

Drastic measures to rein back prices

FROM PAGE 1

"We are continuing our efforts to make the market of agricultural products more competitive. The small number of wholesale markets in Dhaka is not conducive to smooth functioning of the market. The government has therefore taken initiatives to establish four wholesale markets at four corners of the city," Azizul said.

The finance adviser disclosed that the government planned to import 8 lakh tons of food grains in addition to the private sector imports to tackle the overall food deficit. In order to build up an adequate buffer stock, there will be internal procurement of food grains in addition to imports, he said.

He proposed extended implementation of the vulnerable group feeding (VGF) programme to enhance the purchasing capacity of the marginalized section of the society, which has been eroding due to the price spiral.

"I propose to allocate 4 lakh metric tons of rice for 50 lakh VGF cardholders across the country to provide subsistence coverage for 8 months. In addition to that about 6 lakh metric tons of food grains will also be distributed through test relief, general relief, food for work programmes, and vulnerable group development programmes," Azizul said.

"In order to keep the prices of food grains within tolerable limits, the government will go for open market operation, if necessary," he added.

Besides, a number of commodities will be imported by the government to increase supply. Import of rice and wheat will be doubled. The coverage of social safety net programmes will be widened and the number and amount of individual grants will be increased, the finance adviser said.

He said the ongoing efforts to arrest the spiralling of the prices of essentials will continue in the next fiscal year as well.

Currently, the National Task Force and the task forces at district and upazila levels comprising government and non-government representatives are regularly reviewing the prices of essential commodities. An inter-ministerial monitoring committee comprising representatives from different ministries and agencies is engaged in analysing the price situation of essential commodities and making recommendations, he said.

"We will strengthen the Dal-Bhat programme being implemented by Bangladesh Rifles to mitigate the sufferings of general consumers, particularly the poor. A legal framework will soon be in place to protect consumers' rights,"

Azizul added.

The finance adviser however blamed unbridled inflation and the production shortfall of food grains in the country and across the world for the price hike of essentials.

You are aware of the fact that the production of food grains in the country and across the world could not reach the expected level in the current year, whereas the demand has increased. As a result, prices of food grains have increased at home and abroad."

"Unbridled inflation not only hurts the people, it also undermines the economic stability and discourages investment. It deters growth hurting the poor the most. Also it widens income inequality. We are trying our best to rein in the inflation," the finance adviser explained.

"It is expected that the average inflation will hover around 7 percent through this month and it will settle down at 6.5 percent in the next fiscal year," he said.

Eyes locked on immediate

FROM PAGE 1

looks higher if one compares it with the poor revenue collection of this fiscal year, which until now clocked a piffling 9 percent growth. Especially, many would view with scepticism the tax revenue collection increase of 17 percent. But then compared to this year's growth projection—19 percent over the previous year's revised figure—one would tend to say that Aziz was more closer to reality in proposing his revenue collection target.

Sensing the enormity of facing the revenue collection challenge, Aziz has talked about expanding the tax base, strengthening tax collection procedures, transparency and accountability of tax administration and quality management in tax regime.

But a bulk of his financing the budget will come from borrowing—both domestic and foreign. He plans to borrow Tk 19,276 crore from domestic sources, up from Tk 10,031 crore of the current year's revised budget, and Tk 6,305 crore from foreign sources, again up from Tk 5,183 crore of the current revised budget. Such huge domestic borrowing, 2.2 percent of GDP, may pose the risk of crowding out effect on the private sector. The risk would even spike if the revenue collection effort falters, leading to more borrowing.

But the impact of the past borrowing was evident in the proposed non-development expenditure analysis as interest payment is projected to account for 20.5 percent of the outlay from the current year's 17.7 percent.

And his budget deficit target—4.8 percent of GDP—is quite high from this year's 3.3 percent. He may have the feeling that a lack of ADP implementation will automatically bring down the deficit. But if his vow to firm up ADP implementation process works, the macro indicator will remain bloated.

But the other good thing the budget proposes is the cut down on block allocation from 16 percent of this year's total development allocation to 5 percent.

