The Daily Star

FOUNDER EDITOR
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DHAKA TUESDAY DECEMBER 25, 2012

Irregularities in handing public money

Financial discipline key to transparency

IT is absolutely mind boggling that there has been irregularity in the expenditure of nearly Tk.5,000 crore all public money, by various ministries, over the fiscal years between 2008 and 2011. This has been revealed in the audit report by the Comptroller & Auditor General (CAG).

Such a huge amount of irregularly spent money shows lax financial discipline in handling public money. One wonders why ministries and their ancillary departments and directorates have to resort to cutting corners when there are comprehensive rules and instructions on how government funds are to be utilised. It is surprising that the finance ministry, which is supposed to set example of financial discipline, is the biggest offender, having spent more than a thousand crore inappropriately.

Regrettably, this is an old malaise, coming down over the years as a recurring problem. What is more worrisome is the fact that a huge amount of such money has not been regularized. Reportedly, Tk.50,000 crore remain unrealized since 1972. However, it is somewhat heartening to note that the Public Accounts Committee has managed to realise Tk.8,000 crore in adjustments and recovery this year alone.

We understand that not the entire amount may have been misappropriated. Some of them may have been genuinely utilised. But when public money is spent on unauthorised heads, even if it is for a genuine purpose, it is still a violation of the rules of expenditure and breach of financial order. And this happens not without the endorsement of the department heads. Therefore it is just not enough to only realise the irregular expenditures.

We feel that the defaulters must also come under the law for approving irregular expenditures, and punished appropriately. Also the CAG should complete the year's audit every year and not of three or four years together to avoid accretion of irregularities and delay in holding people to account and realising the wrongly spent money.

Another Pinky ends her life

Women and girls must be ensured protection and justice

THE story of yet another Pinky's suicide in the news is like a déjà vu. In 2010, 14 girls, including 13-year-old Nashfia Akhand Pinky, who were victims of sexual harassment, committed suicide within a span of four months. Two days ago, 15-year-old Sadia Akhter Pinky's family, after her being abducted by an 18-year-old classmate and local thug last month, was threatened by the man's family 'with dire consequences' to withdraw a case filed against him. Unable to cope with the fear of their threats, Pinky hanged herself.

There have been other incidents since. Sometimes they occur at a higher frequency or receive greater media coverage, but sexual harassment remains a reality for most girls and women in Bangladesh. In the absence of protection and justice, suicide has often been the chosen last resort for the helpless.

Promoting gender equality and empowering women is one of the Millennium Development Goals embraced by Bangladesh. Yet our women and girls are not secure in their own schools, neighbourhoods, homes. In the recent case of Pinky, the man accused of abducting her, was arrested and jailed under prevention of women and children repression laws. But the victim and her family had no form of legal protection from the perpetrator and his family's threats. They apparently had no form of social or moral support which could have helped Pinky to overcome her difficult situation.

Our laws, our families, our social institutions are failing our women and girls. Until three years ago, 'sexual harassment' was not even recognised as a crime in Bangladesh; the 2009 High Court guidelines against it are yet to be passed as law. New Delhi has risen in flaming revolt protesting the rape of a woman on a public bus. Should we not at least demand an end, legally and socially, to the sexual harassment of our women and girls,

THIS DAY IN HISTORY

December 25

1977

Prime Minister of Israel Menachem Begin meets in Egypt with President of Egypt Anwar Sadat.

1989

Nicolae Ceauºescu, former communist President of Romania and his wife, First-Deputy Prime-Minister Elena are condemned to death and executed after a summary trial.

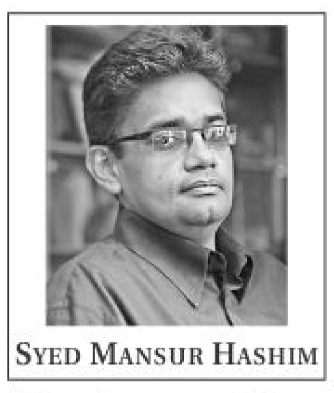
1991

Mikhail Gorbachev resigns as president of the Soviet Union (the union itself is dissolved the next day). Ukraine's referendum is finalized and Ukraine officially leaves the Soviet Union.

2000

Russian President Vladimir Putin signs a bill into law that officially establishes a new National Anthem of Russia, with music adopted from the anthem of the Soviet Union that was composed by Alexander Vasilyevich Alexandrov.

Admission fee galore



SYED MANSUR HASHIM

With the ministry being the toothless tiger that it is, and with so many privileged people of power owning, directly or indirectly, the most sought after private colleges, this year's entrance fee regime has turned into a circus.

