



Marching towards Growth, Development, and Equitable Society

Budget Speech 2016-17

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Table of Contents

Topic	Page
Chapter I Introduction and Background	
Stepping towards the Sustainable Development Goals, Priorities of the 7 th Five Year Plan	1-5
Chapter II One More Year of Prosperity: Progress of Implementation	
Socio-economic Condition, Agriculture and Food Security, Power and Energy, Transport and Communication Infrastructure, Information and Technology, Education, Health, Women and Child Development, Child Budget, Social Protection, Environment and Climate, Sheikh Hasina's Special Initiatives	6-13
Chapter III Supplementary Budget for Current FY 2015-16	
Revised Revenue Income, Revised Expenditure, Budget Deficit	14-15
Chapter IV Macro-economic Scenario in the Global Context	
Global and Asian Economic Trend, Domestic Economic Scenario, GDP Growth, Investment, Inflation, Money and Credit, Interest Rates, Imports and Exports, Remittance Income, Balance of Payments, Reserve and Exchange Rate	16-19
Chapter V Growth and Inflation Target and Proposed Budget Framework for FY 2016-17	
Growth and Inflation Targets for FY 2016-17, GDP Growth, Inflation, Budget Framework for FY 2016-17, Estimates of Revenue Receipts, Estimates of Total Expenditure, Annual Development Program, Overall Expenditure Framework	20-27

Topic	Page
Chapter VI Thoughts and Strategies on Growth, Development and Equitable Society	
Labour Force Participation, Labour Efficiency, Capital Accumulation, Economy Transforming Mega Projects, Private Sector Investments, Total Factor Productivity (TFP), Aggregate Demand, Labour Market Expansion and Safe Migration, Equitable Distribution of Income, Environment-friendly Development, Macroeconomic Stability	28-39
Chapter VII March towards Future: Sector-wise Work Plan	
Human Resource Development	
Education: Pre-primary Education, Primary Education, Illiteracy-free Bangladesh, Extension of Sustainable and Quality Secondary Education, Private Initiative in School Construction, Renovation of Dilapidated Schools, Elimination of Disparity in Education Sector, Extension of Higher Education, Educational Assistance	40-42
Health and Family Welfare: Community Clinic and Telemedicine Services, Health Protection Programme, Health, Nutrition, and Population Sector Programme	42-43
Physical Infrastructure	
Power and Energy: Power Generation, Use of Alternative Energy for Power Generation, Electricity Import, Private Investment in Power Sector, Augmenting Production and Storage of Gas, Construction of LNG Terminal	43-44
Communication Infrastructure: Roads and Bridges, Infrastructure Development, Easing Traffic Congestion, Updating the Legal Framework, Development of Railway, Development of Port and Waterway, Development and Extension of Airport	44-46
Water Resources: Restoring River Navigability and Flood Control, Coastal Area Management	46-47

Topic	Page
Public Welfare	
Social Protection, Child Development, Welfare of Physically Challenged People, Food Security, Disaster Management and Relief, Welfare of Elderly People, Women Development, Welfare of Freedom Fighters, Welfare of Expatriate Workers	47-51
Digital Bangladesh	
Infrastructure Development, Internet Service, Cyber Crime and Customer Service Upgradation	51-52
Agriculture and Rural Development	
Agricultural Development, Development of Fisheries and Livestock, Local Government and Rural Development	53
Trade and Industrialization	
Creation of Enabling Environment for Industry, Development of Small and Medium Enterprises, Development of Women Entrepreneurs, Ensuring Safe Work Environment, Development and Expansion of Tourism Industry, Textiles and Jute Industry, Trade Expansion	54-55
Regional and Sub-regional Cooperation and World Conference	55-56
Climate Change and Environment	
Mitigating Climate Change Risks, Conservation of Bio-diversity, Afforestation and Preservation of Forests, Extension of Environment-friendly Brick Field	56-57
Housing and Planned Urbanization	
Planned Urbanization and Beautification, Extension of Housing Facilities	57-58
Information, Culture, Religious Affairs and Sports	
Information and Publicity, Religious Affairs, Culture, E-book, Small Ethnic Groups, Youth and Sports	58-60
Public Security and Defence	60
Iconic Tower with International Convention Centre	60-61

