

Budget under strained economy

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DHIRAJ KUMAR NATH

IT is difficult to forecast whether the caretaker government, for the second time, will present an over-ambitious budget or just the right one in size under a strained economy. Obviously, this time, the budget of 2008-2009 will be prepared in a challenging environment, where global price hikes have inflated the import bill and natural disasters have threatened the economy.

The strategic discussion on the fixing of priorities of the budget has already started, with invitation of views from the trade community and the participation of a cross section of people.

In any case, the budget must fulfill economic promises and reflect the goals of the government. The budget must provide perspective visions, and immediate remedies addressing the core problems of the economy that might halt or hinder progress and affect our fight against poverty.

The economy is, at present, bearing the brunt of an increase in

prices of rice, edible oil and fuel in the global market. The people, by and large, are scared, and are expressing resentment since their family budget is being battered by the continuing price hike. People, in general, spend almost 65% of their income in purchasing food and essential items and, therefore, face difficulties in balancing their budgets.

Keeping the price of fuel, fertiliser and food at a desired level might need a subsidy of Tk 6,000 crores. It is apprehended that the total subsidy, this time, might be around Tk 12,000 crores.

Cyclone Sidr and two rounds of floods have caused a loss to industry, commerce and tourism to the extent of Tk. 7,590 crores, as revealed by the recent reports of the joint mission of donor agencies. In almost all the 12 districts affected by the cyclone, about 27,000 small and medium scale industries and establishments of entrepreneurs were badly damaged, forcing 1,41,000 persons out of their jobs.

The strain on the economy due

to an unexpected disaster like avian flu calls for further subsidy to this growing sector. Bird flu has badly hit the rural-based investment of about Tk. 15,000 crores and caused a loss over Tk. 4,100 crore so far, as estimated by a recent survey conducted by the Bangladesh Poultry Industries Coordination Committee.

The poultry sector, a growing economic field employing a huge number of women and operating with micro-credit involving about Tk. 50 lakhs, is in great distress now.

One of the important tasks of the budget of 2008-2009, apart from containing price spiral and generating economic activities, should be to make sufficient allocation to meet the expenditure for the election of national assembly and local government institutions during this fiscal year. A significant amount of money must be earmarked for the election, including finalisation of the electoral roll, use of transparent ballot boxes, mobilisation of manpower etc.

Interestingly, the political parties, this time, are demanding grants from the government to meet their election expenditure.

Another important feature of the budget of 2008-2009 is that an elected political government will implement the 3rd and 4th quarters of the budget. The government in the second half will have its own political priorities and commitments and might go ahead with substantial changes while revising the ADP.

As regards resource mobilisation, there are different schools of thought. Most of the experts are in favour of sacrificing pomp and pleasure and maintaining austerity, instead of depending on the World Bank or co-financiers for their assistance with stringent conditions.

Most members of the Economic Association of Bangladesh feel very strongly that the need for external support could be reduced dramatically with the elimination of corruption in the drawing and disbursement of funds, and prudent utilisation of resources. Even now, more than 67% of the budget requirement is financed from our domestic resources.

There is enough scope for expansion of the tax network, with revenue earnings from direct and indirect taxes. A significant drive,



A half-full cart is all anyone can afford.

with attractive return package and adequate service facilities, can substantially increase the amount of internal resources within a short period of time.

Besides, the inflow of remittances from abroad, increasing at around 25%, can contribute significantly to the financial strength of the exchequer. Last year, about 8,00,000 workers went abroad,

and a few thousand are waiting with permits to depart shortly, indicating a remarkable increase in remittances in future.

Progress was remarkable in the export sector, with two major exports, knitwear and woven garments, recovering strongly and, in some cases, increasing by 40% over the corresponding period of July and December 2006.

Many of our non-traditional items are gaining popularity in international markets, and are competing with traditional exporters.

There is an urgent need to consolidate our initiatives in the export trade, and develop outsourcing capabilities by availing the opportunities of the external markets. Besides, there should be reforms in domestic trade prac-

tices and share markets to encourage investors in small and medium scale industries and allow companies to develop a corporate culture.