THE medical college education sector is booming. According to health directorate data, there are 22 government medical colleges in the country with a capacity to enrol 3,389 students. Number of private medical colleges stand at 53 which admit every year, 5,175 students. Hence each year, the country witnesses intense competition among prospective medical students to get enrolled in preferably a medical institution.

According to a report published in *Prothom Alo* recently, the fees being charged in the name of admission vary wildly. Not only are there discrepancies in fees within government colleges, but the scenario takes a decidedly chilling turn in the private sector. Given that government-owned colleges get the benefit of hefty state patronisation, it is possible for the premium institution Dhaka Medical College Hospital to charge Tk.10,000; one finds it somewhat difficult to digest how one particular private medical institution is charging approximately Tk.16lac per student. The average fee being charged in private medical colleges this year is Tk.13lac.

Where is the ministry of health in all this? Again, going by published reports, if one looks at the ownership patterns of the "ivy league" private medical colleges, we find people holding the highest public offices including ministers, members of parliament, advisors, so on and so forth having some ownership stake in these institutions. With so many heavyweights owning shares in, what are essentially, profit making ventures, it is hardly surprising that the government as the regulator has failed to reign in on a laissez-faire situation. By the health minister's own admission, the ministry did attempt to fix admission fees for private institutions.

Admittedly the move has failed and failed rather miserably. It is difficult to justify how a private institution can charge thirteen times more than a government medical college. But with no effective regulator to be seen anywhere, what need is there to justify anything at all?

The main argument for charging such exorbitant sums is of course college development fund. Yet, such argument falls short when one takes into account government policy on establishment of private medical colleges that specifically state that a privately-owned medical college must have requisite infrastructure.

Only upon meeting such criteria can a private medical college be considered for approval.

Hence, in essence the 'extra' fees in the same of 'development' are merely a means to an end. That end being to generate massive revenues at the expense of students. While it is known precisely what a government institution is charging a student, the picture blurs when one takes a look at the private sector scenario. Indeed, not only do students have no idea what they are being charged for, the ministry itself is also in the dark. With the ministry being the toothless tiger that it is, and with so many privileged people of power owning, directly or indirectly, the most sought after private colleges, this year's entrance fee regime has turned into a circus.

The extra funds being charged take place under four main categories or quotas. There are reserved quotas for: merit quota, freedom fighters' children, foreign students, and the underprivileged. Sadly, this year's examinees are going to face the full brunt of excess fees because the ministry for reasons known and unknown failed to implement a fee structure.

As stated before private medical colleges feel no compulsion to report earnings during yearly entrance examinations and there is no visible move by the ministry to enforce its authority on the private sector. This is a classic example of lack of governance and one that has been going on for years. Since the authorities have failed to address the anomalies in this area this year, it must be a priority area that needs to be addressed for next year's enrolment.

As a first step in the right direction, it is essential to implement regulations that will make it mandatory for all private medical colleges to declare what monies are being charged and under what head from prospective students.

Secondly, strict monitoring is a must, especially in the special quotas, for as per investigative journalism that produced the lead item news in *Prothom Alo* on December 22, these are the main areas where money changes hands in substantial quantities. According to the report, three premier private medical colleges are charging Tk. 31cr. or more from new admission seekers. If one takes into account the entire sector, we are talking about hundreds of crores of taka that is being swindled out of helpless entrants.

The government and the ministry of health in particular have its work cut out. In order to break this vicious gridlock of unbridled profiteering that is costing tomorrow's medical practitioners substantial cash commitments, which in any civilised country would be unthinkable, the time for planning is now.

There is no need for new legislature. What is needed is the political will to do what is right in the interests of public benefit a will that has been sadly missing from government decision making of late.

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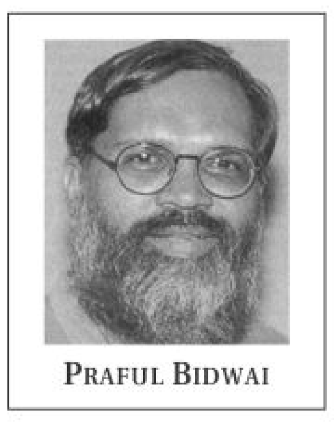
PRAFUL BIDWAI COLUMN

Cash transfers are misguided



PRAFUL BIDWAI

INDIA'S United Progressive Alliance government is launching a massive project to transfer cash instead of providing public services to people. It's rushing to introduce the project, based on the controversial Aadhaar unique identity (UID), on January 1 in 51 districts for 34 schemes like old-age and widow pensions, maternity benefits and scholarships.

Aadhaar-Enabled Cash Transfers (AECT) will eventually cover the food Public Distribution System (PDS), healthcare, and fertiliser subsidies.

The UPA believes AECT is "revolutionary" and a magic wand. Rahul Gandhi says it could ensure the Congress's victory in the next two general elections.

