

The challenges of consolidation for change

An assessment of national budget 2010-11 by Unnayan Onneshan, a prominent private think tank and a leading economic research outfit of Bangladesh

A national budget is not merely an exercise in book keeping, nor is it an annual statement of the government's accounts; it is an articulation of the government's political and development policy. The Awami League-led government came to power with a promise for change in politics, governance, etc. Thus, the national budget that its finance minister placed in parliament on June 10, with a total outlay of Tk 1,32,170 crore, needs to be assessed in view of the goals and targets set out in the 'charter of change', which was outlined in the AL election manifesto.

This assessment, a sequel to *Balancing the Imbalances*, a pre-budget analysis of the state of the economy in 2009-10, also reviews the budgetary policies and allocation, supposedly geared at meeting the goals and targets detailed in the 'charter of change' in the light of the multiple challenges that the government faces on the economic front. It examines whether the government's suggested measures would lead to a sustained path of recovery, consolidate the progress and maintain the upturn for accomplishment of the promised outcomes.

Such an appraisal entails a thorough investigation into the sustainability of overarching barometers of the economy, broadly understood through indicators such as growth, investment, employment and reduction in poverty.

The possible macroeconomic consequences when implementing the proposed budget in the next fiscal year are also analysed. The assessment examines the performances of the real sectors, namely, agriculture, industry in response to budgetary measures, and also, unlike the tradition of assessments on budget confined to macroeconomic issues, provides equal emphasis on the implications of budgetary options on social sectors, including health and education.

GDP, employment and poverty reduction

The government, in the manifesto, targeted to increase the rate of growth of gross domestic product to 8 per cent by 2013 and 10 per cent by

2017. The government projected growth rate for the upcoming fiscal year is 6.7 per cent.

The challenge before the government is on three fronts: (a) to recover from the current slowdown, partly attributable to the lagged effect of the global slowdown and partly owing to inherited decline associated with steps of the previous interim government; (b) to escalate the rate of growth from the current annual average of 6 per cent to the level promised in the manifesto; and (c) to drive the growth through expansion of productive capacity in real sectors such as agriculture and industry, enhancing employment and reducing poverty.

For materialising the twin objectives of recovery from the current slump and the acceleration of growth require fundamental policy shifts and initiatives, it took the last two decades to increase the country's average annual GDP growth from 4 per cent to 6 per cent. Given such a track record of the economy over the decades regarding the rate of growth, there is no denying that the proposed budget is required to come up with fundamentally different policy initiatives targeting for such a huge acceleration. Despite the needed large-sized budget for the next fiscal, with 20 per cent growth in the overall outlay and 35 per cent in development spending for huge pollution with abject poverty and unemployment, the proposed budget falls short of suggesting radical schemes and options to lift the economy to such a high growth trajectory. Instead questions remains on the nature and sustainability of current growth pattern.

First, the growth that the economy has achieved over the years has been fuelled by consumption as opposed to being propelled by expansion in real sectors, with effects on employment creation and poverty reduction. It is found that consumption has witnessed a secular upward trend. The rate of growth of private consumption has gone by over 20 per cent.

Second, the share of agriculture (15.91 in 2008-09 to 15.65 in 2009-10) and industrial sector (17.90 in 2008-09 to 17.87 in 2009-10) to GDP over the years is on a declining trend. The government needs to

come up with radical policy options in order to achieve the target growth of 8 per cent within 2013, which means the share of industry in GDP has to be around 40 per cent from 30 per cent now and the decline of the agriculture sector has to be reversed.

For achieving 10 per cent growth by 2017, the share of industry to GDP should be 30.4 per cent to GDP. The current share of industrial sector to GDP is 17.78 per cent that has to increase by about at least 12.62 per cent in the next eight years with other things (share of agriculture and others) remaining constant at the prevailing rate. Based on the pattern of the last decades, it is observed that an additional percentage point share of industrial sector can lead to achieving 0.33 per cent growth in GDP.

Third, the Monitoring of Employment Survey 2009 conducted by the Bangladesh Bureau of Statistics shows that the unemployment rate increased from 4.3 per cent (2005/06) to 5.1 per cent (2009). One might be tempted to conclude that the growth in national output has not been that of employment enhancing, leaving some commentators to term such an expansion of national output at the level of six per cent a 'jobless growth'.

The survey indicates that the labour force has increased by 8.48 per cent in comparison to the Labour Force Survey of 2005-2006. But the rate of unemployment has increased to 5.1 per cent, the highest in the last several years, implying that employment generation is lagging behind the actual rate of inclusion of active labour force, placing the government on a huge challenge.

The contribution of the service sector to GDP in 2009-2010 is 49.67 per cent and the rate of growth is 6.59 per cent but employment in this sector is very low and only 19.8 million people belong to this sector. So, the government along with the private sector needs to create balance in sectoral employment, since with gradual share in national output, agriculture continues to host highest sectoral employment, making it the flashpoint of continuance of poverty.

According to the BBS statistics, the real wage rate index value (general) was 149 in 2005-06. With rising unemployment, the real wage might be declining and further eroded by the overall inflation rate of 6.26 per cent with food inflation nearing 10 per cent. With the increased number of unemployed people and reduction in income and real wage, the aggregate demand might be lowered, might putting negative effect on investment and production output. If policies of reversal are not taken, the rate of unemployment may grow.

Economic Observer

An allocation of Tk 1,000 crore was made for Employment Generation for the Hardcore Poor, which is lower than that of the previous year's allocation of Tk 1,120 crore. Nothing has been mentioned about the National Service Pilot Project (NSPP). This provides room for question of how the government is going to reduce the number of unemployed people to 2.4 million by 2013 and to 1.5 million by 2021, from an estimated 2.8 million in 2008.

Fourth, the recent perception survey, Welfare Monitoring Survey 2009, conducted by the Bangladesh Bureau of Statistics, states that 37 per cent people have reported that the poverty is increasing while 40 per cent have reported that the situation remains the same. The survey identifies lack of land as the main reason for poverty in Bangladesh (60%). As landlessness is growing, the government needs to respond on an urgent basis on the whole question of land reform and address the other larger question of land fragmentation, which may inhibit the agriculture productivity due to lack of economies of scale. The respondents also cite 'want of work' as the second most important reason of poverty (36.8%). The other important reasons are lack of capital/loss in business (18.4%), lack of education and training (17.2%), large family size (15.9%), etc.