The Securities and Exchange Commission recently issued instructions that public limited companies with paid up capital of Tk. 50 crores or more in commercial operation must go for Initial Public Offerings (IPO) within a year. Equally, private limited companies should be made to follow the trade rules of the country.

The schedule banks should be asked to play a positive role in encouraging the banking habit and bridging the gap between rate of interest on bank loan and return of deposit. Banks and financial institutions were asked to develop a women-friendly atmosphere in their premises.

Taking into account the strengths and weaknesses of our economy, the budget should envision a self-reliant financial system to address the challenges of the time. We believe it will be possible to present a prudent and investor-friendly budget under a strained economy to meet the expectation of the people in general.

Dhiraj Kumar Nath is a former Secretary.

Weaving silk into money

Despite the prevailing favourable agro-climatic and socio-economic conditions, sericulture has not yet flourished as a profitable cash earner in Bangladesh. The major cause may be low production of inferior quality cocoons and raw silk per unit area.

ABDUL AZIZ SARKER

SERICULTURE is recognised as a potential cash earner in the developing countries where unemployment and poverty problems exist, hindering the national development. There are ample opportunities to employ men and women of all ages, including children, at all stages of sericultural activities, starting from mulberry cultivation to silk reeling. As a developing country, Bangladesh is facing severe unemployment and poverty problems both in rural and urban areas.

Despite the prevailing favourable agro-climatic and socio-economic conditions, sericulture has not yet flourished as a profitable cash earner in Bangladesh. The major cause may be low production of inferior quality cocoons and raw silk per unit area. This is responsible for supply of poor quality silkworm eggs, traditional practice of sericulture, improper supervision and technical support service at the farmers' level.

The application of appropriate technology needs knowledge and skills as sericulture deals with both plant (mulberry) and insect (silkworm) simultaneously, which is not practiced in any other agricul-

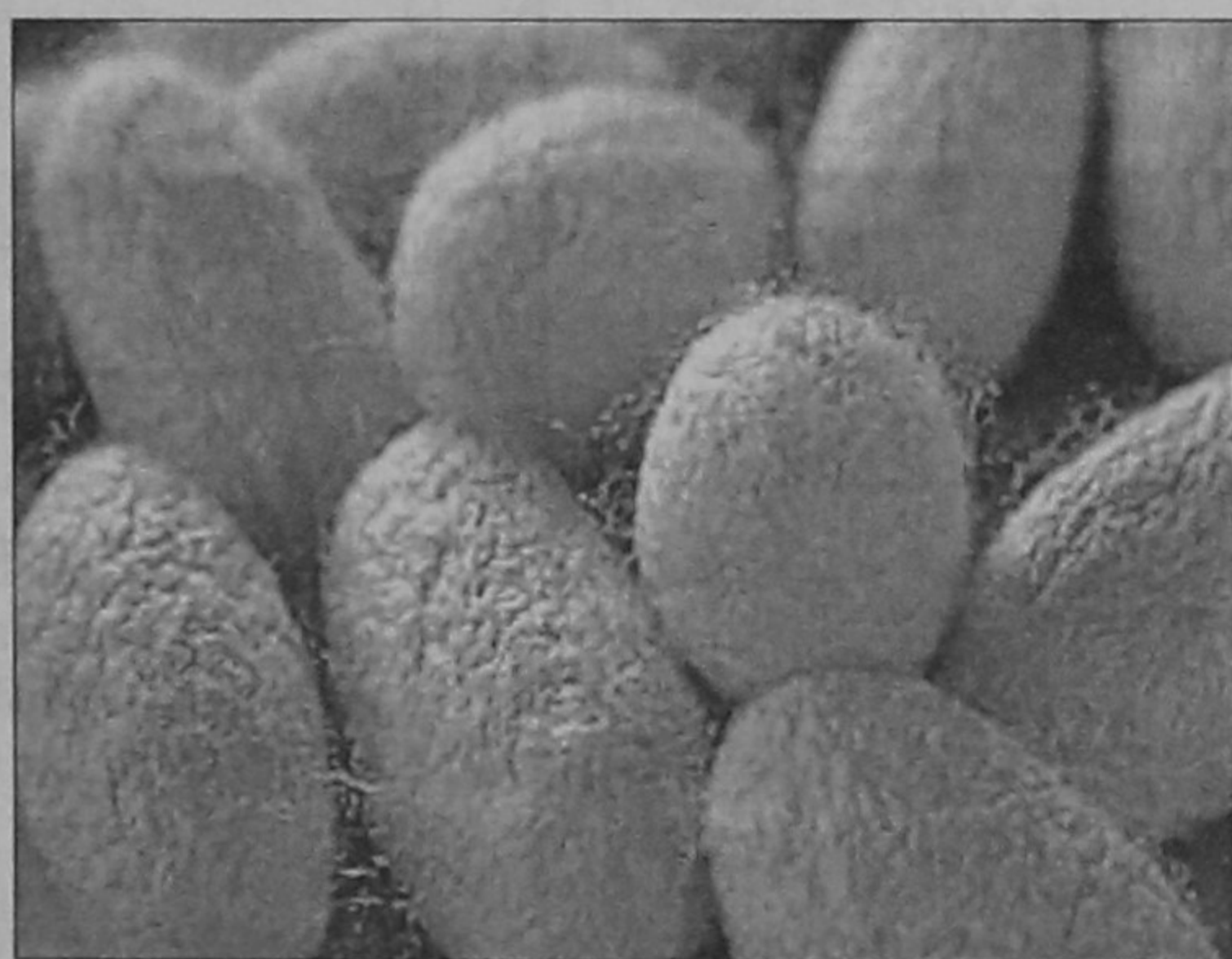
tural crops. Moreover, a silkworm is a sensitive and delicate insect, which requires optimum environment (temperature and relative humidity) during its rearing, and during the spinning of cocoons.

