Monthly allowance for the disabled and elderly should be increased to at least Tk 500 so that they can meet their minimum daily requirements. A focused pension scheme for the elderly may be encouraged to improve their social protection. The government should sign the UN Convention on Disability, and provide necessary budgetary support to live up to the global expectation of making Bangladesh disability-friendly.

There was a provision, in the 1999-00 budget, for establishing a multi-storied building for rehabilitating slum-dwellers in Dhaka metropolitan area. This could not be completed due to small budgetary allocation. The upcoming budget should concentrate on rehabilitation of slum dwellers, particularly the ones evicted in the recent past.

Protecting vulnerable groups from health-induced poverty, and covering costs of catastrophic health expenses, is a major public health concern, particularly in ecologically vulnerable areas. The interim-PRSP strongly suggested introducing micro health insurance, but the final PRSP did not have strong recommendation for that. It deserves special attention in the forthcoming budget.

Local governance and employment

The local governments will have to be strengthened and provided more public resources to reduce rural-urban disparity. An independent finance commission may be established to determine the share of public resources for the local governments. A master plan of employment generation will have to be formulated and implemented through coordination among public, private and NGO sectors.

Opportunities for overseas employment need to be expanded through formulating a new manpower export policy, with a special focus on skill development, and implementing the same in transparent and accountable manner. An employment guarantee scheme of minimum 100 days should be introduced, with adequate budgetary support for seasonally unemployed people, especially in monga-stricken areas, chars and haors.

Financing programs

Every year the government has to borrow from banking and external sources to cover the budget deficit, with significant amount of interest payment. Currently, the tax-GDP ratio is only 11.7%, which is one of the lowest in South Asia. This ratio has to be increased through increasing direct tax (higher coverage, not necessarily the rate).



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At present the income tax structure is regressive in nature (i.e., the incidence of income tax is lower on higher income groups than lower ones), and it has been fuelling rise in income inequality. A reform in income tax structure is needed in order to make it progressive, pro-poor and convenient for eligible citizens.

There has to be an element of incentive in-built in the tax structure. For example, if an enterprise is set up with tax-paid money, the entrepreneur should get bank credit at a lower interest rate, or electricity at a lower rate. Surely, the level of tax collection will be improved if such incentives are in place. Increased tax from higher income groups would provide scope for the government to implement programs, and reduce dependence on banking sector and foreign aid.

The national budget has profound implications on the economic life of the citizenry. Bangladesh economy has performed well in terms of persistently high economic growth, but growth was not pro-poor in the recent past. Both income and human poverty have decreased in the recent years. High inflation over the last few years has made the economic life of millions of poor people difficult. Agricultural subsidy still remains very low compared to what WTO rule permits.

This year's budget must allocate enough resources to strengthen institutions like the Election Commission, Anti-Corruption Commission, Public Service Commissions, and, of course, the judiciary, which are the major pillars of effective democratization and accountability of the society.

There are still many challenges. The budget has to create an emergency fund for the poultry sub-sector in order to prevent shocks to the people related to the bird-flu affected poultry farms. Sub-stipend for primary education and FSSAP has to be started in metropolitan areas. Public-private partnership has to be initiated and expanded in health, education and sanitation programs.

The entire budget process has to be participatory in nature to accumulate and reflect voices of all people, especially the poor and marginalized ones, for whom the budget is formulated and implemented. Looking forward to a pro-poor transparent budget this year.

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