Moreover, 39.8 per cent people are still under food insecurity and 80.8 per cent of them are faced with long-term food crisis. Furthermore, the inflation rate is on the rise (8.78% in March 2010), while food inflation is recorded at 12.07 per cent in urban area and 8.81 per cent in rural area.

The present government promised to reduce poverty rate from 25 per cent to 15 per cent within 2013 to 2021. To achieve this target, they committed to implementing the Millennium Development Goals fully by 2017 and they also approved the second PRSP titled 'Moving Ahead: National Strategy for Accelerated Poverty Reduction' from 2008-09 to 2010-2011 (NSARP II). But poverty situation has been worsening since then because the average inflation rate was more than 6 per cent over time, with an extreme case of 9.93 per cent in 2007-08.

Macroeconomic developments : Savings-investment

In the budget framework for 2010-11, the finance minister has projected that economic growth will be 6.7 per cent. The expected progress will be achieved through ADP implementation, expediting private sector investment through increased supply of credit

including PPP and making the external sector competitive through a stable exchange rate. So, investment is a crucial part for the success of this budget and to accomplish 8 per cent growth by 2013. This implies an increase in investment from current 24.35 per cent of GDP to 32 per cent of GDP, with enlarged ADP allocation from 4.1 per cent to 6 per cent of GDP.

Therefore, an increase to 32 per cent of GDP, an annual growth of 2.55 per cent each year is needed, which can hardly be achieved against the current situation in which lags investment behind. As public investment is declining by 0.26 per cent of GDP each year, this seems quite hard. According to the current situation, private investment will be 20.99 per cent of GDP with a growth rate 2.48 per cent each year. Private investment needs to grow at least by 3 per cent a year.

The gap between savings and investment is on the rise. With the fall in investment, GDP growth rate also has a downward trend after the middle of 2005-06. Bangladesh has a saving-investment ratio of 24 to 25 per cent which is lower than countries like Malaysia and India with 36 per cent and 39 per cent respectively, as the country aspire to become a middle-income one.

The finance minister has said an investment of 28 billion dollar will be required by 2013-14 to achieve the projected growth as per preliminary estimates. But he falls short of demonstrating as to how that level of investment is to be made.

The much publicised 'innovative' public-private partnership has not materialised, despite allocation made in the last fiscal. This year Tk 3,000 crore is allocated. This is also billed as a risky strategy by some as this is strategised in the budget to increase the power since the record of the PPP is murkier. In neighbouring India, only 14 per cent of the total PPP investment went into the power sector. Moreover, only the private sector invested 20 per cent of the total investment while the remaining was invested by the government. Moreover, the success of implementing such scheme is one in four as the World Bank review suggests.

As public investment has declined steadily over the past 10 years (poor ADP implementation), there are lower incentives to the private sector and lower FDI flow especially to the industrial sector, and so the government needs to have a radical departure from the current strategies to achieve its goal.

Over the years highly ambitious targets have been

set for annual development programme, but utilisation has fallen far short than the target. The laggard pace of implementation has led the governments to revise the size at the end of each fiscal year, and it tends to continue this year also.

According to a report by the Implementation, Monitoring and Evaluation Division of the planning ministry, in the first ten months of the FY2009-10, only 59 per cent of the revised ADP was implemented. To complete the rest 41 per cent, it requires an implementation rate of 20.5 per cent per month which is quite an impossible task. This scenario has been observed continuously for the last couple of years. Public investment is facing lower utilisation problem along with the gap between proposed and revised allocation.

On an average, the proposed ADP expenditure has been reduced by 7.82 % in the revised allocation and 81.82 % is implemented of the proposed allocation, with highest implementation status in the last three months of every fiscal year.

For the current government, it is of a heightened interest as it aspires to uplift the economy from the slump it inherited and to jump upwards a MIC, which warrants capital expenditure to grow at high proportion to ensure crowd in of the private sector.

There has been a rapid decline in the amount of foreign direct investment. The impact of global financial crisis has moreover lingered the pace of foreign direct investment in the economy. The capital mobility in the economy has been negatively affected by factors such as infrastructural constraints, political variables, international financial linkages and fiscal policy coordination.

Trade balance

The overall trade balance is showing negative growth, supported by downward export and import volume. This is an undesirable situation. The economy has seen a decline in the volume of export in FY2009-10, from FY2008-09, because of the readymade garment sector. This decline will continue if the prevailing power crisis continues and the government fails to disburse and implement its announced stimulus package to the affected sectors, especially the RMG sector.

Jute products and leather industries have gained positive growth because of increase in cash subsidies provided by the government but the frozen food industry has a negative growth in spite of many

facilities and one of the reasons for this may be sanitary and phyto-sanitary measures.

The export sector has not yet recovered from the pressure of global recession because stimulus packages were not implemented in due time. If the export sector is not diversified soon and present negative growth trend in the RMG sector continues, the economy will soon be in a precarious situation with a volatile export sector. The boom of the RMG sector was due to the multi-fibre arrangement in the United States and the generalised system of preferences in the European Union. There is widespread apprehension though that the EU will make the rules of origin more stringent, particularly affecting the knit garments, as this part of the RMG was enjoying higher portion of the GSP, which might decrease export earning. In such a situation, with a view to diversifying the export sector, the budget has not proposed any tangible measures relating to jute, frozen food and leather sector. Also, to make the RMG sector more competitive, there should have been incentives to create more value addition. The importance of establishing backward linkage industries should have been given a priority.

Another problem of the export sector is that the export market is concentrated in a very small number of countries including the US, the United Kingdom and Germany, which make it more susceptible to global shocks. A positive export growth is observed in case of Italy, Japan, Turkey and India, which indicate the future potential markets for knitwear, woven and leather goods. Japan can be a promising market for chemical products and frozen food, while increasing export of raw jute and jute goods, frozen food and chemical products to India reveal future potentials. But the budget should have come up with policy options in securing new markets.

It is revealed in the monthly update of the Bangladesh Bank that the import cost has declined in this fiscal year due to less import and fall in international price. The volume of food import and capital machineries has dipped in nine months of FY10. But there is a significant increase in opening of import letters of credit for consumer goods and industrial raw materials, capital machinery during July-January 2009-10 compared to the same period of the previous year. However, opening of import LCs for intermediate goods declined a little during July-January 2009-10 compared to the same period of the previous year. The government lowered the interest rate to 12 per cent for importing daily essential foodstuff and 13 per cent for other items. But these interest rates should have been further

lowered to ensure the daily needs. Maintaining 0 per cent customs duty on rice, wheat, onion, pulse, edible oil, etc is good but the precaution should be maintained that domestic producers of these items must not be harmed.

