

# Budget 2003-04 and the disadvantaged

The Daily Star

SPECIAL

June 27, 2003

Pre-budget discussions have been quite elaborate this year. The participation of civil society, particularly by its members drawn from the grass roots and as well as various groups like physically challenged people and ethnic minorities have added new flavor in the budget analysis. Speaker at a Round table titled 'Poverty Eradication and this year's Budget' jointly organized by *Manusher Jonno* and *Shamunnay* on 23 June 2003 held in CIRDAP auditorium brought in the perspective of ordinary people into this year's budget discussion. They observed that despite preparing the budget for 2003-04 under PRSP framework it lacks clear guidelines for poverty eradication. They also pointed out that proposed fiscal measures and as well as public expenditures will do little for the poor ensuring good governance, improving law and order, separation of judiciary from executive, setting up of an independent commission of corruption and strengthening of local government. The keynote paper was presented by Dr. Atiur Rahman and Arifur Rahman. The Round table was moderated by Syed Manzur Elahi, former Advisor to the Care Taker Government of Bangladesh both in 1996 and 2001. Ms. Shaheen Anam, Team Leader of *Manusher Jonno* delivered inaugural speech. The panel discussants included banker Khandker Ibrahim Khaled, Daily Prothom Alo Editor Matiur Rahman, Dr. PK. M. Matiur Rahman, MP G.M. Kader, elected Union Parishad Member Samiran Begum. Representatives from various NGOs, professional and ethnic groups participated in open discussion. Following are the edited excerpts of the dialogue.

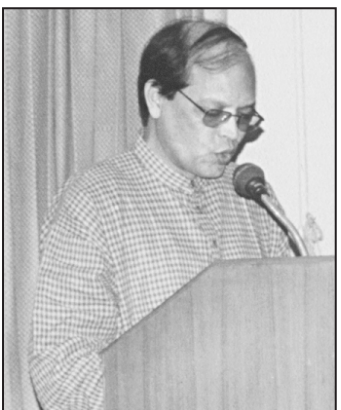
Mr. Arifur Rahman provided a short briefing on major focuses of the seminar and introduced the chair, the panel discussants and the organizing agencies. As the co-author of the key-note paper he also spoke on this occasion.

**Arifur Rahman**  
**Co-author of the Key-note Paper**  
A budget is not only the statement of income and expenditure, rather it is a document or plan for the total economic development of a country. It also reflects the ruling party's political agenda and its implementation process, people's rights to get various state services, collection of taxes on different accounts to provide revenue to run the government. On the top of that the annual budget of a country is considered to expose and determine the socio-cultural growth of a nation. Poverty is the biggest problem of Bangladesh. We, therefore, have tried to analyze the new budget from poverty perspective as to what steps or guidelines there are in the proposed budget which may actually benefit the poor people particularly extreme poor.

## WELCOME

**Shaheen Anam**  
**Team leader, Manusher Jonno**  
In the past we, the general people used to think that the preparation of the National Budget was the sole affair of the government and ordinary people had nothing to do with it. However, over the past few years we have seen that more and more people are participating in discussions on the positive and negative sides of the budget and its impact on the lives of ordinary people through different forums of civil society. They are now playing a role in putting forward their recommendations and bringing those to the attention of policy makers. The media has also been playing a very positive role in this respect.

We obviously encourage this participatory dialogue on the budget as we feel that the government can surely offer us a people's welfare oriented budget through resource mobilization and allocation of funds on different heads if enough importance is given to people's opinion and participation.  
*Manusher Jonno* is working for the promotion of human rights and good governance. And *Shamunnay*, a non-profit research organization has been holding dialogues and round table conferences on the subject of budgets for a number of years. On behalf of both the organizations I welcome you all. I hope, you will make this discussion most effective with your valuable comments as to what extent the proposed budget of this year is useful for the poor and marginalized. I request the members of the press attending the seminar to kindly cover the discussion materials and recommendations in their respective newspapers in order to draw the attention of the policy makers.