Topic	Page
Chapter VIII	
Good Governance and Institutional Development	
Public Financial Management, Pension, Public Administration, Rule of Law, Land Management, Survey and Record Keeping, Financial Sector, Capital Market, Insurance, Statistics and Information Management	62-69
Chapter IX	
Revenue Mobilization: Revenue for the People	
Direct Tax: Income Tax	
Minimum Tax, Company Tax Rates, Minimum Tax for Companies and Firms, Equity and Fairness, Surcharge, Growth and Business Facilitation, Ready-Made Garments (RMG), Real Estate Sector, Social Responsibility, Special Tax benefit for the Disabled, Increasing Tax Compliance and Decreasing Tax Avoidance, Tax Day, International Best Practices, Non-mandatory Wealth Statement Submission by Marginal Taxpayers, Simplification	72-80
Value Added Tax (VAT)	80-90
Customs	
Agriculture sector, Industrial Sector, Physical Infrastructure Sector, Other Industrial Sector, Tariff Rationalization	90-98
Chapter X	
Conclusion	
Conclusion	99-101
Annexure-A	103-110
Annexure-B	111-126

In the name of Allah, Most Gracious, Most Merciful

Marching towards Growth, Development and Equitable Society

Madam Speaker

1. I seek your kind permission to place before this august House the proposed budget of FY 2016-17 and the supplementary budget of FY 2015-16.

Chapter I

Introduction and Background

2. At the very beginning, I remember with profound respect the greatest Bengalee of all times, the Father of the Nation, Bangabandhu Sheikh Mujibur Rahman. I pay tribute to the valiant martyrs who made supreme sacrifices in the language movement of 1952, the mass upsurge of 1969 and the glorious war of independence of 1971. With heavy heart, I recall the family members of Bangabandhu and others who embraced martyrdom on 15th August, 1975 and the four national leaders for the great sacrifice they made for the nation. I also recall those who sacrificed their lives for democracy during the movement against autocratic regime along with those who succumbed to recent mindless arson attacks. I deeply sympathize with the families of those who were killed by cowardly and secret attacks carried out by the evil fundamentalist forces.

Madam Speaker

3. Let me begin my speech by sharing a piece of good news. Thanks to our relentless efforts, real GDP growth this fiscal year is going to reach the seven percent mark finally surpassing the six percent growth trajectory. Not only that, despite global economic adversities, Bangladesh has made remarkable strides towards socio-economic

progress during the last seven years. With increase in per capita GDP, poverty declined significantly during this period. At the same time, we achieved enviable progress in many social indicators. Specially, in terms of human development index, we are now at par with the countries having per capita income twice as big as ours. As a result of stable economic growth, Bangladesh has graduated to the status of lower middle income country. These achievements are attributable to the courageous and visionary leadership of the Hon'ble Prime Minister Sheikh Hasina. Her development philosophy inspired by the struggles, sacrifices and experiences of long political career, in fact, mirrors the hopes and aspirations of the common people. Despite the tragedy in her personal life, she showed exceptional resilience by turning grief into strength and became a role model dedicated to the welfare of the people. This has been recognized internationally on different occasions. She has also been included in the list of 50 international leaders published by the 'Fortune Magazine' who are playing vital role in making the world a better place. I would like to take this opportunity to congratulate her for all these achievements.

4. In order to make budget making process more participatory and transparent, like previous years, I had a series of dialogues with the honourable standing committee members of parliament, renowned economists, professionals, business associations, NGO leaders, farmers, journalists and secretaries of all ministries and divisions. I would like to express my sincere gratitude for their opinions and suggestions. The officials of the Finance Division and other ministries/divisions have always been involved in the preparation of the budget. I take this opportunity to thank them for their relentless efforts and continuous cooperation in accomplishing this challenging and colossal task successfully. Above all, I am grateful to the Hon'ble Prime Minister Sheikh Hasina for reposing her unwavering trust in me and for her invaluable guidance and advice in taking the budget process forward.

5. I turned 83 in January this year. Personally, it is a matter of great joy and pride for me to have the opportunity of placing ten national budgets altogether in the Parliament including the proposed one. Of which, eight budgets have been formulated during the tenure of the government of the Hon'ble Prime Minister Sheikh Hasina. I am especially grateful to the Hon'ble Prime Minister for giving me this opportunity. I had the opportunity to formulate two budgets for the government of former President Hussain Muhammad Ershad 34 years back, for which, I express my gratitude to him also.

Stepping towards the Sustainable Development Goals

Madam Speaker

6. You are aware that last year was the terminal year for the Millennium Development Goals (MDGs). It is pleasing to note that among the Least Developed Countries Bangladesh has achieved significant progress in many MDGs. In particular, we have fully attained the targets in reducing poverty gap, poverty rates as well as the number of children suffering from malnutrition, ensuring gender parity in primary and secondary education, reducing under-five child mortality rate and preventing various diseases including HIV and tuberculosis. Besides, substantial progress has been made in ensuring primary education enrolment, reducing child and maternal mortality, expanding the coverage of immunization and preventing contagious diseases.

