

SUMMARY OF DISCUSSIONS ON BUDGET 2014-2015: OUR EXPECTATIONS **Held on Friday, May 16, 2014 at MCCI**

Metropolitan Chamber of Commerce and Industry, Dhaka (MCCI) and Maasranga Television jointly organized a pre-budget discussion session on Friday, the 16th May, 2014 at MCCI's Conference Room. The program was telecast live from 7:30 pm to 10:00 pm.

Barrister Nihad Kabir, anchored the session and hon'ble Minister for Finance, Mr. Abul Maal Abdul Muhith, M.P. was present as the Chief Guest. **Mr. G. M. Quader**, a former Commerce Minister, **Mr. Amir Khosru Mahmud Chowdhury**, another former Commerce Minister, **Dr. A. B. Mirza Azizul Islam**, former Adviser to the Caretaker Government, and **Mr. M. Anis Ud Dowla**, an eminent business leader and a former President of the MCCI were present as the main panelists. A number of well-known economists, business leaders, and media persons actively participated in the two and a half-hour long live program divided into four parts that proceeded as follows:

1. **Macro-Economic Issues:** In the welcome statement on behalf of MCCI, Mr. M. Anis Ud Dowla underscored the need for political stability and also expressed optimism that the upcoming budget 2014-2015 will be instrumental in achieving the mid- and long-terms development goals of the country. Other discussants including Dr. Mustafizur Rahman of Center for Policy Dialogue stressed the need for infrastructure development and the capacity building for managing foreign funds for effective budget implementation. All participants agreed that the 7.3% target for GDP growth needs to be achieved in order to take Bangladesh to the next level of development, by creating conducive environment for promoting investment and employment generation. The Finance Minister responded that this year's budget would have the highest allocation for infrastructure and education.
2. **Taxes and Revenue Collection:** The business community expressed their concerns for the prevailing high corporate taxes and poor outreach of the tax net. They suggested reduction of the tax rate in line with other countries in the region and widening the tax net by introducing mechanisms for bringing in hitherto un-taxed entities under the scope of taxation. They also expressed concerns on the upcoming change in the VAT law and VAT administration and recommended VAT collection from the final source in order to minimize cost of doing business and increase transparency in the process. The speakers also underscored the need for efficiency in collection of income tax, and desired changes in the Customs Duty slabs that can foster export diversification and boost the local industries. The Finance Minister responded that effective measures

would be undertaken this year to minimize frauds regarding fake TINs, and there would be some reductions in the corporate tax rates. The overall revenue administration would be strengthened, he said.

- 3. Economic Sectors:** The need for comparative priorities for allocation to different economic sectors was discussed, and it was suggested that subsidies for agriculture should continue, while the allocation for education and skills development and for development of economic zones, key infrastructure, and power was also important. Recommendation was made for increased decentralization and autonomy for district level budget was made. The Finance Minister responded that highest priority would be given to development of economic zones in the upcoming budget.
- 4. Social Safety Net:** A number of speakers underscored the need for more efficient management of various social safety net schemes of the government and the need for improved transparency in their administration. The speakers also stressed on the need for higher allocation for social safety schemes. Eminent economist Dr. Binayak Sen suggested introducing 'wealth tax' on the reach and increase the coverage for the ultra poor to improve social equity. Widening of the school feeding program was also suggested.
- 5. Conclusion:** Concerns of political stability were expressed by various speakers during the discussion. The Finance Minister responded that the upcoming budget will address issues for the next 5 years in order to assert the policy continuity and determination of the government so that it boosts the confidence of the public and entrepreneurs on the issue of stability. The session ended at 10 pm with thanks to and from the guests and the organizers.