BSRTI, the only national research institute of its kind on sericulture, has so far developed a good number of high-yielding good quality mulberry and silkworm varieties. With the development and transfer of sericulture and reeling technologies to the field the leaf yield of mulberry has been increased to 35-40mt/ha/yr in place of 15-20mt/ha/yr, cocoon yield increased to 60-70kg/100dfls in place of 25-40kg/100dfls, and 1 kg of raw silk has been produced from 8-10 kg cocoons in place of 15-20 kg cocoons. These results were obtained when field trials and demonstrations were conducted at the farmers' level in different regions of the country.

BSRTI is recognised as the only institute in the country, which generates technical manpower on sericulture. Therefore, smooth and steady functioning of BSRTI is a must for the existence and development of sericulture in the country, but it has been facing severe problems for a long time due to fund constraints and shortage of scientific personnel.

The senior scientists of the institute are on the verge of retirement, and after 2008 there will be no senior scientists in the institute to guide and supervise the research, training and technology dissemination programs. The institute is already facing a great problem because of this.

BSRTI is a specialised research institution, so the vacancy cannot be filled up with the recruitment of new scientists because no degree on sericulture is awarded by any of the public and private universities



The worm turns ...

Bangladesh Silk Foundation (BSF) are also facing the same problems because of fund constraints.

Because of the ups and downs of motivation, and in the extension activities of BSB due to fund constraints, some of the sericulture farmers in major silk growing areas of Bholahat under Chapainawabganj district uprooted their bush mulberry from the field and diverted to other agricultural/horticultural crops. This happened only due to irregular availability of funds from the government.

The practice of sericulture is a continuous activity, which suffers a lot if there is any hindrance. Mulberry is a perennial plant, and it gives consistent leaf yield for 15 years. Once the continuity of seri-

culture activities breaks, mulberry needs to be replanted, and it takes at least two years to be useful for silkworm rearing.