Dr. Atiur Rahman

## Keynote Paper Summary

Dr. Atiur Rahman and Arifur Rahman in their keynote paper noted that budget is a powerful tool for poverty eradication if it could be applied judiciously. This year's budget, though prepared within the framework of PRSP (Poverty Reduction Strategy Paper) misses concrete steps for poverty eradication. It relied primarily on higher growth process which has not always been fully realized in almost all the earlier plan periods. Although the pace of poverty reduction picked up during the nineties, particularly in the later part, the absolute number of the poor persisted staggeringly very high (around 38 million). Meanwhile, income inequality increased (while bottom 10 per cent of population now share less than 2 per cent of national income, the top 10 per cent have 40 per cent of it). Nearly a fifth of the poor are extreme poor. The budget, although provides an expanded safety net to the extreme poor, provides no strategic way out for this extremely vulnerable group from the poverty trap. Nearly one-tenth of the population is now physically challenged people, yet they have not been able to get a fair share of the budget. The tax proposals have been rather regressive,

giving in to the aggressive lobbying by the rich and may ultimately force more of today's non-poor to slide down to become tomorrow's poor.

The budget does not provide higher allocations for education and health sectors in proportional terms, even though it has been claimed by PRSP that Bangladesh has been doing better in the field of human poverty reduction. The allocation for agriculture and tax exemption for agro-processing industries was identified as a work in the right directions. However it has not been spent out in the budget where it would go the enhanced subsidy for agriculture. It was, therefore, suggested that this subsidy should ideally go for more dynamic and productive rural sub sectors like fisheries, Poultry, livestock (e.g., for milk-chilling plant), rural electricity, (e.g., installation of electric lines for thrasher producing rural workshop, repair shop catering to the owners of power tillers). The rural entrepreneurs should indeed be encouraged to participate in the growth process and be provided with incentive like higher level of institutional credit, technology, and extensions and services. The budget should provide special allocation for the physically challenged population and indigenous so that they too can share the fruits of development. Indeed, there is a danger of creating an 'Inspectors Raj' by emphasizing too much on VAT and income tax targeted at the poorer end of the social spectrum.

Finally, it was emphasized that there were a number of governance deficits that the budget did not address. They include lack of capability and power of the legislature, lack of people participation in budget making process, absence of national consensus for unhindered development, no clear prioritization, and overwhelming power of the bureaucracy and lack of cooperation between the state, market and the civil society.

The budget should, therefore, be more focused on improving quality of governance so that allocations do not get wasted in the process of poor implementation.

## Key Analyses

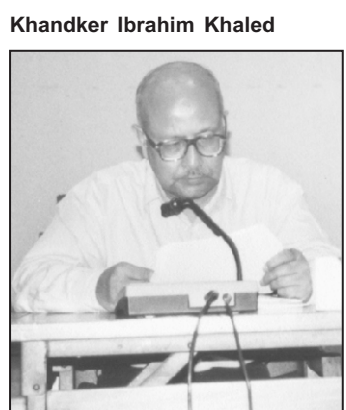
& Government claims that this year's budget has been prepared in the light of PRSP.  
& The increased allocation for agriculture and tax exemption for agro-processing industries was in the right directions.  
& Allocation for advancement of women increased.  
& It provides an expanded safety net to the extreme poor, but did not provide any strategic way out for this extremely vulnerable group from the poverty trap.  
& It misses concrete steps for poverty eradication.  
& The physically challenged population did not get a fair share of the budget.  
& The tax proposals have been rather regressive.  
& Lower proportional allocations for education and health sectors.  
& A number of governance deficits were not addressed.  
& Higher growth rate alone cannot reduce poverty significantly.  
& Increased spending may increase the aggregate demand in one hand and on the other hand corruption and wastage may rise.

**Key Recommendations**  
& Subsidy on agriculture should go for more dynamic and productive rural sub sectors.  
& Rural entrepreneurs should get higher institutional credit, technology, and extensions and services.  
& Special allocation for the physically challenged population and ethnic groups.  
& Greater allocation for health and education.  
& Linking safety net programme with productive income generating activities.  
& More focus on improving quality of governance.