Aziz has set a higher GDP growth of 7 percent for the next year, which will depend on the govern-

ment's spending capacity, growth of the agriculture and industry. He also hopes his measures will bring down inflation to 6.5 percent next fiscal year.

As part of his anti-inflation measures, Aziz proposes strengthening sales of essentials through BDR-operated markets and import of commodities by the government to stabilise the market. He also plans a more productive agriculture through increased allocation for research.

Aziz has proposed setting up of an SME Foundation with an allocation of Tk 100 crore and another Tk 23 crore for a Trust Fund under Bangladesh Small and Cottage Industries Corporation to give a fillip to the small industrial sector.

The finance adviser has gone quite a way to establish equality in the society. He has increased ADP outlay by 35 percent in Rajshahi, Khulna and Barisal divisions—areas that witness the worst income distribution. Education has received a big boost in his proposed budget with 15.2 percent of development allocation going in that direction with the idea that a better education mass will have better income. A huge number of teachers—15,000—will be recruited to better the teacher-student ratio, 55 lakh primary students will get stipend at the rate of Tk 100 each, classrooms will be built and income generating training will be given to the literate.

In his bid to heavily support the agriculture, Aziz has proposed 23 percent of total allocation to the sector. A Tk 350 crore endowment will help agriculture research and development. More than that, he proposes a Tk 750 crore allocation for diesel subsidy for farmers and Tk 1,500 crore as fertiliser subsidy.

The proposed budget sees an extended form of the current social safety net programmes like VGD, and allowances for the destitute women and a Tk 550 crore employment generation programme for the rural poor.



PHOTO: FOCUS BANGLA

European Union delegation leader Andreas Michaelis, director general for Asian and Pacific Affairs of the German Foreign Office, pays a courtesy call on Chief of Army Staff General Moeen U Ahmed at the Army Headquarters at Dhaka Cantonment yesterday.

25pc budget fund set aside

FROM PAGE 20

generating training.

Alongside the secondary female stipend programme, the government is introducing a stipend programme for the poor male students as well.

Mirza Aziz said 63 percent of the education ministry's non-government budget allocation is spent on salary subventions of the teachers and staff of non-government educational institutions.

In the revised budget of the current fiscal, the allocation for this purpose amounts to Tk 3,013 crore. In order to make this huge spending cost-effective, the allocation against each institution will be linked with performance, he added.

The proposed assistance will be granted following a purely competitive process based on specific research proposals, he noted.

The adviser said the present government has prepared a National Work Plan for universal primary education. In the next fiscal, about 15,000 primary teachers will be recruited of which 60 percent will be female. This will bring the current student-teacher ratio of 55:1 down to 46:1.

Some 55 lakh primary students will be given monthly stipend at the rate of Tk 100. Actions are underway to bring back dropouts in 11,000 teaching centres.

In FY 2007-08, around 10,000 teachers will be trained while as many as 18,186 new classrooms will be built. Some 6.5 lakh people from among those who have attained literacy through mass education programme would be given income-

the number of nurses. Besides, measures have been taken to mobilise the support of hospitals, universities and other institutions operating in the private sector.

He said the government has already decided to ensure increased involvement of the NGOs in activities like population control and prevention of malnutrition and contagious diseases.

Implementation of a programme on health infrastructure development is underway across the country.

The finance adviser said institution-based project implementation has been strengthened to extend the facility of specialised health services. Monitoring has been intensified at the same time.

ASK concerned over eviction drive in Pallabi

Ain O Salish Kendra (ASK) yesterday expressed grave concern over the eviction drive at Chakuli village in city's Pallabi area by the armed forces.

"Since, this is a clear violation of the constitutional rights of housing, the authorities should have been careful and follow the laws before starting the eviction drive", read the ASK press release.

Besides, there was a temple in the area. If there was any specific order from the High Court regarding the issue, the bodies concerned should have adhered to the laws.



PHOTO: STAR

The publication ceremony of a research book titled 'Charland in Bangladesh: Political Economy of Ignored Resources' was held at the National Press Club in the city yesterday. From left are author Prof Abul Barakat, Abdul Kader, Dr Kamal Hossain, Dhirendra Nath and Shamsul Huda.