7. In continuation of the MDGs, in the 70th UN session 193 countries including Bangladesh adopted the post-2015 Sustainable Development Goals (SDGs) containing 17 goals and 169 targets. It is noteworthy that we played a key role in formulating these goals and targets. Initially, it is our delegation, led by the renowned economist Dr. Kazi Kholiquzzaman Ahmad, who first crafted 11 goals; the agreed 17 goals are offshoot of that proposal. We have incorporated the SDGs in

our 7th Five Year Plan. In this regard, ministry/division-wise goals and targets have already been identified. Formulation of action plan to implement the SDGs is underway. The Principal Secretary, Prime Minister's Office is the convener of the SDG Implementation Committee. I feel that effective channeling of resources and monitoring requires alignment of SDGs with ministry/division performance indicators within the Medium Term Budgetary Framework. These performance indicators should also be included in the Annual Performance Agreements of ministries/ divisions.

Priorities of the 7th Five Year Plan

8. Implementation of the 7th Five Year Plan has already started. In formulating this document, priorities have been given to mainly three issues. Our first priority is to accelerate growth, reduce poverty, and create employments. Along with involving people of all strata in the development processes, we are giving emphasis on adopting broad based inclusive strategies to ensure that nobody is left behind/deprived of the development fall outs. Finally, we have adopted a development roadmap which attaches importance to sustainable use of natural resources, efficient management of urbanization processes and achievement of disaster resilience.

Madam Speaker

9. People of Bangladesh are, indeed, exceptionally resilient. Bangladesh is marching ahead disproving the initial pessimisms propagated at home and abroad at the time of its birth. Boundless spirit and diligence of Bangladeshi people and their ability to brave challenges, however, proved the skeptics wrong. Once thought impossible, economic development of this country was achieved through effective leadership and strategies along with spontaneous development of the private sector. Real GDP in the country grew consistently by around one percentage point each decade, branding Bangladesh as a 'Development Surprise' to rest of the world.

10. Now, it is the right time for accelerating and consolidating the momentum of growth. In the first place, we need to ensure that pace of growth is never slowed down. Progress can be achieved by preserving political and economic stability and ensuring continuity in current development activities. The main challenge is inadequate employment generation. Answer to this problem is ensuring higher growth and in tandem, ascertaining fair distribution of income growth to establish an equitable society. This is, by no means, an easy task. Hence, attention should be given to securing social protection. Another indispensable development strategy is prevention of environmental pollution and preservation of overall ecological balance. Our strategies regarding these issues will be presented in more detail in the latter part of my speech. I firmly believe that we will march ahead by effectively implementing these strategies resulting in growth in production of goods and services, on one hand, and improvement of working environment and preservation of ecological balance, on the other. We - a nation replete with tremendous zeal and energy - will soon reach a new dawn of possibilities.

Chapter II

One More Year of Prosperity: Progress of Implementation

Madam Speaker

11. Two years of the current tenure of the government formed for the second consecutive term under the leadership of the Hon'ble Prime Minister Sheikh Hasina have already passed. In our previous budget, like before, we made commitments to implement various programmes. I will, now, briefly present the implementation progress of those programmes before this house.

Socio-economic Condition

12. Poverty reduction is the core objective of all the initiatives we take for socio-economic development. For this purpose, all our efforts were concentrated on stimulating domestic demand. Initial boost in domestic demand came from growth in agriculture. Keeping pace with this phenomenon, we endeavoured to augment the growth rates of supply of goods and services. Finally, we have been able to come out of 6 percent growth cycle. GDP growth is expected to edge up to 7.05 percent this fiscal year. Per capita income is expected to increase to USD 1,466. Investment has gathered momentum, though not at the expected rate. Our progress in different important economic indicators is also continuing. Side by side, our position has been further reinforced in terms of many social indicators including poverty, inequality, women empowerment, sanitation, maternal and child mortality rates, average life expectancy, population growth rate and education.

Agriculture and Food Security

13. In agriculture sector, initiatives have been taken to strengthen agriculture subsidy, provide low cost credit and high quality seeds,

ensure availability of fertilizer, distribute agricultural input assistance cards, establish agricultural processing and marketing centres and diversify crops. In addition, management of these programmes has improved considerably. As a result, agricultural production has increased in real term by 2.6 percent compared to the last fiscal year. Besides, we have taken initiative to transfer cash and other incentives directly to the farmers through mobile banking. As many as 499 agriculture information and communication centres at upazila level and 727 farmers' information and consultation centres at union level have been established. Farmers are getting expert services from these centres. It is pleasing to note that UN Food and Agriculture Organization has declared the floating vegetable cultivation system of Bangladesh as 'Globally Important Agricultural Heritage System'.