## Panel Discussions

**Khandker Ibrahim Khaled**  
Like the key-note paper presenter Dr. Atiur Rahman and one of the panelists Khandker Ibrahim Khaled our finance Minister has also said while presenting the budget in the parliament that good governance, prevention of corruption, improvement of law and security situation are indispensable for the future economic development in the country. Lower courts are fully controlled by the government. Public prosecutors do never plead the criminals guilty who reign under the shelter of the govt.  
This year there is a huge allocation for the Defence Sector. But how the fund will be utilized? We may only purchase some new Pajeros and install air-conditioners in the houses and build some gigantic arches. This is how we spend on development. I, therefore, hold the same opinion that good governance is essential at any cost before we plan for anything or make good budgets.

**Samiran Khatun**  
**UP Member, Sathia, Pabna**  
For the first time in my life I have been able to come to such a place to



Khandker Ibrahim Khaled

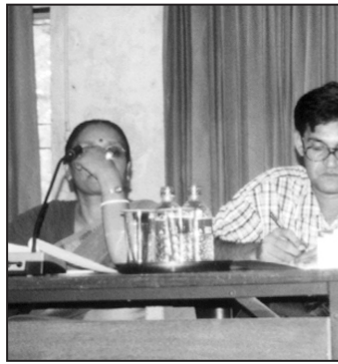
attend this seminar. It has been possible perhaps for being elected as a U.P. member and I feel fortunate for enjoying this opportunity. I must confess that we poor village people do never know what is a budget and what it does for us. But to-day I feel that we should also try to understand it and share the government's effort during its making. Both the govt. side and the poor can be benefited better through such participation. It is alright that we are constructing new spacious roads. But who are mainly using those roads? Surely, the owners of the shining cars. What happens to the poor? They remain as neglected as before. They don't get proper food and education, don't have houses to live in peace. I know there are many khas land in the government record. The poor people would be benefited if those could be distributed among them. Otherwise poor will be poorer and rich will be richer. I would also mention here about the lack of law and security. There is no guarantee of life. Being an elected public representative I also dare not going outside home after the sun sets. Before I stop I must remind the relevant authority that ours is a country where more

any program to eliminate poverty. Take the example of NAM flats. Some of these flats were previously allotted to the men of the then govt. The present govt. cancelled all those allotments perhaps only to re-allot them to their own men. In such a situation we can't do anything except holding such discussions in order to raise public awareness about govt. policies and create a pressure on government.

**Dr. PK. M. Matiur Rahman**  
**Professor of Statistics**  
On many occasions I had the opportunity to work with Dr. Atiur Rahman and Mr. G. M. Kader, MP, on this subject. Interestingly I have found that it is an ideology of any govt. to put forward some declarations in the budget to address poverty. They themselves know that nothing is possible on their part in this regard. Still it is their conviction that this will please the poor and shall help restore them in power. It will be easy for you if I cite an example. There is no relation of income Poverty with Human Poverty. Income Poverty is day by day increasing, but on the contrary Human Poverty is decreasing fast. By Human Poverty I mean life expectancy, child or infant mortality etc. Definitely rich people are enjoying higher life expectancy. But the poor is losing life expectancy only due to poverty. This is only one picture of the poverty alleviation