At present, sericulture in Bangladesh mainly depends on roadside/homestead mulberry trees. But sericulture cannot stand only on tree mulberry as tree leaves are not suitable for young silkworms due to low moisture and nutrient content. Moreover, roadside tree mulberry leaves are mostly contaminated with dust, and silkworm diseases breakout causing great loss to cocoon production.

For sustainability of sericulture, high bush mulberry cultivation should be introduced for producing quality leaf in order to have good cocoon crop harvest. Due to

shortage of available agricultural land it is difficult to practice high bush mulberry cultivation alone. In this situation, high bush mulberry should be raised in paired row system so that agricultural crops like cereals, pulses, legumes, vegetables and spices can be simultaneously cultivated in between the paired lines of mulberry.

The existing problems hindering the sustainability and development of sericulture in the country could easily be addressed with the kind attention of the government. It is the responsibility of the government to protect and patronise the silk sub-sector.

To address the existing problems in sericulture, both short and long-term policies need to be considered. In short term policy the manpower problem could be solved through appointment of retired local sericulture experts on contract basis. Then new manpower should be recruited immediately and trained by the experts.

The long-term policy will include creation of posts in a four tier system like SO, SSO, PSO and CSO, and there should be opportunity for promotion of the scientists to the higher posts. Again, there should be provision for higher studies/training of the scientists on sericulture and silk industry abroad.

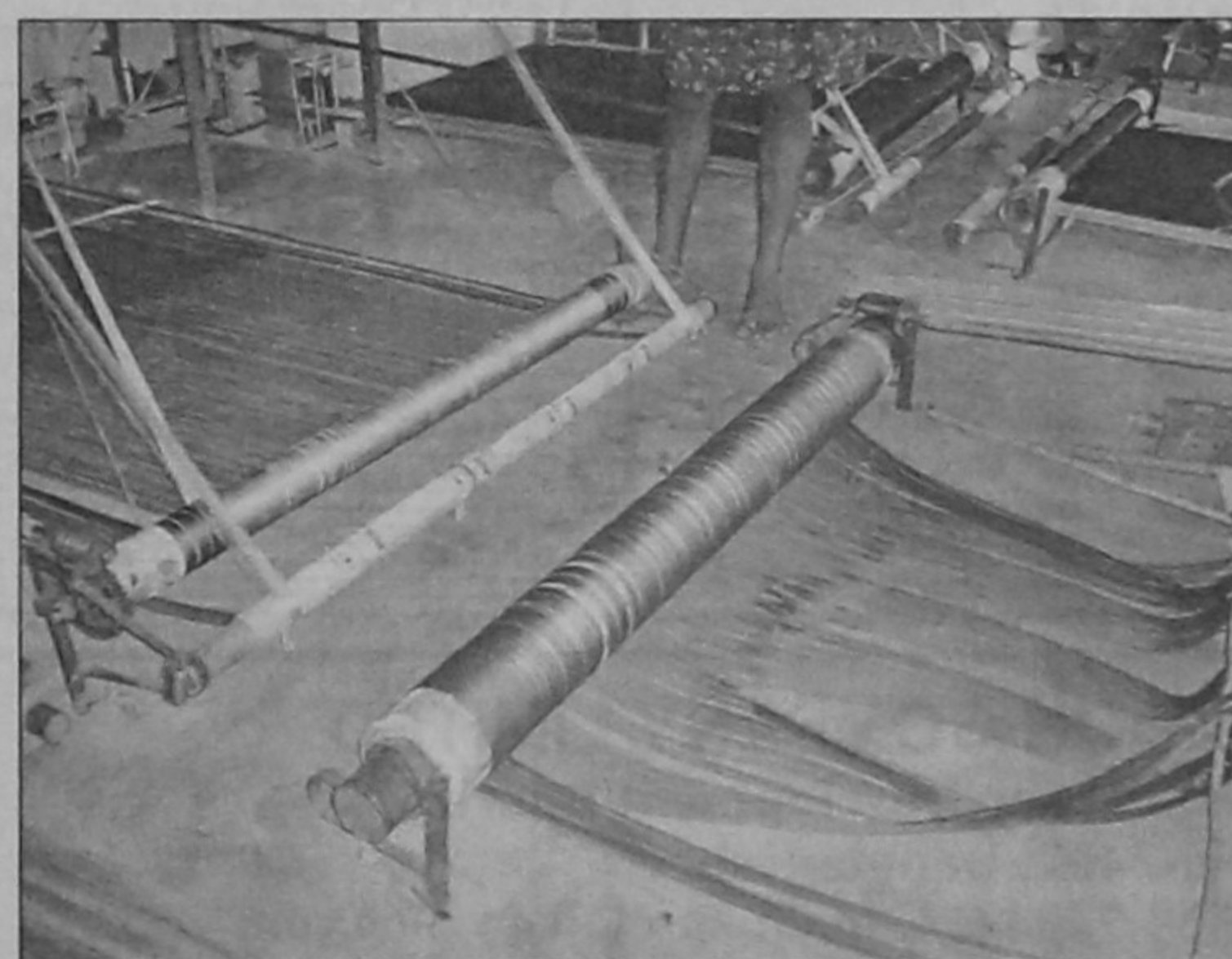
To maintain continuity of sericultural activities in the public sector funds should be provided with the budget itself. This will

