

Power plan massive, allocation poor

Tk 400cr for 800MW power from renewable sources; power generation to almost double within three years; no allocation for Rampal, Matarbari coal-fired plants

SHARIEF KHAN

To achieve double-digit growth rate for the economy within seven years, the new budget continues to hammer away at the government's old plans to massively expand the power sector using coal, nuclear, renewable and other sources.

However, most of these bold plans intended to take the nation to the next level of the economy do not have any specific allocations.

The large projects are all subject to getting money from international agencies, such as the Asian Development Bank (ADB) and Japan International Cooperation Agency (Jica), which are currently in negotiation with the government.

Officials said if the loans with international donors were ensured within the new fiscal year, the government would divert funds from its block allocation, which is over Tk 5,500 crore in the Annual Development Programme, to kick-start the projects.

All projects initially begin with the appointment of a consultant, which requires a small amount of government funds.

The new budget has allocated Tk

11,540 crore to the power and energy sector, a figure close to that of last year's.

Among the new schemes, the finance minister has proposed allocating Tk 400 crore for an ambitious plan to produce 800 megawatts of electricity by next year using renewable energy.

Only a few countries have actually gone for such a large renewable energy project as it requires a lot of land compared to conventional power plants. But if such power plants are built, it would improve the country's energy security while delivering power to the remotest areas.

With a number of power projects already in progress, the finance minister yesterday promised the nation that by 2017 the country's power generation capacity would shoot up to 18,162MW from the present 10,000MW (the actual electricity supply hovers around 7,200MW). A large chunk of this electricity comes from the private sector.

Most of this new electricity will come from coal-fired plants to reduce the burden on gas-burning

electricity plants, which contribute the lion's share of the electricity produced.

More than a dozen, mostly large power projects, did not get any funds this year, including the Rampal 1,320MW plant to be built by the India-Bangladesh Friendship power company.

This plant is by far the biggest single power project. According to sources, the construction of this plant was expected to begin in October-November this year. The power company was supposed to arrange international financing.

The budget also did not allocate any fund for the 1,200MW Matarbari coal-fired power project to be financed by Jica. This would be the costliest infrastructure project as Jica determined its cost at \$4 billion, which is more than the cost of two 1,000MW nuclear power plants.

Sources said Jica was expected to sign the loan agreement for the Matarbari project this month with the aim of completing the project by 2021.

As per the budget presentation, Moheshkhali island is set to become

the centre of the country's economic engine. It will have the deep-sea port nearby, a Liquefied Natural Gas (LNG) terminal, five coal-fired power plants and an LNG based 1,000MW power plant.

However, there have been no specific allocations for these in the budget.

The budget also mentioned importing unspecified megawatts of electricity from India, Bhutan and Nepal.