14. This year also, Bangladesh retains the 4th position in fresh water fish production. At the same time, nutrition demand of the population is being met by ensuring growth in production of milk, meat and egg and increase in per capita availability of these products. At the beginning of 2016, storage capacity of food grains at the government level has been increased to 20.40 lakh metric tons. Along with development of food storage system, implementation of a few development projects to turn the food deficit regions into surplus ones is underway.

Power and Energy

15. The country was suffering from acute power crisis when we assumed office. We had pledged to resolve this crisis within three years, which we fulfilled successfully. Afterwards, we targeted to ensure adequate generation of power as well as its uninterrupted supply. Significant progress has been made in power and energy sector through implementation of various time-bound programmes. Till May 2016, power generation capacity has increased to 14,539 MW. Per capita power generation now stands at 371 KW. Presently, 76 percent people

enjoys electricity facility. We are generating 430 MW electricity from renewable energy. Moreover, 600 MW power is being imported from India.

16. At present, power generation capacity significantly outpaces its demand. We have not yet been able to ensure availability of electricity for all people. Because, appropriate transmission and distribution system is yet to be in place. Only 70 percent of power that we are capable of generating can be supplied to consumers. In order to improve this situation, transmission and distribution systems need to be improved along with reducing electricity pilferage and system loss. Meanwhile, transmission and distribution lines have been expanded to 9,789 circuit km and 3,72,000 km respectively. In addition, as many as 1,00,000 pre-paid meters have been installed to reduce system loss and improve management. Activities regarding bill payment, disposal of complaints, application for connection and installation and metering have been brought under automation. At the same time, system loss has been reduced to 10.4 percent in March 2016 from 15.6 percent in 2008.

Transport and Communication Infrastructure

17. Transport and communication sector is one of our top priority sectors. During this fiscal year, notable progress in this sector includes completion of feasibility study and formulation of design for Dhaka-Chittagong expressway, construction/reconstruction of 118 bridges in the eastern region, construction of Sheikh Kamal, Sheikh Jamal and Sheikh Russel bridges in the southern region and completion of the feasibility study and designing of proposed 4-lane highway from Dhaka to Sylhet. Besides, construction of 2nd Kanchpur, 2nd Meghna, 2nd Gumti bridges will start soon and that of Metro Rail-6 has started. As part of preventive measures, we have already identified accident prone areas to ensure road safety. By this time, significant progress has been made in construction of the Padma bridge. We have partially opened

the Mogbazar-Mouchak flyover for traffic after completing 65 percent of the construction work. In the context of international connectivity, construction of roads connecting the borders of Bangladesh and Myanmar has been started. Our progress in railway sector is commendable as well. The 64 km long Tongi-Bhairab Bazar double rail track has already been opened for traffic in February 2016. In addition, a total of 156 km rail lines have been built and renovated during the current fiscal year. During this period, 12 new bridges have been constructed and 58 bridges renovated.

Information and Technology

18. Till now, we have made significant progress in developing and expanding information-technology infrastructure and improving the quality of internet services. The number of mobile and internet subscribers has increased respectively to approximately 13.20 crore and 6.20 crore by the end of April 2016. International internet bandwidth has also been raised to 180 gbs. On the other hand, up to now 5,275 digital centres have been established all over the country. More than 25,000 web sites including those of upazilas, districts, divisions, departments and directorates have been added to national web portal. We have initiated the registration of SIM/RIM to ensure cyber security and prevent the use of information technology in cyber crimes.

Education

19. In order to widen the scope of educational opportunities, we are continuing various activities like providing free books and stipend, running creative talent-hunt programme and so on. As many as 1,125 new primary schools have been established in the villages having no school. We have completed the development of curriculum, publication of books and employment of teachers for pre-primary education at all government primary schools. As many as 34,895 teachers have been appointed in primary schools for this purpose. Students to school ratio

has been reduced through re-construction and renovation of about 5,017 secondary schools. At the primary level, the number of stipend-recipient students has increased to 1.30 crore. On the other hand, during current fiscal year, 38.16 lakh students of class VI to graduate level have received stipend, of which 75 percent are female. The number of technical and vocational institutions has already been increased to 7,500.