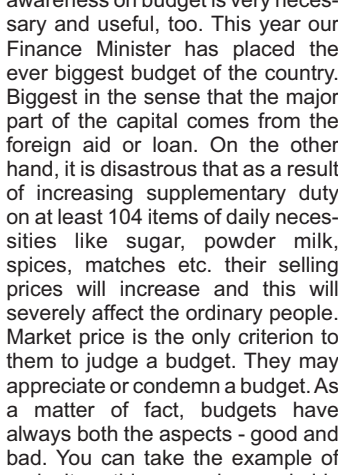


alleviation. Besides, in the name of protecting own national industries by decreasing rates of duty the govt. is making the country a market of foreign commodities. On the whole, ADP implementation is not satisfactory. My conclusion is the same like the previous speakers. For the economic development of the country we must ensure good governance and better law and order situation.  
**Delwar Hossain**  
**Ex-Chairman, Bangladesh Sugar Mills Corporation.**  
I consider budget as a report to focus on development programs for which opinions of grassroots levels should be given importance. Only then we can have a people-oriented budget. Regarding decentralization I would say, some day in future we may find all industrial units collapsed because of the way the govt. is planning and implementing the program. It rather increases the unemployment program and worsens law and order in the country. I can give you a bright example of New Lakshi-Narayan Cottons Mills which was leased to its workers community. On co-operative basis they are now running the mill very skillfully and having good profits every year. With this example the govt. can review its denationalization program for people's benefit.  
**Aroma Datta**



A section of audience  
than 50% of the population is poor. So don't ignore them. Try to think about them, plan for them constructively and take their opinions in the course of making budgets for the betterment of all.

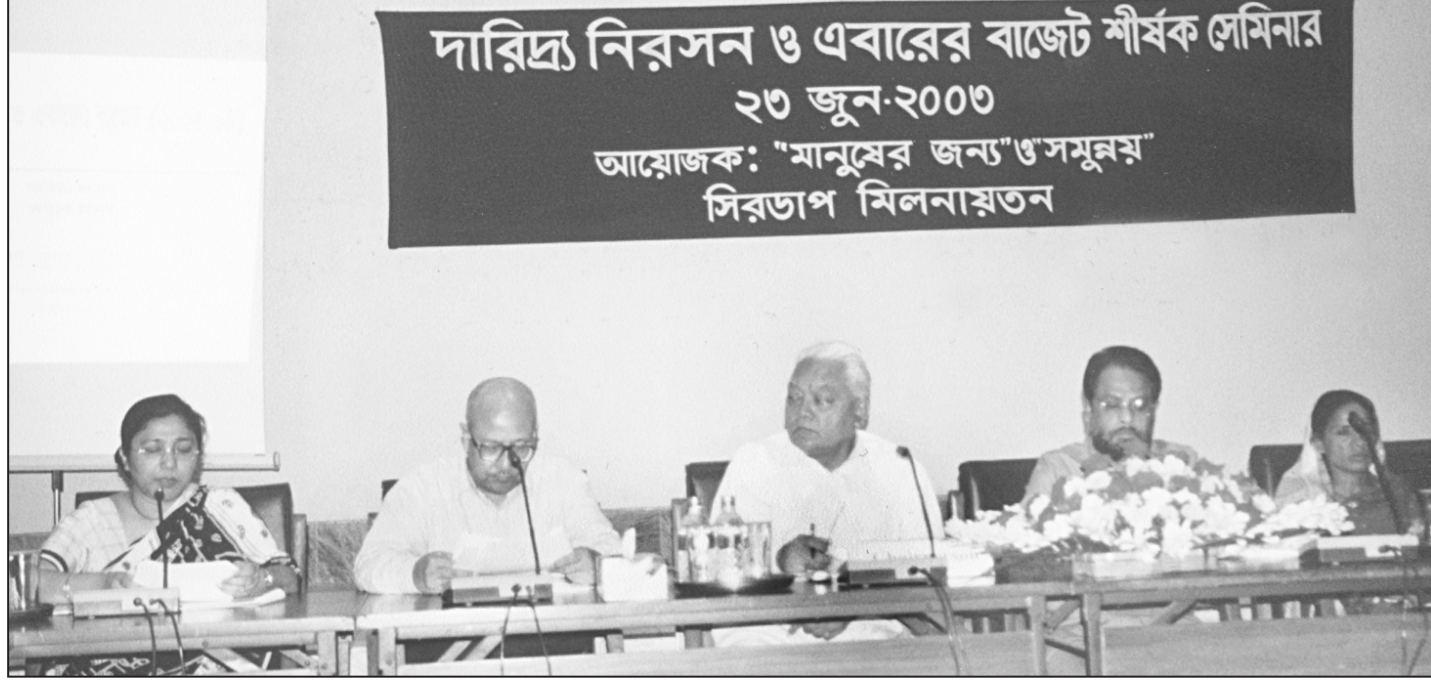
**Matiur Rahman**  
**Editor, The Daily Prothom Alo**  
At the very beginning I cordially thank Dr. Atiur Rahman for what he has been doing since the last decade to analyze the budget and show its merits and demerits to the public. He is playing the role of the pioneer in this respect. A country's budget somehow creates an impact on the lives of people. So Public awareness on budget is very necessary and useful, too. This year our Finance Minister has placed the ever biggest budget of the country. Biggest in the sense that the major part of the capital comes from the foreign aid or loan. On the other hand, it is disastrous that as a result of increasing supplementary duty on at least 104 items of daily necessities like sugar, powder milk, spices, matches etc. their selling prices will increase and this will severely affect the ordinary people. Market price is the only criterion to them to judge a budget. They may appreciate or condemn a budget. As a matter of fact, budgets have always both the aspects - good and bad. You can take the example of agriculture this year where subsidy has been enhanced. This is very good. There is also a proposal in the budget for the increment of D. A. of the govt. employees. But at the same time it is very shameful on the part of our MPs and Ministers that they are fighting in the Parliament to increase their own salaries, house rents and other allowances. They are the people who owe to the govt. treasury Tk. 12 crore on account of the telephone bills against which each of them received an allowance of Tk. 4000 per month. This time they are going to refix this allowance at Tk. 10,000 in the current budget. But what will happen if they don't pay the telephone bills in spite of receiving the allowance? This is the harsh reality and so much unfortunate we are that we can't expect any sort of poverty alleviation by them who are busy in the parliament fighting for their own luxuries. Foreign investment is almost nil only due to the lack of law and order in the country. Ultimately this hampers our image and progress in totality. In consideration of all this one can easily put a question as to whether the govt. is at all willing to take up