Reduction in import of raw materials indicates a downfall in new investment in the economy, especially in manufacturing sector. Moreover, the decline in imports of raw materials of textiles and garments (e.g. cotton, yarn, and other products) indicates a slowdown in these sectors. Due to the fall in import of food along with a shortfall of production of aman paddy, an upward pressure on rice price has been created in recent times.

Revenue mobilization

The government has estimated the total expenditure to be 16.9 per cent of GDP, but to meet the expenditure the projection of revenue mobilisation is made at 11.9 per cent of GDP. Tax and non-tax revenue is the only source of government income. The government has not brought any change in the individual and corporate tax structure.

The major tax revenue, as per the government target, is collected by the National Board of Revenue. In case of NBR tax collection, on an average, revised target is 97.66 per cent of the proposed target whereas 96.84 per cent of the target is achieved at the end of each fiscal year. The same scenario is found in case of non-NBR tax. On an average, revised target is 97.29 per cent of the proposed target and 95.32 per cent of the proposed target is achieved at the end of each fiscal year.

The targeted income tax for FY2009-10 was Tk 16,560 crore and till April 2010, the total collection was Tk 11,252.92 crore, which is 67.95% of the target.

The area of collecting value-added tax must also be increased. The targeted VAT (import + domestic) for FY2009-10 is Tk 22,789 crore and till April 2010, the total collection was Tk 18,846.26 crore which is 82.7 per cent of the target. As long as there are more service-oriented products in the market, the government must increase the area of VAT collection.

The government has proposed to bring at least 5 lakh new taxpayers into the tax net. But currently there are about 22 lakh TIN holders amongst which 6 lakh people pay tax. There is no clear direction on what the government will do with the 16 lakh TIN holders who are not returning their wealth

statement, despite the fact that the wealthier sections of society are expanding.

It is seemingly positive that government has decided to impose concessional capital gain tax on all stock exchange listed companies and on the stocks traded by the directors of the respective listed companies. There could be two implications; the first scenario is that this is as par with progressive taxation. But imposition of tax may create a downward pressure in market capitalisation in the short-run.

The introduction of Bangladesh Infrastructure Finance Fund is an innovative idea by the government and it may help increase the volume of market capitalisation and revenue income as well.

Tax imposition on real estate business may increase the cost of making homes by the real estate developers. So this may create a problem for the home seekers for purchase of flats.

The obligatory rule to use TIN for taking gas and electricity connection may create a problem among the public utility users in the short run. But this might enhance the tax net, if initiatives are taken to ensure that the TIN holders also pay the taxes on a regular basis.

The imposition of VAT on stock and security brokerage house will create a short-run downward pressure in the stock market.

Imposition of supplementary tax on filament bulbs and lifting VAT from electrical bulbs and energy saving bulbs and 5-year tax holiday for industries engaged in making solar panels and energy saving bulbs are in positive direction. This may not help to reduce the demand and generation gap of power but will help encourage people to use energy saving equipments and will help save the available generated power.

But the increase in VAT in various products will create pressure on general people. This is in contrast to the principle of progressive taxation. Successive governments have pronounced rhetoric relating to equity, yet in practice have always resorted to the regressive tax mechanism such as VAT instead of expanding and implementing instruments of progressive taxation. .

From the 3rd term budget implementation report of the FY2009-10, by the finance minister, it is found that the revenue collection is 68 per cent of the target (July-March, FY10) which is 17.16 cent higher than the previous year. But the average inflation

rate is 6.26 per cent. So if we adjust the collection of revenue with inflation rate, the real value of the collection is not as what it seems.

Budget deficit

Bangladesh has had increasing budget deficits over the years. The persistent budget deficits have raised considerable concern. It has been observed that total budget balance as percentage of GDP has remained negative throughout the previous decade. It has remained highly negative in the fiscal year 2000-01 and again in 2007-08. The government's internal debt has mostly remained higher than external debt. The increasing deficit is not a huge problem if the economic growth rate is greater than the inflation rate and the interest payment can be managed. But the estimated GDP growth is lagging behind the rate of inflation.

An interesting aspect relating to deficit is actual deficit is lower than the proposals made in budget. This is due to the fact that the successive governments proposes higher budget to increase the aggregate demand, assuming that such will lead to higher output, meaning higher rate of growth. This lessens as the government reduces the size in the revised budget due to implementation failures.

The other observable factor is that the deficit financing from the non-banking sector is increasing more than the target because of higher interest rate of savings bond. The rate of interest, on an average, is 1 per cent, if financed from the external sector, 7.75 per cent if financed by treasury bond and 11.75 per cent if financed by savings bond, though the government is planning to lower this rate by 1 per cent. Still it is very high and thus a large part of revenue will go as the interest payment to the bond holders.

Total interest payment by the government increased 22.18 per cent from the proposed allocation and 15.3 per cent from revised allocation. Another important feature of this debt burden is continuous borrowing increase from non-bank sources and repayment. In FY 2008-09 borrowing increased from revised to actual budget by 274 per cent and repayment also increased by 314.5 per cent. In the current year the increase from proposed to revised budget is by 25.26 per cent and 5.17 per cent respectively. There is a possibility that it may increase in the actual budget. So, the target for this year's total non-bank borrowing may increase from Tk 28,461 crore, unless any steps are taken.

The lack of designing of the framework for financing

the deficit budget is growing to a situation of continuous debt burden and leading towards 'policy-led contraction'. The general public rather than investing in the capital market is now more interested to buy savings bond and thus the capital market is also falling short in terms of investment. The government needs to rethink this situation with importance as its goal is to increase investment from 24.2 per cent to 32 per cent of the GDP.

For the fiscal year 2009-10, the finance minister allocated Tk 15,808 crore for interest payment, from this Tk 14,471 crore is for domestic interest payment. The government also borrowed Tk 6,915 crore (till March 2010) from foreign source. The increasing internal debt payment is squeezing the fund for the ADP in its revised edition. The government's increased borrowing from the commercial banks would reduce capital available for investment, which would result in crowding out of private investment in the economy. As the economy has already been suffering from lack of investment, this increasing debt would be a further threat. The central bank raised the cash reserve requirement for banks from 5.5 per cent to 6.5 per cent in May, which would further result in shortage of credit flow from the commercial bank. A higher borrowing of the government would pressurise the credit flow, having negative impact on investment. Thus, it would be challenging for the government to utilise the borrowed money in a planned and effective way for enhancing aggregate demand in the economy. The share of interest payment is 11.1 per cent of the total outlay this fiscal year.

