

## Education ministry's failure to stitch in time

THE stipend programme that the education ministry runs for girl students coming about to run into a snag is worrying. The ministry set up the fund with Tk 10 billion, kept as seed money in fixed deposit receipts with five state-owned commercial banks, and has been running the programme, supervised by the Education Assistance Trust, since 2012-2013. But the interest that time at 12.5 per cent, which then generated Tk 1.04 billion in dividend, has now dropped 5.5 per cent, estimated to generate only Tk 860 million in dividend in the current financial year. This is likely to cause a shortfall as the education ministry in the 2015-2016 needed to spend Tk 1.2 billion on the stipend for the girls. The programme benefited more than one million students, mostly female, from Class VI to bachelor's course in the past three years. The main objective of the stipend programme was to arrest drop-out, especially of girl students, and benefit the female students who are financially insolvent so that they could continue with their studies up to the bachelor's level. The shortfall in the amount of interest on the seed money has now come as a reason for worry.

Against this backdrop, the education minister on August 9 wrote to the finance ministry seeking assistance in the current financial year for a smooth operation of the stipend programme. The finance ministry officials, however, said that the education ministry was supposed to put additional fund into the seed money on its own so that the programme could run smoothly. But the education ministry now appears to have failed to do so. The ministry should have anticipated such a problem when the state-owned commercial banks, where the money is deposited, have started lowering the interest rate on savings scheme since 2015 because of surplus liquidity of more than Tk 250 billion in the banking channel during the period. An early step, if taken in time, could have saved the education ministry from running into uncertainty about the continuation of the stipend programme. Since this has not happened, the government is now left with, at least, two tasks to do — in the short and the long run. What the finance ministry should do in the short run is to shore up some money to make up for this year's shortfall so that the students receive their stipend on time.

As a long-run measure, the government, under the circumstances, should ask the education and the finance ministry to arrange for an increase in the amount of seed money so that the education ministry does not run into this problem in future. In addition, the education ministry, for its own good, should also keep watch on the interest rate curve and take note of the situation early so that a further decline in the interest rate does not put the ministry in embarrassment.