program. On the other hand, regarding political atmosphere in the country I would say, politics is now in the hands of the Mafia. And that is why candidature of a member of parliament always goes to rich man. Politics is now a game of money. Honest and wise men are getting defeated and are compelled to go in hiding. I thank Dr. Atiur Rahman for continuing his effort to analyze the budget every year after careful scrutinizing and hold such discussions to mobilize public opinion.

**Open Discussions**  
**Professor Jahanara Huq**  
**Member Women for Women**  
This year's budget may be the biggest, but not the best at all in my opinion. It is highly ambitious and evidently a document of retaining power. It has been prepared by male hierarchy, policy makers, bureaucrats and the donor agencies. There is nothing to reflect poverty alleviation in this budgets. Rather there is a serious influence of globalization completely ignoring the social justice. Something might have been done under safety net which is very marginal, too. Except that there is no such strategy in the budget which can help solve the unemployment problem. I will strongly advocate for the women community of which I am a part. As usual they remain neglected and unheard. No dialogue is held with them prior to preparing the budget. As a result nothing has been done for health, education, transport and employment of that community which include garment workers, tea garden workers and many other professionals. Finally it stands like this, when asked about the budget a woman replied, there is a double pressure of budget on me which is making my life a hell. One is internally my husband and externally the Finance Minister. This is the real scenario of this year's budget.

**Hasanul Huq Inu**  
**Politician**  
Thanks to Dr. Atiur Rahman for presenting such a nice analytical write-up on this year's budget. It is the demand of the people as a whole to stop misuse of public wealth, stop corruption and terrorism. But nothing of the sort has been reflected in the budget. Allocations on many important projects have been cancelled. Some of them are Modernization of Land Administration, Marginal Farmers Development Project, 17 Youth Training Centres, Capacity Building of the Local Govt. etc. I mention this because this is related to poverty