The upcoming fiscal is likely to witness an upward inflationary trend as a result of endogenous factors due to increased fiscal deficit leading to increased government borrowing, the failure of the monetary policy to interest rate to fall, leading to increased consumption spending.

Unlike exogenous factors that have immediate impact on inflation, the endogenous factors have lag-effect, i.e. any disturbances in fiscal and/or monetary policy now would have an impact later. These disturbances could occur if the ambitious expenditure planning is not coordinated by the suitable monetary policy. The concern is that there is no immediate remedial measure for inflation that arises from macroeconomic disturbances.

Inflation

Inflation has soared to 8.99 per cent in January 2010, showing rising trends in recent months. Food inflation has surged to 12.07 per cent in urban

areas in January 2010 from 11.08 per cent in December 2009. It was lower in rural areas at 8.81 per cent in January 2010. Non-food inflation has slightly declined to 6.53 per cent in January from 7.04 per cent in December 2009.

The growth of money supply is one of the major reasons behind this mounting inflation. The monthly update of the Bangladesh Bank reveals an upward trend in reserve money (Tk 29,518.5 crore to Tk 41,079.3 crore with 13.85 per cent increment) and board money base as a result of the rapid build-up of net foreign assets stemming from continued large remittance inflows and the decline in import payments.

The poor yield of aman paddy, coupled with lower import of rice, has triggered the rice price. The production of aman paddy has declined in this season. The production was about 1.15 crore tonnes, a bit lower than the production target. Moreover, there is a drastic fall in rice import. For these reasons there occurred an insufficient supply of rice to meet the demand and this pushes the rice price up.

High inflation is widely seen to have a wide range of economic and social costs. Inflation will have different effects on individuals and also the performance of the economy as a whole.

* Impact on savers: Inflation leads to a rise in the general price level so that money loses its value. As the inflation is high, people may lose confidence in money as the real value of savings is severely reduced.

* Impact on employment: As inflationary pressure leads to a decrease in real wage of the labourers, there is a negative impact of inflation on employment.

* Impact on investment: Inflation will also disrupt business planning, i.e. investment. Due to uncertainty of price and costs, the planned investment spending may be reduced. Lower investment would have a detrimental effect on the economy's long run growth potentials.

The government has placed the budget for the upcoming fiscal year at the time when the monthly (12) average inflation rate increased from 5.95 per cent to 6.26 per cent in March 2010. However the condition, the monetary and the fiscal policy should be harmonised to keep a moderate level of inflation. The policymakers and the authorities of the Bangladesh Bank should be aware of further fitting

their policies related with budget deficit financing, interest rate and money supply.

An estimation by Unnayan Onneshan in 2010 shows that with the prevailing rate of point-to-point basis and monthly average basis inflation will continue to rise.

Real sectors: agriculture

In his budget speech on June 10, the finance minister, Abul Maal Abdul Muhith, said 'we [the AL-led government] want to achieve self-sufficiency in food in Bangladesh by the year 2012.' That would require increase in food-grain production at a certain rate. Unnayan Onneshan estimates that the population will be 171.5 million in 2012, which will require more than 43.2 million tonnes of food grain (39.4 million tonnes of rice and 3.8 million tonnes of wheat).

In FY 2008-09, food-grain production totalled 32.2 million tonnes (31.3 million tonnes of rice and 0.84 million tonnes of wheat), which was 11 million tonnes or more than 34 per cent adrift of the targeted level (Bangladesh Economic Review 2009). In other words, 11 million tonnes of food grain must be produced additionally to achieve food sufficiency. It is not easy to achieve the target, as climate change in recent decades in the forms of natural calamities such as drought, flood, fluctuations in rainfall pattern, cyclone, and sea-level rise has posed a serious threat to agricultural production. Moreover, decreasing arable agricultural land and unsustainable agriculture practices in Bangladesh, together with increasing population and changing climatic conditions, make this challenge even more daunting.

Agriculture plays a pivotal role in the economy, although its share in GDP is declining day by day. The sectoral share of gross domestic product (GDP as percentage) of the board agriculture at constant prices (Base year: 1995-96), the share of the board agriculture sector (including fishery) in total GDP was 20.60 in FY 2008-09 where the allocation for the sector in the ADP was Tk 2,316 crore (proposed ADP) and the implementation was only Tk 1,235.2 crore which was only 53.33 percentage (Bangladesh Economic Review 2009 and Budget in Brief 2009). Evidently, there is a huge gap between proposed and implementation of the ADP in agricultural sector.

Moreover, the allocation for this sector is continuously increasing but it is not sufficient to protect the declining rate of agricultural GDP. The government announced about Tk 3,192 crore in the

FY2010-11 of the total ADP but there are questions to be raised whether this allocation to for the agricultural sector is sufficient to reduce its declining growth.

The revised and future implementation of ADP allocations have been predicted by taking the weighted average of the past trends. From the analysis of the last 10 years' data, it is found that percentage of implementation to the proposed budget is 38.4 and the implementation to the revised budget is 55.17. If the implementation rate goes at business-as-usual rates, the predicted amount of the revised and implementation budget will be Tk 2,220.30 crore and Tk 1,225 crore respectively.

The government has allocated Tk 5,971.52 crore for agriculture wherein Tk 5,076.33 crore is for the non-development sector which is 85 percentages in the total budget of FY 2009-10 for the agriculture ministry. Similarly, 56 percentages have been allocated for non-development sector for the Ministry of Fisheries and Livestock and 69 percentages for the Ministry of Forest. Similar trends are also seen in the current budget. More than 84 percentages have been allocated for the non-development sector of the agriculture ministry and 56 percentages for the fisheries and livestock ministry. Maximum allocations have gone to non-development sectors and small amounts are allocated to development sectors.

Subsidy in agricultural sector has declined by 20 per cent compared to the last year's budget. In FY2009-10, the total allocation for agricultural subsidy was Tk 4,950 crore while the current budget proposes Tk 4,000 crore. The government targets credit disbursement to the tune of Tk 12,000 crore. From the analysis of the last 10 years' data, it is found that more than 6 per cent could not be distributed. Accordingly, estimation is that the credit disbursement may not be more than Tk 11,275 crore.

To ensure 'Food for all', it is necessary to increase allocation for research and extension services. Innovative new agricultural practices, varieties are essential to meet the future food demand. Therefore, the government should have given a special priority for research and agricultural extension services and provided sufficient fund to carry out those successfully.

