

The Ninh Thuận financial authorities, under strict direction of the Ninh Thuận VCP Unit and People's Committee, have tried their best to implement their financial tasks and gained certain achievements and helped to complete targets set for the years 1996-2000 by the Resolution of the 9th Conference of Ninh Thuận VCP Unit.

In the past five years, the financial management in Ninh Thuận witnessed profound improvements that show themselves in the increasingly sizeable budget for socioeconomic development and political stability: as compared with the previous 5-year period, the budget income in 1996-2000 rose by 81% while the budget expenditure rose by 162.5%. The control over income and expenditure became stricter, tax laws were observed and waste was prevented. The system of state-owned companies was reorganized, two state companies were equitized and another one sold part of its assets to laborers. T-bills and government bonds were issued to attract idle money from the public for development projects. The financial machinery was also beefed up continuously.

However, many problems still existed: local sources of budget income could cover only 43.09% of the budget expenditure, 12.51% lower than the figure found in the previous period; the proportion of budget income to the gross product reached only 6.92% (equaling 43.25% of the planned target of 16% - 18%); the budget income in 2000 fell by 3.46% in comparison with the income earned in 1995.

There are three main causes of the failure to achieve the budget income target:

- The economic growth rate was low, only 6% as compared with the planned target of 10-11%.

- The structure of industry didn't change as quickly as expected: agricultural production rose by 10.52%, service by 4.6% and manufacturing industry by 67.16%. All these figures are lower than the planned target set for the period 1996-2000.

- Changes in tax laws made part of tax take retained by local government reduced: introduction of the VAT and road tax included in fuel prices for example.

Although the budget income increased according to the economic growth, these increases failed to make up for decreases caused by changes in tax policies with the result that the budget income fell drastically in 2000 in comparison with 1995. Many investment projects

FINANCIAL RESOURCES FOR NINH THUẬN DEVELOPMENT TARGETS IN 2001 - 2005

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which were intended to provide addition budget income (beer, wine and sugar factories) couldn't be carried out as planned.

The pivotal task for the Ninh Thuận financial authorities in the next five years is to mobilize and make the best use of all possible financial resources needed for achieving the following socioeconomic targets by 2005:

- Annual growth rate of 7%- 8%,
- Annual increase of 5% in agricultural output,
- Annual increase of 12-14% in sea farming output,
- Annual increase of 8-9% in service industry,

- Structure of industry: primary industry 48- 50%; construction and secondary industry 20 - 22% and service industry 30%,

- Budget income equaling 8 - 9% of the GDP,

- Social targets: annual increase of 9% in student population; 95% of children of school age attending school; ensuring middle school education for residents in the provincial town and three district towns; reducing the birth rate to 1.5% by 2005; creating 9,000 new jobs every year; reducing the proportion of malnourished under-fives to 25%; reducing the proportion of poor families to 5% and freeing all families from hunger by 2005.

To ensure the planned economic growth and other targets in the next five years, Ninh Thuận needs an enormous investment which is estimated at VND6,150 billion. To secure this amount, the Ninh Thuận financial authorities should mobilize money from all sources of finance: tax take, grants - in - aid, bank credit, credit from the government, and investment from organizations and individuals.

To secure sources of finance for economic development, the Ninh Thuận financial authorities should take the following measures:

- Orienting flows of private investment and mobilized sources of finance towards development of industries with comparative advantages (raising such high-price aquatic products as shrimp and squid; factories processing grapes, cotton, cashew nut, tobacco, sugarcane, salt and by-products of salt) by introducing clear and consistent policies on investment with a view to combining

the economic growth with changes in the structure of industry, thereby increasing the local budget income.

- Carrying out properly the task of collecting taxes, charges and fees; and at the same time issuing T-bills and government bonds to raise funds for development projects.

- Beefing up and expanding operation of state-run commercial banks and the Fund for Development; concentrating available funds (bank credit, loans from the central government, etc.) on important industries of the province in order to accelerate changes in the structure of industry according to the plan set for the next 5-year period.

- Securing financial support from the central government and international organizations (ODA or NGO sources in form of either loan or aid) in order to create additional source of finance for development.

- Accelerating the program to innovate state-owned companies (equitizing, leasing or selling) in order to improve their business performance and increase their working capital.

- Reforming the structure of budget expenditures in the following directions: reducing regular expenditures and increasing public investment; especially in schools, hospitals, and research centers with a view to developing human resources, protecting the environment and improving the living standard.

- Beefing up the financial inspection and investigation to impose financial discipline; and rewarding all organizations and individuals helping with the task of collecting taxes and controlling the budget expenditure.

- Keeping on reforming the financial and banking machinery; and enhancing skills, knowledge and work ethic of officials working in state-run banks and financial agencies of all levels with the aim of making them able to realize all tasks assigned by the VCP Provincial Unit.

The socioeconomic development plan and the national defense task require the Ninh Thuận government to have great determination to carry out an overall reform, especially in financial and banking field. Carrying out properly all tasks in this field could help achieve main development targets set by the Conference of Ninh Thuận VCP Unit for the years 2001-2005. ■