সীমিত আয়ের মানুষের কর্মসংস্থান নিশ্চিত অর্থ অপচয় রোধেও মনোযোগী হতে হবে।