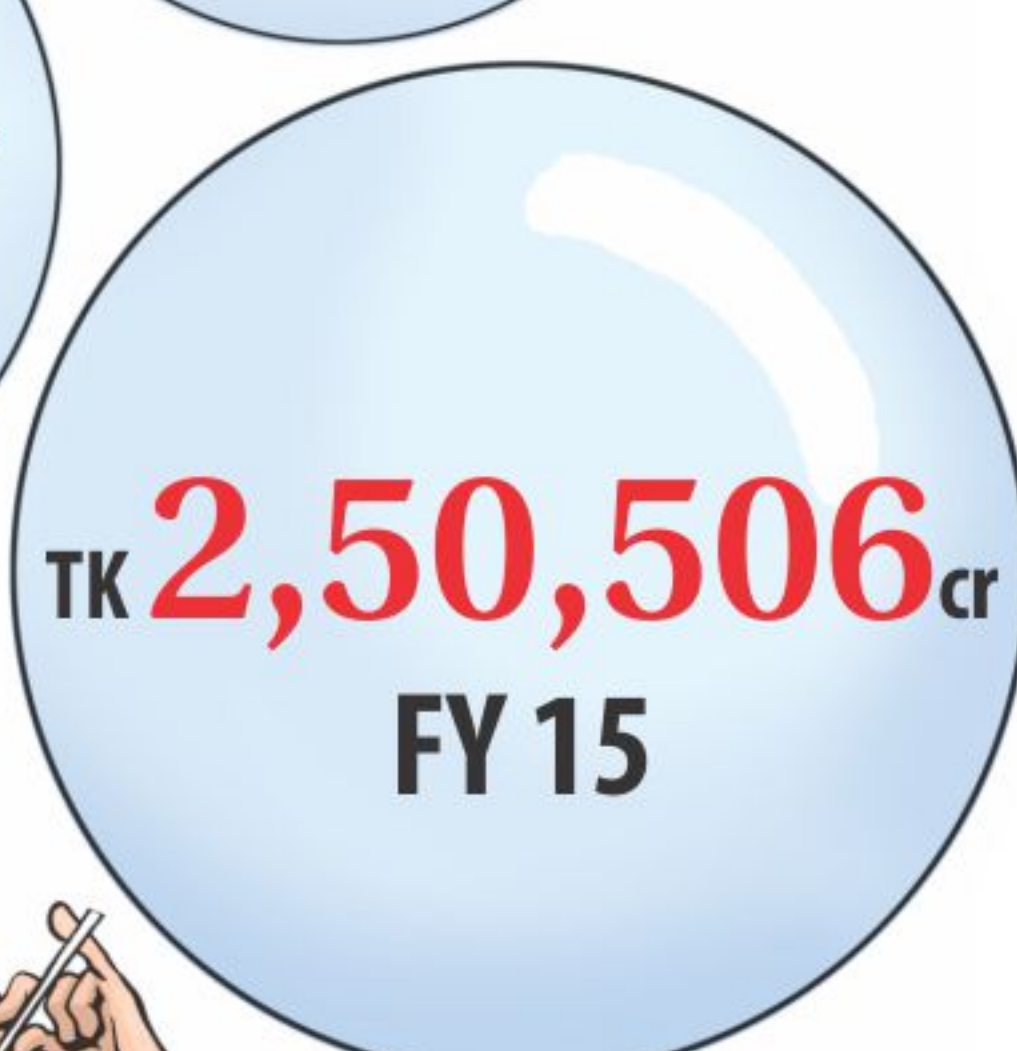
In developing the gas sector, the government will continue to enhance the capacity of Bapex to help it discover new gas and oil fields.

However, the lone national company's success had been limited due to lack of efficient manpower, even though the government in recent years had given good allocations to Bapex to purchase exploration and drilling equipment.

Many of the new gas discoveries announced by Bapex through surveys were political rhetoric, as surveys do not ensure actual gas discovery.

For instance, Bapex had claimed to have discovered a massive gas field in Sunamganj-Netrakona on the