children. What type of hypocrisy is this? Number of disabled persons is increasing day by day with neglect which must be addressed.  
**Sanjib Drong**  
**Bangladesh Adivasi Forum**  
It is an opportunity for me to advocate for the indigenous communities like Garo, Santhal, Chakma and other tribal groups who have been rightly mentioned in the keynote presentation. No such strategy is found in the current budget to uphold or safeguard their interest. To our surprise, there is no change of mindset of the government. These indigenous people have by this time lost their land, wealth and culture and have been suffering from multi-dimensional problems. Such is the political culture of our country. For example, it is learnt that there is an allocation of fund for the tribal communities of Chittagong. But that fund has been placed under the Special Affairs Division, I mean army. Are those communities under the rule of civil administration or the army? What an idea to insult these people. Similarly the earlier government proposed to set up Eco Parks that could destroy the rich heritage of ethnic people. We protested and stopped implementation of that project. But the project is still there in papers and has not been dropped.  
**Dr. Akhtar Sobhan Khan Mashrur**

giving birth to poor. Budget should be judged from this perspective. Much have been talked in policy level. But nothing is heard in micro level. Still many thanks to Dr. Atiur for his effort to hold such a group discussion with the aim to make the national budget people-oriented. But we must put our minds together to identify the losers and gainers of the budget.  
**Syedul Alam Kagal**  
**NGO representative**  
In this budget there is neither any specific guideline for education nor anything of the PRSP has been incorporated. We should send our recommendations to proper places.  
**Miss Rekha Saha Steps**  
**towards Development**  
Nothing has been included in the budget from the recommendations of the 4<sup>th</sup> Global Conference (PAF). Policy of national women development has not also been reflected. A large number women is providing their labor in homes besides domestic aides. Their contribution may be called hidden economy. It should be respectfully recognized in our budget.  
**Hasibul Hanif Siddique**  
**NGO representative**  
Our recommendation should be to form a Loan Settlement Program. Because the poor people are almost dying with the burden of loans.  
**Concluding Remarks by Author and the Chairperson**  
**Dr. Atiur Rahman**  
Before we conclude I would like to remind you that this seminar is somewhat different from others because of its participatory nature. We should remember that snatching away the wealth from the wealthier can't help poverty alleviation. For that poor herself/himself should try to earn wealth. Lastly I thank *Manusher Jonno* to help us arrange this seminar. I also express my deep gratitude to Syed Manzoor Elahi who has given us so much time to preside over the seminar.

**DRF, research organisation**  
Every word and sentence of this year's budget has been composed only in praise of the World Bank. Nothing has been told in the budget regarding empowerment of the poor. This is outrageously a violation of constitution and human rights as well.  
**Shamsul Islam Dipu**  
**Speed Trust, NGO**  
There is nothing in the budget about the welfare of the poor people of Char islands. They remain deprived for ever. Govt. should ensure these people's participation during the budget making. Annual Development Planning needs to be designed on the basis of needs and priorities of different groups of people and geographical context. Char people are always being excluded from mainstreamed development.  
**Sohel Iqbal**  
**SUPRO, NGOs network**  
Finance Minister has said that the budget has been prepared in the light of PRSP. But sorry to say, that does not appear to be true as nothing has been said properly to alleviate poverty.  
**Jiban Dey Shyamol**  
**SUS, NGO**  
Rural poor people have no access to proper medical treatment, because community clinics don't work. No fund has been allocated for the recruitment of Health Assistants to run them. Even nothing has been mentioned about children's welfare. Action Plan should be made centering the villages. And for that purpose we should build up social movement.  
**Nazma Akhtar**  
**President BIGUF, Trade Union Organisation**  
We work in the garment sector. We can proudly say that the nation earns maximum foreign currency in exchange of our toil and sweat. But regrettably we live below poverty level. By the pressure of free market economy more than 10 lakhs of women garment workers are going to lose their jobs within a few years when the MFA will expire. What will happen then to these unfortunate women? I had the opportunity to attend a few seminars of this kind and meet ministers. I humbly tried to know how to solve the problem. But none could come up with a satisfactory reply.  
**Khondoker Sakhawat Ali**  
**PPRC, research organisation**  
We have achieved a lot in the last 10 years. But actually how much? And who is the gainer, who is the loser? In my opinion, social elites are



alleviation. Besides, in the name of protecting own national industries by decreasing rates of duty the govt. is making the country a market of foreign commodities. On the whole, ADP implementation is not satisfactory. My conclusion is the same like the previous speakers. For the economic development of the country we must ensure good governance and better law and order situation.  
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**Aroma Datta**