In FY2010-11, the government has allocated Tk 412 crore for agricultural research which is Tk 226 crore more than the previous years. It might be assumed as a good indication for agricultural research, but

the research organisations must be able to access those funds. In the past, maximum fund for research purposes did not reach to research organisations for various complex administrative structures.

In FY2010-2011, the government has decided to support 1.82 crore farmer families under the agro-input assistance card. Therefore, a huge amount of fund must be allocated to support farmers but in the current budget no fund is being allocated. For boro rice production in the outgoing fiscal year, Tk 750 crore was allocated for purchasing diesel. Therefore, more than Tk 1,483 crore will be required for only purchasing diesel during boro season under the card facilities.

In his speech, the finance minister said 'we have taken an initiative to introduce an Agriculture Insurance scheme to provide the small and medium farmers with crop price support in the event of crop failure due to natural disasters.' But there is no guideline about the landless farmers who are the worst sufferers. Besides, there is no fund allocated for the insurance scheme.

More than 1.5 times per capita food grain production increased in the last few decades. It might be assumed as a good indication for food security in Bangladesh, but its sustainability in future is in question because of the gradual decrease in agricultural land for food production and excessive use of chemical inputs and groundwater. For example, fertiliser application has increased 890 times in the same piece of land. In 1975-76, fertiliser application was 0.36kg for a hectare of land, whereas in 2007, it was above 298kg. So, it is clear that fertilisers create a force to increase productivity of land. On the other hand, soil fertility is decreasing due to use of huge amount of chemical fertilisers, which is not at par with the concept of sustainable agriculture.

Moreover, irrigation application mainly depends on the groundwater source. Groundwater water application has increased many times to augment production, causing at the same time salinity of soil and consequently declining land fertility. Therefore, proper attention should have been given for sustainable agriculture practices and sufficient fund should have been allocated to enhance sustainable agricultural practices.

In FY 2010-11 the government has taken hopeful steps to distribute organic, green and bio-fertilisers to 97 lakh families to popularise the use of natural fertilisers and to increase agricultural production

and also allocated Tk 300 crore to expand irrigation facilities which is less than Tk 127 crore in last year's budget. For the distribution of organic fertilisers, no fund has been allocated in the budget. Therefore, a question has automatically risen how the total process will succeed. Besides, the fund which has been allocated for the irrigation project will not be sufficient for implementation because of many sub-sectoral issues such as mitigating water-logging problems in the south-west region, draining out water in haor areas, etc.

Land fragmentation can be seen to have negative effect on agricultural productivity, reduced labour productivity, hampered management practices and other expenses. The fragmentation rate is continuously increasing due to huge population pressure. A piece of land is divided because of the sharing of land among their present generations. Industrial development and expansion of human settlement also create pressure on agriculture land which influences the rate of fragmentation significantly. For increasing agricultural production, the budget does not mention land-related policy which is one of the vital issues for agricultural production

Agriculture is one of the most sensitive sectors in terms of climate change particularly is affected by temperature, rainfall pattern and likelihood of extreme events such as droughts, flood, cyclone, salinity intrusion etc. Unnayan Onneshan in 2009 conducted a research for future food security situation. The rice shortage may have occurred for more than 35 per cent for population due to growing population and increasing temperature in 2050 compared to the total rice production in 2006-07 in Bangladesh (Basak, 2009).

Therefore, more investment will be necessary in this sector to achieve self-sufficiency in food in Bangladesh by the year 2012. Moreover, the concern of agricultural investment and subsidy do not depend only on the amount that has been allocated but also on effective utilisation of the fund and proper distribution of subsidy. It is often claimed that subsidy does not benefit the real beneficiaries. Because, the benefit of fund is going to large and medium farmers and those who are landless they have not got the benefit of the subsidy and input assistance card.

Real sectors: industry, power, transportation and communication

The present government's aim is to increase the contribution of the industrial sector to GDP from

29.95 per cent (FY 2009-10) to 40 per cent by 2021. To achieve this goal a sustainable growth in the industrial sector is needed. Industrial growth and labour force absorption depend on scope of setting up new industries, increase in efficiency and production of the industries and increase in the quality and value addition of the intermediate products. But the growth rate of the manufacturing sectors show a gradual decline. Besides, disbursement of industrial term loan also shows a declining trend.

Power

The Awami League-led government vowed to people to provide 7,000 megawatts of electricity by 2013 and 20,000 megawatts by 2021. The government promised to make electricity available for all by 2020. Till the end of 2009 (after completion of one year), only 47 per cent of the total population has access to electricity. The share of electricity to GDP is too low although the overall infrastructure is much dependent on this sector.

Over the past few years, a significant portion of the ADP has been allocated for the power sector, but the implementation of the allocation has not been done properly. Only 33 per cent of the total ADP allocation has been utilised in the power sector during July-March period of 2009-2010 budgets, which can be said as 'less than necessary'.

An estimation (by taking weighted average of last nine years' data sets) conducted by Unnayan Onneshan in this year show that the proposed annual development expenditure of Tk 4,995 crore which may be revised to Tk 4,470 crore and implementation of the proposed ADP may be 85.90 per cent (Tk 3,768.72 crore).

The government has unveiled a mega plan recently for generating about 9,426 megawatts of electricity, of which 792MW will be generated in this year by setting up fast-track rental power plant at a high per unit cost.

An estimation of Unnayan Onneshan shows that per day demand of electricity in 2014-15 will be 14,056.92MW with about 830.92MW of shortage [(Demand of 14,056.92MW less total generation of {(9426+3800) MW} = 13,226MW)], if, and only if, the proposed plan is fully implemented and full generation of 9,426MW (without net generation systems loss and present generation of 3,800 MW will be available in 2014-15.)

In the roadmap of power and energy development by

the Ministry of Finance, it is stated that in the medium term 2,600MW of electricity will be generated by coal and another 5,114MW of electricity will be generated by gas and hi-sulphur furnace oil. But the policies related to coal are yet to be finalised. Nor is there any clearer direction with respect to exploration of gas.

The government proposes to allocate Tk 4,995 crore for the power division in the new budget. The government is providing huge subsidy to the rental power plants. It is depending upon the PPP. This warrants caution and some are calling it a riskier strategy as the investment track record through PPP in power is dismal. In the neighbouring India, only 14 per cent of the total PPP investment went to the power sector. The World Bank in its report indicates that only one out of four who signed projects has implemented the projects. Moreover, the private sector has invested only 20 per cent out of the total investment.

