



Sri Lankan opposition politicians and media activists stage a demonstration in the capital Colombo on Wednesday.

Mix of progress, protection

FROM PAGE 1
He has mentioned a waft of labour intensive sectors that would get priority in the government's book.

Although Muhith has not explicitly said anything about the export sector, he has mentioned a Tk 5,000 crore stimulus package in next budget, a cut of which would go to export industries. Such provision also shows his clear reading of the recession trends.

The emphasis on private sector's role was spelled out in the assessment that an investment of \$28 billion would be required to attain a projected growth of 8 percent by FY14 and this has to come from the private sector. His proposal for involving the private sector through Public Private Partnership and allocation of Tk 2,500 crore including Tk 300 crore seed money for risky involvement are well thought out.

But that the finance minister is genuinely concerned about his proposed big expenditure -- 21 percent higher than this year's revised budget -- has been explicitly spelled out in his speech when he said:

"We are particularly concerned about the possible implementation snags because of the ambitious size of ADP for the next fiscal year."

The good side is he has also proposed some ways to strengthen the Tk 30,500 crore Annual Development Programme (ADP). His promise to monitor implementation of ADP of 10 ministries which spend 78 percent of the ADP is an overdue action.

Such prioritised monitoring along with plan to increase efficiency of project directors (PDs) will go a long way.

However, he remained a bit on the vague side regarding how he would enhance PDs efficiency. One reason that throws the spanner here is frequent transfers of PDs and he has not said whether he would check it.

But Muhith's proposed budget reads more like a strategic paper than a document that should have been more specific about the next year's target. This is disheartening to many to some extent when expectations are high, but then he has rationalised by saying "I can assure you that

this budget is only the beginning of the positive actions of the government".

Muhith has clarified some major issues and left unclear some others. He has dispelled the air of confusion about shifting to five-year planning from poverty reduction strategy, which he said would continue till 2011. This would clear the cloud about donor support. However he has left unexplained what the amendments to public procurement act and rules would be.

How sustainable are the 21 percent expenditure growth and a 15 percent revenue growth projections are open to discussion. And the projected 11.6 percent revenue-GDP ratio is also not very encouraging.

The proposed budget has rightly emphasised the agriculture sector and took in the reality of price decrease to subsidy to Tk 3,600 crore next fiscal year from this fiscal year's Tk 5,785 crore. And he has put in new ideas like expanding agricultural land, new seed development, agri research and storage. His

promise to increase agri loans and up procurement target will keep the farmers happy. His budget proposals reflect that the Awami League government does not want gamble with food production and will go a long way in this.

About energy, a key growth enabler, the budget speech does not make much clear promises about what to expect next year but goes on to explain the policy it is following like opting for importing power and going for coal-based power plants.

Two specific steps -- introducing energy saving bulbs and advancing clock -- do not instil enough confidence.

The finance minister also showcased the socially gentle face of his government by enhancing allocations for various ongoing safety net programmes like allowances for poor lactating mothers and destitute women. He has however left it unclear whether the 100-Day Employment Generation Programme renamed 'Employment Generation for the Hardcore Poor' will be geographically targeted on prior-

ity basis as the finance ministry wants and opposed by the food ministry.

Despite his high pro-industrialisation policy, Muhith has thrown a some how dampening effect when he said state-owned enterprises may not be divested in the next fiscal year. His promise of arranging alternative jobs for displaced workers of any divested SOE may prove a double-edged sword. Recent privatisation experiences have shown displaced workers in poor countries suffer a lot leading to many social disorders. But the question remains whether and how ensuring alternative jobs is possible.

On the macro sides, the finance minister sounded logical when he predicted a lower GDP growth of 5.5 percent, lower than this year's expected 5.9 percent. If the recession fallout starts, growth would decline despite a high 21 percent projected expenditure. However, such high spending is unlikely because of an ADP implementation shortfall. And in such a case, his projected fiscal deficit of 5

percent of GDP would be lower.