ensure regularity in development activities of this sub-sector. A separate development project could be approved for civil works, and procurement of machineries/equipments and vehicles needed for development of sericulture and silk industry.

For sustainability of sericulture, continuous technical support service has to be urgently provided to the farmers and reelers. There is also the need to impart training to farmers and reelers with practical demonstration. Introducing intercropping of mulberry with agricultural crops will need financial support to farmers. Once sericulture is made profitable to the farmers it can be sustained for long. Further, sericulture farmers should be provided with subsidy/soft loans as given for agricultural crops by the government.

There is also need to provide technical support service to private silk entrepreneurs for producing quality silk products. In this regard, a sericulture complex could be established at BSRTI, or near to silk industries, so that they can produce quality products using the modern facilities at the complex, paying reasonable fees for the work, as most of the private industries do not have sophisticated machineries for production of quality silk products. This will help in rapid development of this industry.

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... into silk.

No more us against them

The question of identity and representation that has been raised by the Madhesi should be discussed and solved without any delay. The seven party alliance (SPA) government and the UDMF cannot afford the luxury of complacency.

BAL KRISHNA SHARMA

ONCE again, Nepal has been deeply plunged into a vortex of political crisis and standoff. External eyes are fixed on the twisting and turning events in Nepal in an intent gaze. Voices of dissatisfaction and protest, questions of identity and self-determination, discussions about nationalism and the threats it faces have decidedly posed multiple challenges to the political leadership.

The Constituent Assembly election has been announced heroically twice and farcically postponed. The rhetoric of a new Nepal -- a reasonable dream cherished by the frantic and desperate Nepalis has been used and abused time and again. The country and the people have been caught in a circular trap of ceaseless ideological wars among myopic and irre-

sponsible political actors.

If the leaders are reveling in extravagance, the ordinary people are bewailing their nightmarish situation. The people have become mere romantic tropes and metaphors in the new rhetoric being phrased every minute.

The upcoming CA election has profoundly engaged and drawn the attention of the world. So far so good. Again the people are genuinely worried about this whole phenomenon. Interestingly, all the concerned seem to be bravely saying that the CA polls are inevitable. They are speaking about it with full confidence. But as the story progresses into a precarious situation, it looks like the plot is getting extremely complex.

Madhes (the southern part of Nepal) is burning, and the conflagration is spreading like wildfire. One concern that constantly haunts the common people regarding the Madhes question is

about secession.

In simple terms, if the demands of the Madhesi (people of the southern part of Nepal) leaders are fulfilled, the country will certainly slide into disintegration. But the chiefs have been trumpeting that their demands are genuine, and that instead of disintegration as is being rumored, implementing their demands will actually strengthen the country in the spirit of multiculturalism.

But have they made any comprehensive analysis of the subject and informed the general people about the matter in full? And how justifiable or reasonable is it to put forward all kinds of demands when the nation should be engaged in making the CA polls happen?

