Looking forward to a pro-poor budget

Now is the time to ensure economic security for all, especially those at the margins, argues Atiur Rahman



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THE upcoming budget will be announced in an exceptional environment this year. The budget is a fiscal act and normally gets passed in a parliament. This year the situation is different, hence a legal provision has to be made to get the budget legitimised. If the people's support for the government remains as it is now, this may not be a difficult problem. It is in this context that the budget makers have to make an effort to solicit people's opinion on the kind of the budget they want. The role of civil society, including the media, is, therefore, paramount in mobilizing public opinion for a people-friendly budget.

Both income and human poverty have decreased in recent years. Reduction of income poverty, measured by Cost of Basic Needs (CBN) method, was one percentage point during 1990s, and accelerated in the later years. Human poverty, measured in terms of deprivation in health and education has also decreased. But wide variation in food energy intake has been found among the regions. Northern Bangladesh is still the most deprived region in Bangladesh.

Living conditions are even worse in ecologically vulnerable areas like chars and monga-prone areas in that region. That deprivation in economic provisioning increased can be seen from the higher rate of unemployment, 4.3 % in 2002-03 compared to 3.5 % in 1999-00. Underemployment also increased to 37.6 % from 16.6% during this period.

Significant disparity between men and women in terms of engagement in economic activities has also been noted. About 83% men and 25% women were unemployed, according to the latest labour force survey. Income inequality (measured by Gini Coefficient) has been increasing day by day.

Inflation, unemployment and poverty

Inflation reduces disposable and real income of the poor, thereby worsening incidence of poverty. Inflation and unemployment rates are positively related to persons living in poverty. Unemployment and underemployment shot up in the country in the last few years. Annual average CPI inflation has been upward since mid-2002. Average CPI was around 7 % in late 2006, and inflation in food items has been more than 7.5 %. Both are likely to go up following the latest bout of energy prices adjustment.