But his projection of external financing to the extent of 2 percent of GDP looks ambitious and if it is not possible to rope in such a huge amount of foreign financing, the government's domestic financing will turn high. In times of recession, domestic savings growth is likely to slow down because of lower 5.5 GDP growth. This will lead to difficulty in non-bank borrowing that has been projected to increase by about 9 percent. In such a situation, bank borrowing will increase -- it has already been projected a huge 57 percent higher from this fiscal year's revised budget.

Now this may increase inflationary pressure despite a desired low fiscal deficit of 5 percent and lower private investment opportunities. Already, non-food inflation is again on the rise because of

global environment.

The budget's proposal to allow whitening undisclosed money will be a focal point of criticism for many reasons. First, this is always a discouraging move for honest taxpayers. Secondly, the meagre 10 percent tax payment on undisclosed money is too meagre. Thirdly, allowing this for three years and in a waft of sectors is questionable. And fourthly, it has not been cleared whether this opportunity is allowable for the wealth accumulated for the past years or it is also applicable for future income. If future income is included income tax collection will fall flat. Muhith himself has said import duty accounting for 42 percent of total tax may go down because of recession. If income tax also falters, revenue collection and an ambitious expenditure plan may all go haywire.

Food autarky

FROM PAGE 16
50 irrigation infrastructures," he said.

Muhith also emphasised the need for protecting land from salinity, freeing land from water-logging, and recovering of 20,000 hectares of land in coastal areas by building dykes and embankments.

He said irrigation with surface water will reduce dependency on underground water, continuous extraction of which for irrigation and drinking purposes may cause arsenic contamination and increase salinity of soil.

"We believe our farmers will soon reap the benefits from these initiatives," Muhith said.

With an allotment of Tk 280 crore Bangladesh Agricultural Development Corporation (BADC) and Department of Agricultural Extension would work to produce more high-yielding seeds.

The minister also said the government plans to increase the seed storage capacity of BADC.

He also proposed allocation of Tk 185.21 crore for agricultural rehabilitation and agricultural research--a suggestion consistently given by analysts to develop new varieties of crops needed to face the impact of climate change, salinity and drought.

A Tk 3,600 crore overall subsidy to agricultural inputs such as fertiliser was proposed. Tk 4,285 crore was proposed in the outgoing fiscal year's budget, which was revised to Tk 5,785 crore.

Analysts said the reduction in farm subsidy will not hurt farmers since fertiliser prices dropped in the global market.

Mahabub Hossain, executive director of Brac, said, "It is positive on many fronts. But the question of proper implementation remains."

Lanka fails to probe war abuses, says Amnesty

AP, Colombo

The Sri Lankan government has never seriously investigated reports of human rights abuses during 25 years of civil war and needs to rapidly overhaul its justice system to bring peace to the country, Amnesty International said Thursday.

The London-based rights group said the problem is even more urgent in the wake of the government's defeat of the Tamil Tiger rebels last month in a bloody offensive that left more than 7,000 civilians dead, according to the United Nations.

Human rights groups and diplomats accused the government of shelling

heavily populated civilian areas and said the rebels held thousands of civilians as human shields, shooting those who tried to flee. Both sides denied the accusations.

"If communities that have been torn apart by decades of violence and impunity are to be reconciled, the Sri Lankan government should initiate internal reforms and seek international assistance to prevent ongoing violations and ensure real accountability for past abuses," said Sam Zarifi, Amnesty International's Asia-Pacific director.

In a report, the group called for the establishment of an international commission to investigate those allegations because past government probes into

abuses have gone nowhere.

The government has repeatedly brushed off such calls, saying an international probe would interfere with the country's sovereignty. Human Rights Minister Mahinda Samarasinghe declined to comment, saying he had not seen the report.

Last March, an international panel of experts established to advise the latest commission of inquiry resigned, saying the government lacked the political will to properly investigate alleged abuses, including the 2006 execution-style slaying of 17 aid workers for the French organisation Action Against Hunger.

The Amnesty International report

6

DHAKA FRIDAY JUNE 12, 2009

THE WORLD

6

THE DAILY STAR

6