To sweeten and promote UID, the UPA is planning to gift away 400 million Aadhaar-enabled smartphones worth Rs.7,000 crores, with 100 hours of free talk time and 500 free SMSs. This has nothing to do with providing basic necessities.

The premise that AECT will raise the UPA's popularity is fundamentally mistaken. Surveys show that more than 90% of the poor prefer PDS food to abuse-prone cash transfers.

UID is fraught with grave technological and administrative problems. It uses unreliable markers such as fingerprints (which fail to identify people in 15%-plus of cases) and iris scans (which become dodgy with eye problems like cataracts), and poses serious issues of data security and abuse of personal information by state agencies.

UID's costs are exorbitant -- probably Rs.100,000 crores-plus. Even the United Kingdom abandoned it. It's as prone to errors like exclusion (of deserving beneficiaries) and wrongful inclusion (of undeserving ones) as below-poverty-line (BPL) lists, which leave out up to 40% of the poor. Each excluded family means at least two lost votes.

UID has no legal basis. A Parliament Standing Committee rejected the National Identification Authority of India Bill 2010, and termed UID "directionless" and lacking "clarity of purpose." It also called the technology "untested, unproven, unreliable and unsafe."

AECT aims to couple UID with bank accounts and hand-held micro-ATMs through which banking correspondents (BC) will dispense cash.

Cash transfers are justified for old-age and widow pensions, maternity support and scholarships, but not at all for food and other necessities. Cash transfers can best supplement public service provision, not supplant it. The UPA is trying to supplant it while reneging on its responsibility to the poor.

This will enlarge its inherent risks.

Micro-ATMs need centralised databases, Internet connectivity and electricity supply. But rural areas often have no power for days; supply is erratic at the best of times.

These problems were highlighted in two districts where AECT pilot projects were launched a year ago. In Jharkhand's Ramgarh district, payment of wages under the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) was made AECT-dependent.

The result was appalling. The administration achieved less than 2% success in matching UID numbers with people's welfare details. Rural Development Minister Jairam Ramesh says coverage should be 80%-plus for a viable scheme.

To receive cash instead of services, people must open bank accounts. But India's 600,000-plus villages have only 32,000 branches. Ramgarh's lead bank outsourced Aadhaar-related work to a telecom company, which has hired BCs. But the BCs aren't paid on time. So Ramgarh has fulfilled only 3% of the MGNREGA wage-payment target.

In one block, only 162 of 8,231 "active" job-card holders got paid through AECT. In another, fingerprint verification recently worked in only 9 of 45 cases of pension payment.

Half the MGNREGA workers' fingerprints don't match. In one case, a poor worker tried fingerprint verification 13 times on the micro-ATM and failed. The BC told him to rub cream onto his fingers for four days, and return!

Another pilot at Kotkasim village in Rajasthan -- a relatively well-administered state which records India's best MGNREGA performance -- is even more dismal.

A year ago, the government stopped selling kerosene to Kotkasim's 25,843 ration card-holding households at a subsidised Rs.15.25 a litre and charged them the market price (Rs.49.10). The difference was to be deposited in bank accounts every three months. But given the long (three to 10 km) distances to a bank branch, only 52% of households could open accounts.

Some households only got the first three-monthly instalment. Most have received nothing for a year. Meanwhile, kerosene sales have plummeted 94%. People have to make do with burning twigs and crop residues in extremely inefficient and polluting *chulhas*.

Kotkasim's residents are so angry with cash transfers that they demand the scheme be extended to the whole of Rajasthan so all people suffer like they do!

So far, less than two-thirds of AECT's potential beneficiaries have received Aadhaar numbers. Among the worst performers, ironically, is Maharashtra's Nandurbar district, where the first UID was issued in September 2010. Aadhaar coverage there is still 28%.

The government is using these numbers to panic people into rushing to Aadhaar registration as it prepares to dismantle the PDS, and open up the market to private capital. Linking cash transfers to Aadhaar will cause enormous disruptions. Old people who currently get their pensions from the local post office will now have to run around getting their UID-enabled bank accounts activated and face hurdles like fingerprints problems, connectivity issues and power failures.

It would be even more wrong to substitute cash transfers for food and other commodities supplied through the PDS. PDS-subsidised food gives economic security to millions of poor families. It has significantly reduced absolute deprivation.

The PDS has recently improved in many states. It's possible to further reform it. India urgently needs a National Food Security Act, with a universal, as opposed to a targeted, PDS. In India's typically under-developed rural markets, cash cannot get you healthcare or food if they are locally unavailable.

Dismantling the PDS would put people at the mercy of predatory traders. Particularly hit will be vulnerable groups such as single women, the disabled and the elderly who cannot move and buy food from distant markets. Cash transfers will put huge amounts of money into circulation, causing inflation and eroding purchasing power.

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