Transport and communication The election manifesto of the Awami League speaks of eight different targets in the transport and communication sectors:

- * construction of extensive road networks connecting to the districts, upazilas, villages and growth centres;
- * construction of Padma and Karnaphuli bridges, Dhaka-Chittagong four-lane expressway;
- * rail and road connection with neighbouring countries under the Asian Rail and Highways;
- * dredging of every big and small river, modernisation of cost effective river transport;
- * construction of deep sea ports and modernisation of Chittagong and Mongla ports;
- * facilitation and modernisation Bangladesh Biman;
- * expansion of telecommunication up to villages and internet facilities up to upazilas in the next five years; and
- * installing railway link with the capital.

Besides, there is a provision of construction underground railway, mono or circular rail and navigable river route around Dhaka to solve the public transportation problem and traffic jam in the capital.

The amount of revised and future implementation of ADP allocation in 2010-11 fiscal year has been estimated by taking the weighted average of the previous allocations. The proposed ADP (PADP) of 2010-11 fiscal year in transport and communication sector is Tk 5,531 crore and the estimated amount of revised ADP (RADP) and implementation of ADP might be Tk 4,748.07 crore and Tk 4,287.39 crore respectively.

The past scenario has shown that revised ADP is always lower than proposed ADP with only exception in year 2004-05. The implementation rate of proposed ADP is also very low.

Analysing the growth of revenue expenditure and development expenditure of the past years in this sector, it is observed that both revenue and development expenditure growth rate is negative. The present budget as well as the budget in 2009-10 focused on the integrated multimodal transport policy. Some of the targets of the manifesto have been taken up. These are Padma and Bekutia bridges, development of railway sector, dredging of rivers, construction of waterway around Dhaka, enhancing the Mongla port, construction of elevated expressway connecting Uttara and Jatrabari.

Social sectors : education and health

In Education Vision 2021, the government commitment includes net enrolment at primary level of 100 per cent by 2021, literacy rate of 100 per cent by 2014 and making degree level education free by 2013. However, the rate of budget implementation in the education sector cuts a poor figure also. From the calculation of weighted average of the past years it is observed that 85.835 per cent of the proposed ADP is revised and 80 per cent is implemented over the years.

The average implementation is only 80 per cent of the proposed ADP and with this rate how this target will be achievable remains a big question. This figure shows that there is a continuous gap between proposed and implemented ADP.

The table shows the gap between the needed and allocated amount. There is a gap of Tk 5,071 crore which clearly indicates that the government is not on the way of implementing the new policy. But the implementation of the new educational policy is a core component in the election manifesto of the present government.

The government wants to establish a knowledge-based and technology-dependent digital Bangladesh

and for this reason a number of steps has been taken like free and compulsory education up to class eight, distribution of books free up to secondary level, recruitment of 45,000 teachers (20,000 is done), subvention of 100 per cent salary to registered non-government and community primary school teachers, school feeding programme, establishment of 1,500 primary schools and so forth which are really praiseworthy. But how this allocated money will be sufficient to meet the increased demand is a matter of question as in revised budget it will shrink to Tk 4,345.8 crore and implementation will be Tk 4,050.89 crore on an average. The finance minister has claimed that this allocation is 13.5 per cent higher than the revised budget of FY2009-10 but the point is how much higher the revised allocation will be than that of the previous financial year. Noticeably, in the last year the revised budget was higher than the proposed allocation and if the budget is revised in an average way the amount will be less than the increased revised budget of last year by almost Tk 29 crore. But as the government has taken some new measures, it will be a big deficit while implementing those. So, first of all the revised budget should be increased like the last year if the government tries to achieve the abovementioned target.

Health and family welfare

In the election manifesto, the government has committed to ensuring health facilities to every citizen, nutrition to children and mothers, improve traditional medicine, eliminate contagious disease, ensure primary healthcare for all by formulating 'health policy', 'population policy' and 'pharmaceutical policy'.

In the budget of FY2010-11 the allocation in the health sector is Tk 8,129 crore (including development and non-development budget), which is 6.15 per cent of the total budget. This allocation is Tk 1,296 crore higher than the revised allocation of the last budget. But still it is far away from the committed allocation (up to 12 per cent) of the total budget in the draft national health policy. If the government can appropriately allocate the committed amount of the national budget in the health sector then the better health indicators along with better public health investment in the health sector could be ensured.

The proposed public investment in the health, population and family welfare sector has marked negative revision during most of the period between 2001-02 and 2009-10 as shown because the data of previous years shows that on an average 93.32 per cent of the proposed ADP remains as revised ADP.

Among these years only two years (2003-04 and 2008-9) show increased revised allocation than proposed allocation. The average percentage of implementation status for proposed and revised ADP, among these years, is 68.23 per cent and 73.11 per cent, respectively. So, through the weighted mean calculation it can be predicted that from the proposed Tk 3,473 crore as ADP allocation in FY2010-11 approximately Tk 3,241.085 crore may remain as revised ADP of which Tk 2,369.665 crore might be implemented. It is true that the development budget is increasing but its share in proportion to GDP is declining gradually over the years (0.64% in 2001-02 to 0.55% in 2004-05, before rising to 0.76% in 2005-06 and again a downward trend to 0.77% in 2008-09). The negligence of the public investment reflects the poor quality of the public health system across the country, both in urban and rural areas. Given the prevailing poor quality of the public health system the budgetary allocation is insignificant. The proposed Tk 8,129 crore for 143.8 million people is too little in comparison with the present needs because the per capita allocation in healthcare is Tk 565 a year. That means the daily allocation for healthcare is Tk 1.55. This rate is not favourable for attaining the MDG goals. This share of allocation is very low for ensuring a sustainable health systems development in Bangladesh. So the allocation of the committed amount of GDP in the draft NHP (up to 5%) is indispensable to ensure the access of all classes to the health treatment.

From 2001-2002 to 2005-06, the development expenditure was higher than the revenue expenditure share of total budget. Since then, revenue expenditure share has been about equal or greater than the development expenditure share. In 2007-08, the difference began to widen, reflecting both higher growth in the revenue expenditure and a falling off in development expenditure. The increase in revenue expenditure since the fiscal year 2007-08 was due to increases in interest payments, pay and allowances, supply and services, expanded coverage of social safety net programmes, increased expenditure on operation and maintenances due to transfer of physical items from development projects into revenue setup etc.