BUDGET BUBBLE



Not enough yet

Allocation for education rises every year, but remains far behind expectation

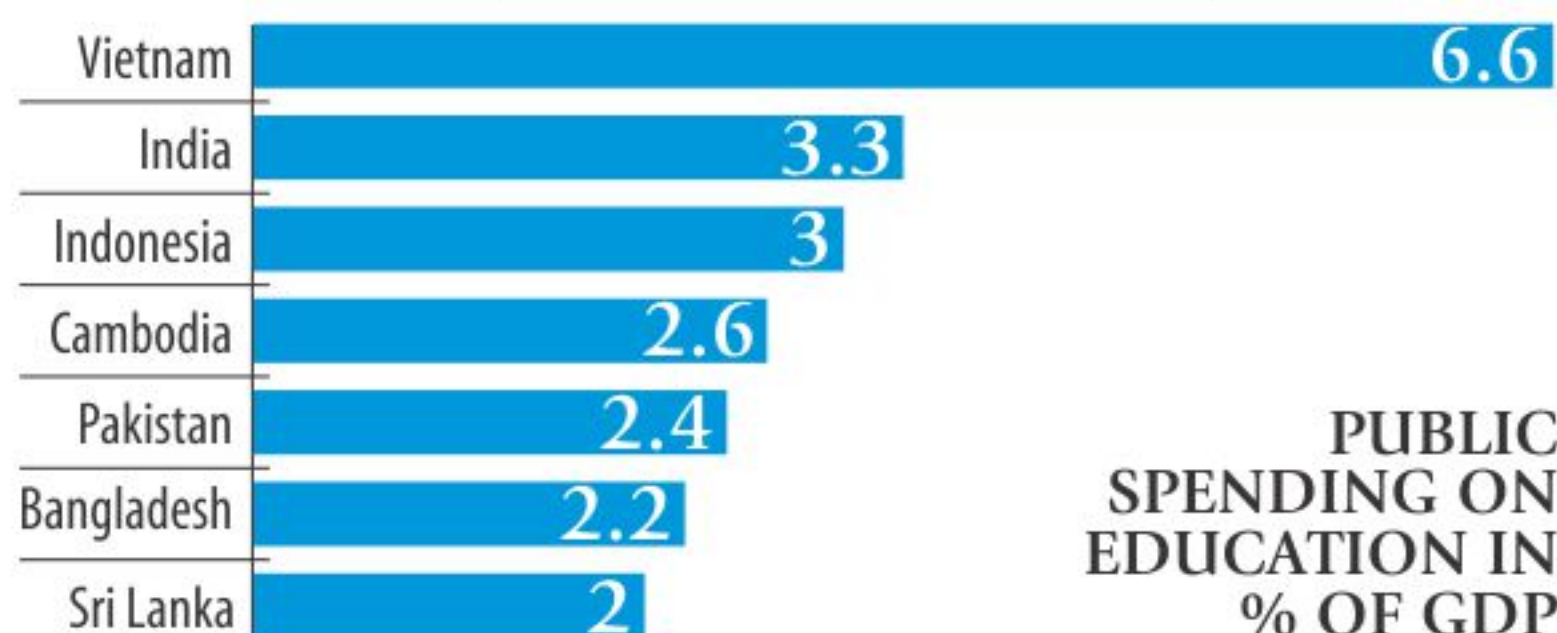
WASIM BIN HABIB

Although the government has increased budgetary allocations to the education sector over the years attaching top priority to it, the allocation this year is still far behind the expected level.

In terms of percentage of GDP (gross domestic product), Bangladesh spends only around 2.2 percent for education, which remained almost static for the last few years. On the other hand, countries like Vietnam and Nepal are much more ahead of Bangladesh as regards spending on education.

For education, Vietnam spends around 6.6 percent and Nepal over 4.7 percent of their GDP.

The Unesco declaration states that the allocation for education should be at least 20 percent of the national budget and six percent of the GDP.



Experts said the country's inflation continued to rise while the education sector witnessed a rapid growth with the increase in students, teachers and institutions in the last decade. But the allocation did not increase in proportion to the growth of the national budget.

Despite a positive growth in national budget, the share of the education sector as percentage of

the total outlay is decreasing for the last few years.

Finance Minister AMA Muhith yesterday set aside Tk 29,213 crore for the education sector in the fiscal year 2014-15, which is 11.66 percent of the total budget. The allocation is 10.96 percent more than the revised budget of the outgoing fiscal year.

An allocation of Tk 13,673 crore was set for the primary and mass education ministry, and the rest for

the education ministry.

The percentage of total allocation, however, did not match the figure five years ago. In the revised budget of the 2009-10 fiscal year, the figure was 14.3.

In the revised budget of 2010-11, the percentage was 14 which slid to 11.4 percent in 2011-12. In the 2012-13 fiscal year, the percentage stood at 11.1.

"The allocation is not sufficient even for implementing the fundamental commitments like the National Education Policy 2010 and National Skills Development Policy," educationist Rasheda K Choudhury told The Daily Star.

The budgetary allocation for education is quite lower than those of other South Asian countries, she said, adding, "Maldives spends around 8.5 percent of its GDP on education. Even India spends over

PUBLIC SPENDING ON EDUCATION IN % OF GDP

Health not well at all

Allocation falls well below WHO standards

PORIMOL PALMA

The World Health Organisation suggests that the health budget be at least 15 percent of total budget. In Bangladesh, it is only 4.60 percent of the current budget, which is going to decline further to 4.45 percent in the next year's budget.