I work with the people who live below poverty level. I have observed a kind of fear in them regarding this budget, but the rich are delighted with it. Now you can guess the difference of feelings and the character of the budget. Tk. 345 crores have been allocated for micro-credit. But there is no guideline how the money will be utilized. This proves the lack of coordination and good governance. We must exercise these practices.  
**Mirza Shafiqur Rahman**  
**Free lance Consultant**  
It is told that budget and PRSP is inter-dependent. In such a case, govt. should formulate a clear policy before preparing the national budget as to how many people and what type of people will be allowed to give their views and observations about budget. Otherwise there will be no transparency of both the PRSP and the budget. Being a member of the civil society I would stress on a clear policy regarding people's participation in such matters.  
**Abul Mansur Chowdhury**  
**Executive Director Impact Foundation**  
A law was passed in the National Parliament in the year 2001 safeguarding the interest of the disabled community which comprises 10% of the total population. But it is a regret that the law has now become obsolete or meaningless. Because it was stated in one of the clauses of the law that district-wise welfare associations would be formed with the D.Cs in chair, disabled persons will be identified and an identity card will be issued to each of them. Nothing has been done in this respect. Since passing the law no fund has been allocated in any budget for the implementation of such a program. Secondly, in a country where Education Ministry manages and undertakes the responsibility of education for its citizens the same responsibility is given to Social Welfare Ministry for the physical challenged children just with the concept of charity. They run only a few schools throughout the country for more than 35 lakhs of

program. On the other hand, regarding political atmosphere in the country I would say, politics is now in the hands of the Mafia. And that is why candidature of a member of parliament always goes to rich man. Politics is now a game of money. Honest and wise men are getting defeated and are compelled to go in hiding. I thank Dr. Atiur Rahman for continuing his effort to analyze the budget every year after careful scrutinizing and hold such discussions to mobilize public opinion.

**Chairperson's Deliberations**  
**Syed Manzoor Elahi**  
**Former Adviser, Caretaker Government of Bangladesh**  
It has been expressed by all how urgently we need good governance. Without it no company, no organization and no state can run smoothly. Sooner or later it is bound to be bankrupt. My second point is about decentralization. It is also urgently necessary to stop the filtering power mongers and other disturbances. But unfortunately the cabinet is divided on taking decision about it for losing MP's powers as it is apprehended. Third point which is to be highlighted is the independence of judiciary. In this case also we are still awaiting a specific decision of the govt. Although there is a verdict of the Supreme Court in this matter which is also yet to be implemented. Next is about formation of an independent Anti-corruption Commission. It must not be under the control of Prime Minister's office. Personally I would like to stress on the necessity for an independent Electronic Media. Several times we have heard that the government would constitute a Commission which will run the BTV independently. But nothing has yet been done in this regard. I appreciate the points raised by Mr. Abul Mansur Chowdhury on the disabled and the ethnic community by Mr. Sanjib Drong. I think, these are all vital questions and need to be properly addressed. In past we used to say that we were exploited by the Pakistanis and now it can be said that we are exploiting the ethnic community. This is really regrettable. Production and marketing has to be skillfully managed. Otherwise middlemen will eat up all the profits and benefits. Only good and honest political leadership can protect us from all such anomalies.  
**Rapporteur: Harunar Rashid**

The above are extracts from the roundtable organised by *Manusher Jonno* and *Shamunnay*.  
The Daily Star devotes this page because of the emphasis given in the roundtable to disadvantaged groups like the physically challenged and ethnic minorities.