On no account can we ignore the agitation that has overrun the entire Madhes strip. Because of the indefinite banda called by the United Democratic Madhesi Front

(UDMF), normal life has been turned upside down. The shutdown of education institutions, industries, government offices, customs and transportation has badly affected all sections of society.

The government does not seem to be serious in dealing with this pestering problem. Instead, it seems to be in deep slumber. Nor has the UDMF budged an inch to create a conducive ambience for talks. What's more, it has aggravated the situation by making irresponsible and inflammatory demands to defer the polls yet again.

Our political personalities -- who are perpetually at loggerheads with each other, never seem to be determined to find a political solution to the problems bedeviling the nascent peace process. They are happy to spend their time passing the blame and throwing accusations at each other.

We need to grapple with the real problem by abandoning the recalcitrant mentality that is hindering the establishment of permanent peace. It appears the UDMF is accusing the

government of ethnocentrism. In other words, the Madhes agitation is based on the fact that Nepal has been ruled by a small elite and that the vast majority have been deprived of the opportunity to participate in state affairs.

Viewed from this perspective, what the Madhesi leaders are demanding is total restructuring of the state-a shift from the unitary model to a federal one.

The question of identity and representation that has been raised by the Madhesi should be discussed and solved without any delay. The seven party alliance (SPA) government and the UDMF cannot afford the luxury of complacency. Any procrastination or hasty decision will only intensify the present polarised situation.

The government and the UDMF both must give up their high-handed attitude. The Madhesi demand for "one tarai one region" needs to be analysed and discussed in the total framework of nationalism and sovereignty.

The SPA leaders cannot turn a deaf ear to Madhesi voices and dismiss them as trivial matters. They

need to come down off their high horse and actually practice inclusiveness to protect democracy from reactionary elements. Mutual cooperation, coexistence, tolerance, the rule of law, human rights and accountability are the hallmarks of a democratic culture.

Hence, the Madhesi and other ethnic problems should be discussed exhaustively. We cannot look at the Madhes issue in isolation because there are other ethnic communities that have been equally deprived of their rights for centuries. The identity of other ethnic groups living in the tarai and the hills is inextricably linked with Nepal's nationalism and continued existence.

The issue needs to be discussed thoroughly, but disintegration of the nation is an impossibility. A strengthened, unified and peaceful Nepal should be the first and foremost aim of the Madhesi and other political leaders.

We are in the process of building peace, which is going through a very painful period. A total nation is one that includes multiple images without the disastrous rhetoric of

what Arun Gupto calls "regional, ethnic and linguistic politics."

I agree with him when he says that it is extremely fallacious to prioritise one region over the other on this or that pretext. We cannot be blind to the heterogeneous composition of the country.

The symbols of Nepali nationalism permeate not only the country's tarai plains but also its mountains and valleys. Hence, there is no way we can think about Nepal in parts. The identities of the various ethnic groups must be guaranteed without compromising the country's unity. The present political demands can be met to the extent that it does not pose any threat to the integrity of Nepal.

The country is passing through a critical transitional period that has its own challenges and opportunities. People everywhere are voicing their grievances, the demands for a proportionate share of the state mechanism are getting ever louder, the quality of life of the common people is appalling, the situation of law and order is terrible and the country's fragile security situation would make one doubt if there is a

state mechanism in place at all.

If things look pathetic, there is a bright side too. The transitional period is an important phase because it creates new avenues for the politically and historically muted to be vocal. This is also a time for retrospection and self-examination when we can analyse our past experiences and practices.

Most importantly, we are beginning to talk about justice and recognition -- social, political, economic, linguistic and cultural.

The country thus stands at a very critical juncture in its history. If we prolong the transitional period, the country will face a disastrous situation. If we move forward properly, it is a key to end all kinds of structural violence and social antagonism. Our profound vision of multiculturalism will not materialise unless we feel bound by a sense of political and cultural citizenship and give up all kinds of differences in the interests of the nation.

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