The finance minister yesterday proposed Tk 11,146 crore for health budget -- which is up from the current year's revised budget of Tk 9,955 crore but down in share of total budget.

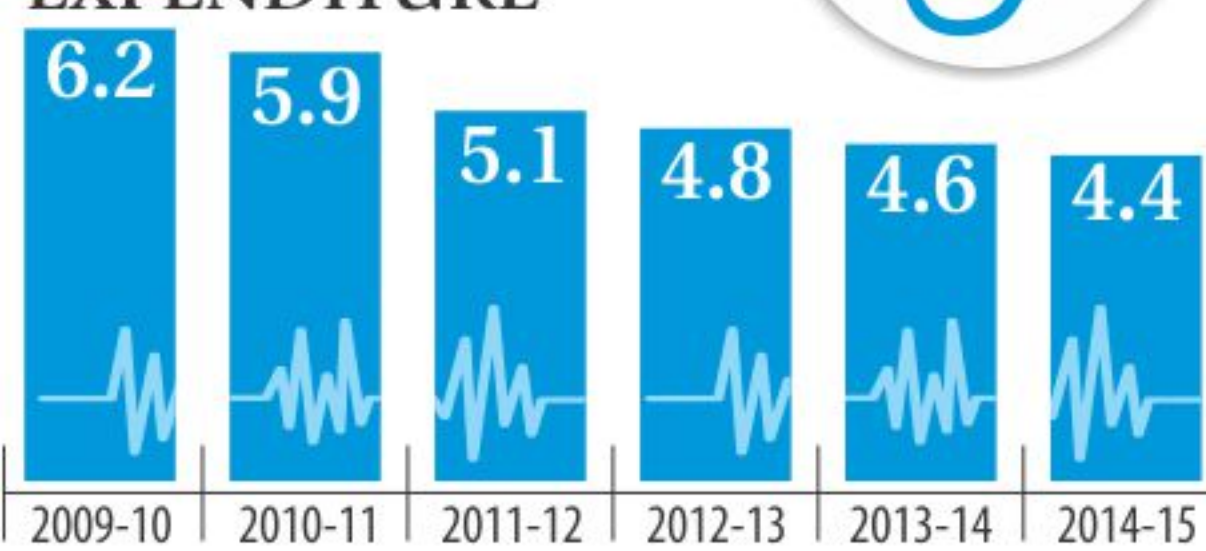
This goes against the government's health financing strategy to up the allocation for health to 15 percent by 2032 to ensure quality and affordable healthcare for all.

The declining trend that started from 6.18 percent in 2009-10 continues amid rising healthcare costs in Bangladesh, where people spend 64 percent of total health costs from their own pocket against the global status of 32 percent.

The high private health expenditure pushes 4 to 5 million people into poverty every year, while many fail to seek healthcare, according to the National Health Account 2011.

SEE PAGE 7 COL 4

HEALTH ALLOCATION IN % OF TOTAL EXPENDITURE



SOURCE: CALCULATED FROM MOF REVISED BUDGET FIGURES

WOMEN & AGED TAXPAYERS Tax relief on first Tk 2.75 lakh of income		VAT on imported mobile phones increased to 15% from 10%
PHYSICALLY CHALLENGED Tax relief on first Tk 3.50 lakh of income		Tariff of crude petroleum oil to rise by \$8 to stand at \$40 per barrel
Duty withdrawn from locally produced filament bulbs		60% supplementary duty imposed on new hybrid cars from 1,500-2,500cc
VAT exempted on meditation services		VAT on English medium schools, motor garages and immigration advisors increased to 7.5% from 4.5%
Duty on sweet biscuits & waffles reduced to 60% from 100%		

Farmers to be unhappy

No rise in subsidy, no plan to ensure fair price of produce

PORIMOL PALMA

Din Mohammad Alam, a farmer in Natore, could not be happy when he watched Finance Minister AMA Muhith speaking on agriculture budget yesterday afternoon.

"The minister has not announced any plan... how we can get fair prices of our products," he said but appreciated continuing the subsidies on farm inputs.