It is seemed from the budget speech and budget in brief for FY2010-11 that most of the initiatives of the current budget are continuation of incompleteness of last budget (2009-10). The following table depicts this position:

The initiatives taken by the government is not favourable for implementing draft NHP because

several crucial strategies are missing in the budget. In the last two budgets the government seemed to allocate lower amount in comparison to the NHP and has not been able to meet most of the targets. This situation will badly affect the government's commitment to ensure quality health, nutrition and family welfare services, which are affordable, attainable and acceptable to its citizens and also government's focuses on increasing health status, reducing health inequalities, expanding access to social safety network and encouraging affordable service delivery systems for everybody.

Gender, social security

We constitute half of the society. If we remain backward how can the society move forward? If somebody's legs are bound up, how far can she/he walk? Indeed, the interest of women and men are not different. Their goal and aim of life and those of ours are the same.

Begum Roquiah

This speech of Begum Roquiah has now started to reflect in almost every country's development process. It is acknowledged that if development is not gender-sensitive it will become endangered, so women are now seen as equal as men in any development process. In this connection, the government of Bangladesh took an important decision to have gender budget from the fiscal year 2005-06 for four ministries (e.g. women and cultural affairs, education, social welfare and agriculture ministries) under medium-term budgetary framework. It is observed that when a budget is made gender-sensitive then it not only empowers women but also increases economic progress and human development. In FY2010-11, in continuity of the process of making budget gender-sensitive, allocation of resources by the government covers ten ministries, while in FY 2009-2010 the coverage was only on four ministries. This is commendable but the question is: will this initiative bring any change to women's inferior life? An apprehension is also raised on the proper implementation of allocated resources. In FY2010-11, the percentage of gender-related expenditure in total budget is only 25.9 per cent and 4.4 per cent of GDP, which is less than last fiscal year, when the rank of Bangladesh in GDI and GEM is respectively 148 among 182 and 108 among 109 countries, according to HDI 2009.

The Awami League government promised to take all school-going student of primary level to school within 2011 and remove illiteracy within 2014 in its election manifesto. To meet this goal the government

made highest allocation on the education sector in 2010-11. But share for women's development in total ministry budget is only 23.29 per cent in 2010-11, while it was 24.9 per cent in 2009-10, after having a high dropout rate of girls in secondary (77.5%) and higher secondary level (31.0%) in 2006. This type of allocation creates a doubt about the government's promise of ensuring gender equality and empowerment. Share for women's development in the health ministry is only 32.33 per cent. Again maternal mortality rate became 3.5 in 2008, while it was 3.37 in 2006 (3.9 in 2008 and 2.4 in 2006 in rural areas; 3.75 in 2008 and 1.96 in 2006 in urban areas). Resources are allocated by the health ministry mainly in such projects which are restricted to women's reproductive health, while their general health remains neglected. In Bangladesh women's health problem is mainly characterised by malnutrition, frequent pregnancies, poor healthcare services, etc.

It is considered that agriculture is a 'masculine work', and assumed that farmers are male, in spite of women's huge contribution to this sector. Though the share of women in wage employment in the agriculture sector was 45.5 per cent in 1990 and 66.54 per cent in 2005 (BBS, 2009), but gender as (%) of budget of the Ministry of Agriculture is very low. In 2010-11, share for women's development in total ministry budget is only 26.53 per cent.

Gender-related expenditure in Ministry of Environment and Forests is importantly highlighted this

year as women's contribution and their local knowledge in natural resource management is seen as an important issue for sustainable environment.

Women actually face discrimination in almost all sectors. Transportation sector is an important productive sector in Bangladesh. Some buses were designated for women in metropolitan cities to reduce difficulties they have to face in times of transportation. This step is really an affirmative action in increasing women's mobility. But this type of action is only taken for women in metropolitan cities; no allocation was made in any budget for women in other cities and in rural areas.

Social security

The constitution of the people's republic of Bangladesh recognises the need for social security in the form of public assistance (article 15). The present government's election manifesto pledged that the number of poor people will be reduced to 45

million from 65 million by 2013 and will further come down to 22 million in 2021. The Outline Perspectives Plan of Bangladesh 2010-2021 mentions that a comprehensive social security system is necessary to implement vision 2021 (Planning Commission, 2010), that is, by 2013 poverty level and proportion of ultra-poor will be brought down to 25 per cent and 15 per cent respectively.

Social security may be conceptualised as 'the protection which society provides for its members through a series of public measures against the economic and social distress which otherwise would be caused by the stoppage or substantial reduction of earnings resulting from sickness, maternity, employment injury, unemployment, invalidity, old age and death; the provision of medical care; and the provision of subsidies for families with children' (ILO, 1999). For 2010-11 the government has proposed Tk 9,664 crore for social security and welfare.

Over the years governments have proposed budgets for social security and welfare. If the trend is examined it can be seen that governments have allotted more money for revenue expenditure than development expenditure since 2006-07. The gap between development expenditure and revenue expenditure drastically increased; if the growth rate is considered, the average growth of revenue expenditure of social security and welfare sector is 36.43 per cent, whereas, the growth rate of the ADP is 17.25 per cent (2001-02 to 2009-10).

The growth of revenue expenditure was the highest in 2006-07 at 103.9 per cent and the second highest growth was in 2008-09 at 97.11 per cent. And for the ADP the growth rate was negative during 2006-07 and 2007-08 at -53.76 and -10.39 per cent respectively. From the available data it can be inferred that the budgets were proposed to reduce social vulnerability of people in the short run negating structural development that would improve social security of the poor in the long run.

Continuing the trend in 2010-11 for social security and welfare the government proposed Tk 9,664 crore, which is 7.3 per cent of the total budget. In the total allotted budget 78.34 per cent is proposed for revenue expenditure and 21.65 per cent for development expenditure.

The government has initiated different safety net programmes for improving social security and to protect the poor from falling into deeper poverty. There are cash transfer and kind (food) transfer programmes. Allocation for cash transfer

programmes (old age allowances, freedom fighter honoraria, person with disabilities allowance, allowance for destitute women) was 0.819 per cent of total budget in 2005-06 which increased gradually to 1.282 per cent in 2009-10. The budget for 2010-11 proposed to increase beneficiaries for the cash transfer programmes. In cash transfer programmes a total of Tk 1,355.16 crore has been allocated which is 1.025 per cent of the total proposed budget. This share is 20.6 per cent lower than 2009-10.

If cash transfer scenario is examined it can be seen that the amount per person per month is increased only for insolvent freedom fighters allowance. While coverage for old age allowances, person with disabilities allowance is increased neither allowance nor coverage for destitute women allowance is increased.