The 2014-15 budget proposed Tk 12,390 allocation for agriculture, which is 0.73 percent less than that of current fiscal year. It has proposed Tk

9,000 crore as subsidy just the same as current year, but not specified where it would be used.

"Subsidies are used mainly in fertilisers, but prices of other items -- labour, water, insecticides, seeds -- are quite high. But, when we take our produce to the marketplace, we get frustrated," he said.

Muhith boasted that the government completed the process of developing 1414 growth centres to revamp rural economy and established 484 cooperative markets for farmers to directly sell produces at fair prices.

"It is the goons and the landlords

who take control of these bazars, not the common farmers," said Alam, voicing concerns of most of the country's small and medium farmers.

Rezaul Karim Siddique, an agriculture development analyst, said the Awami League-led government had focused on increasing productivity of farm sector since the start of its previous tenure in 2009.

However, the success appears to be dim when it comes to the interest of the farmers, who feed the nation.

Siddique, also adviser to the Centre for Agribusiness and Competitive

SEE PAGE 7 COL 5

Landlords guilty if tax dodged

Tk 25,000 and plus house rent must be paid thru' banks

SOHEL PARVEZ

The landlords who charge more than Tk 25,000 as rent for a single living unit will have to receive the rent through banks from the next fiscal year.

This is what Finance Minister AMA Muhith proposed in the budget for the 2014-15 fiscal year, saying, "It is essential to bring transparency in the process of house-rent collection in order to widen tax net and deter tax evasion".

According to the new provision, tenants will pay rents in cheques payable to a designated account of the house owners. And it's the landlords, not the tenants, who will be held responsible in case of tax evasion.

Some analysts and taxmen, however, are

sceptic of the success of the new move, saying it is likely to encourage a section of the intended taxpayers to conceal the real amount of rents.

According to Muhith, the new measure aims to bring transparency in the house rent collection process and boost revenue inflow.

"Amendments to the Income Tax Law will be made to define house rent as both rent and service charges and to ensure payment of monthly house rent amounting more than Tk 25,000 through banks," Muhith said in his budget speech at parliament yesterday.

Once the amendment is made, the landlords will have to open separate bank accounts to receive their rents from tenants.

"Financial penalty will be imposed for

SOCIAL SAFETY NET

Focus on quality of programmes

SAJJADUR RAHMAN

Unlike previous years, the finance minister yesterday in the proposed budget for the 2014-15 fiscal did not clearly state the total outlay and the number of beneficiaries of social safety net programmes (SSNPs).

Allocation for SSNPs was Tk 25,371 crore in the 2013-14 fiscal and Tk 23,097 crore in the previous year. Total beneficiaries were 680 lakh-man and 788 lakh-man in those two fiscal years respectively.

But this year's budget document shows safety net and welfare schemes got Tk 13,974 crore allocation, up by over 23 percent than the revised budget for the outgoing fiscal year. The proposed outlay is 5.6 percent of the total budget of Tk 250,506 crore.

It seems that the government is shifting its policy to SSNPs to make it more effective, target-oriented and proper as it found the expansion of safety net coverage alone is not enough for quality eradication of poverty and inequality. To achieve this goal, the government is on a final stage to complete the National Social Protection Strategy. Steps have been taken to prepare a list of hard-core poor and a National Population Register for proper identification of beneficiaries of SSNPs.

Priority will be given to education, health and family welfare and science and technology in this regard.

"The government is on a move to integrate SSNPs to social protection to pass the benefits on targeted people," said Mustafa K Mujeer, director general of Bangladesh Institute of Development Studies, explaining why the proposed budget did not clarify the total outlay for SSNPs.

Documents show the coverage of some social protection programmes and allowances have hiked in the proposed budget.

For example, monthly honourarium for freedom fighters have been raised to Tk 5,000 from Tk 3,000. The government is also taking initiatives to ensure housing facilities for the landless and insolvent freedom fighters throughout the country.

Some new programmes have also been included in the SSNPs, such as, construction of houses for accommodating the cleaning staff of Dhaka city corporations. A special allocation of Tk 50 crore has been proposed in the budget to build similar houses in the divisional and district towns.