From the available data it can be understood that the government is diverging from its election manifesto which promised that the number of recipients of old age allowance and destitute women allowance would at the least be doubled to achieve its vision of 2021. The situation would be clear from the following data which shows a significant number of people are outside of the safety net allowances coverage.

Furthermore, the inflation rate is on the rise (8.78% in March 2010) while food inflation recorded at 12.07 per cent in urban area and 8.81 per cent in rural area (total food inflation is 10.56 per cent). So, for food management 54.3 per cent of the household adopt the strategy of starving one or two times a day. On the other side, children of 36 per cent households are deprived of food (WMS, 2009). Therefore, the high inflation rate is bound to have a deteriorating effect on the food and social security situation. Moreover, the government has predicted the inflation rate to be 6.5% for 2010-11; therefore, the allowance and coverage of the cash transfer programmes should have been revised and increased considering the inflation rate.

To improve food security situation, the government has increased allocation for food transfer programmes by 6.098 per cent.

Though the programmes are expanding the unsustainability or ineffectiveness of the programmes are depicted by the small coverage (total 27 million people are hardcore poor, BBS HIES-2005) and also by the revealing facts of the Welfare Monetary Survey that reveals 39.8 per cent of population are food insecure among which 80.8 per cent faced long-

term food crisis and 19.2 per cent short-term food crisis (WMS, 2009).

In case of Employment Generation for the Hardcore Poor, during the first phase, employment has been generated for about 600,000 people in 16 districts. In the second phase, the government has plans to create employment opportunities for about 1,700,000 people in 64 districts across the country. However, budget allocation for 2010-11 is Tk 1,000 crore whereas in the 2009-10 it was Tk 1,176 crore.

In 2009-10 Tk 20 crore was allotted for the 'National Service' programme and to establish 125 Youth Training Centres but no direction is provided in the 2010-11 budget speech.

In the Ghare Fera (Returning Home) programmes though 221 families have been selected for rehabilitation, the desired coordination between programmes on planned housing, employment generation, Adarsha Gram and Ashrayan could not be established for which Tk 92 crore was allocated in 2009-10.

No statements regarding the Women and Freedom Fighters Self-Employment Fund and Assistance to Poultry Farms was in the 2010-11 budget speech while Tk 20 crore and Tk 100 crore were allocated respectively in 2009-10.

In 2009-2010 the government promised to conduct a survey for rehabilitation and to stop begging as a profession a survey would be conducted but progress was limited. In the budget of 2010-11 the government has promised to initiate specific programmes for rehabilitation and employment of beggars.

Government ministries/ divisions/ agencies are operating micro-credit programmes alongside the non-governmental organisation for employment and income generation as well as development of the poor and deprived. But in the proposed budget for 2010-11 no efforts are seen to upscale the technology base in utilising micro-credits (as profitability of micro-enterprises is small and often not sustainable on a long-term basis because of enterprise de-capitalisation, saturation of market products that are traditionally produced by micro-credit borrowers), bring transparency in interest rate fixation (because there is a vicious cycle of microcredit – the poor borrow from one organisation to repay another) and in offering micro-credits.

The programmes that are undertaken to ensure social security excludes some of the fundamental issues such as issues of violence against women, the

problem of floating people, child labour, etc.

Though Tk 2 crore for acid burnt women and rehabilitation of physically disabled and women self-employment fund has been allocated, the programme does not include other violence against women such as rape. In 2007, as many as 13,244 cases of violence against women were reported, out of which only 147 were acid throwing cases while 3,345 were rape cases, 676 serious injury and 9,084 others (Police headquarters, the Ministry of Home Affairs, 2008; BBS 2009).

Furthermore, the national population census 2001 estimated that the number of total floating population is 109,429, who are outside of the safety net programmes.

Moreover, according to the second National Child Labour Survey in 2002/03, there are about 4.9 million children working in the age group of five to fourteen years. The total working child population between 5 and 17 years old was estimated to be 7.9 million. The proportion of boy and girl child workers, in the age group of 5-17 years, is 73.5 per cent and 26.5 per cent, respectively. A total of 1.3 million children are estimated to be working 43 hours or more per week (URL: www.ilo.org). The safety net programmes though have some provisions for street children and orphans most of the child labours of different sectors are remaining outside of the social security framework.

The programmes that exist to ensure social security are disharmonised by the public expenditure trend. If the trend is observed it is evident that there is disparity in per capita public expenditure in the eastern and the western regions. From the available data it is seen that the poverty level to some extent is related to the government expenditure carried on in these regions.

Thus, the poverty situation is the reflection of the improper distribution of the public fund. As it is seen in the above table, HCR is higher in the western region, which receives relatively low public fund. Therefore, allocation of 5.27 per cent of the total development expenditure and 7.3 per cent of total budget (out of which 21.65 per cent is for development expenditure) in the social security and welfare sector raise questions whether the budget of 2010-11 envisions enhanced social security or not.

Moreover, the current employment scenario depicts that the labour force has increased, with 8.48 per cent growth (WMS, 2009) in comparison to the Labour Force Survey of 2005-2006, whereas the rate of unemployment has increased to 5.1 per cent, the

highest among the last several years, implying that the employment generation is lagging behind the actual rate of inclusion of active labour force, placing the government on a huge challenge. Furthermore, in 2009-10 TK 20 crore was allotted for the 'National Service' programme but no direction is provided in the 2010-11 budget speech. Therefore, if all the circumstances are considered, the safety net programmes are not likely to bring any sustained enhancement of social security if effective measures are not undertaken to create employment opportunities, hold back the rising inflation rate, increasing public expenditure through demand based allocation, etc.

The prevailing scenario of poverty, safety net programmes and the government spending carried out regionally would lead to a recommendation for proper planning to be carried out at regional level (e.g. district-level planning) and sufficient monitoring of the expenditure carried out locally. In this regard it would be crucial for the government to carry on with survey on poverty at regional level in frequent intervals and identify the groups who are in need of specified government services.

The existing cash and food transfer programmes in safety nets may reduce starvation rate of limited number of people in some specific times but for improving social security situation (in its comprehensive sense) more specific measures addressing long term vulnerability must be taken. Moreover, the problem of limited scale and population coverage of SSNPs may initiate problems of leakage and misallocation which may go undetected because of inadequate programme monitoring. Therefore, provisions must be formulated for programme evaluation and also for understanding of the impacts of programmes. The government has claimed to take steps to develop a database on the beneficiaries of the social safety net programmes. However, specific measures are yet to be undertaken.