Health

20. In order to develop and expand health infrastructure, we are implementing 'Health, Population and Nutrition Sector Development Programme (HPNSDP)' during 2011-16. At the same time, as many as 13,126 community clinics have been made operational till now. Provision of health care services through mobile phones has already been started in all the districts and 482 upazila hospitals. Different health care institutions have been brought under the purview of online reporting. 24-hour health counseling service at no cost through 'health portal' has been introduced.

Women and Child Development

21. With a view to increasing women participation in economic activities, creating social awareness and empowering women, we are implementing a number of programmes on imparting training on different trades, providing micro-credit, establishing hostel-cum training centres and information centres, and operating day-care centres for children. This year, we are providing allowances to 1,20,000 lactating working mothers in 64 districts and garments sector. A 12-storied hostel for garments workers has been constructed. Oppressed women are receiving services from 60 one-stop crisis management cells located at 20 upazila complexes. We are operating six child development centres at divisional level for ensuring physical and psychological development of destitute, orphan and street children.

Additionally, different programmes are in operation for child safety and security.

Child Budget

22. Along with women, we are giving emphasis on physical and mental development of the children. Meanwhile, we have formulated the 'National Child Policy' and an integrated policy for infant's primary care and development. Last year, for the first time, we published a report titled 'Thoughts on Child Budget' comprising the child related activities undertaken by five ministries. This year, we are placing before the house a different report titled 'Blooming Children: Prosperous Bangladesh' incorporating allocations for child related activities in seven ministries/divisions.

Social Protection

23. Right from the beginning, we are emphasizing on target-oriented expansion of social protection programmes and ensuring its transparency as a means of reducing poverty and establishing social justice. In continuation of this approach, we have been providing different allowances to disadvantaged sections of the society. We have already completed disability identification survey. Through this survey, a total of 14,90,105 physically challenged persons have been identified till 02 March 2016. Information regarding all the identified physically challenged persons have been included in the 'Disability Information System Database'.

Environment and Climate

24. We are actively pursuing the issues of control of environmental pollution, afforestation and preservation of biodiversity. This year, we have finalized the draft of 'National Environmental Policy 2016'. On

the other hand, implementation of programmes to mitigate climate change risks under 'Bangladesh Climate Change Strategy and Action Plan' has kicked off. We have introduced modern technology in 4,000 brick fields to reduce air pollution. Effluent treatment plants (ETP) have been installed in more than 1,000 industries while installation of ETP in another 500 industries is in progress. Additionally, relocation of all leather industries to Savar after installing central ETP is underway. At the same time, construction of a park for pharmaceutical industries with central ETP facility in Munshigonj is in progress.

Sheikh Hasina's Special Initiatives

25. At this stage, I would like to emphasize on a particular issue. Many of the development programmes that we undertook in different sectors during the last seven years are the brain-child of the Hon'ble Prime Minister, which has come to be recognized as 'Sheikh Hasina's Special Initiatives'. Among these initiatives are- *ekti bari ekti khamar* (one house, one farm), social protection programme, *ghore ghore bidyut* (electricity in every household), community clinic and child development, women empowerment, *ashrayan*, educational assistance, Digital Bangladesh, environment protection, and investment development. We are placing special priority on implementation of these initiatives. I believe that successful implementation of these initiatives will set a new milestone in the socio-economic progress of the country.

26. Progress in few real sector indicators, presented in Table 1, will illustrate our success in recent times. Besides, progress report on other sectors has been incorporated in **Annexure- A**.

Table 1: Progress in Real Sector

Fiscal Year	GDP Growth (%)	Investment (As % of GDP)			Per Capita Income (US\$)	Power Generation Capacity (Megawatt)	Food Grain Production (Lakh Metric Ton)	Average Inflation
		Public	Private	Total				
2005-06	6.67	5.56	20.58	26.14	543	5245	272.7	-
2006-07	7.06	5.09	21.08	26.18	598	5202	280.6	9.4
2007-08	6.01	4.50	21.70	26.20	686	5305	352.9	12.3
2008-09	5.05	4.32	21.89	26.21	759	5719	347.1	7.6
2009-10	5.57	4.67	21.57	26.25	843	5823	358.1	6.8
2010-11	6.46	5.26	22.16	27.42	928	7264	360.7	10.9
2011-12	6.52	5.76	22.50	28.26	955	8716	368.8	8.7
2012-13	6.01	6.64	21.75	28.39	1054	9151	372.7	6.8
2013-14	6.06	6.55	22.03	28.58	1184	10416	381.7	7.4
2014-15	6.55	6.82	22.07	28.89	1317	11534	384.2	6.4
2015-16 ^P	7.05	7.60	21.78	29.38	1466	14429	390.0	6.0*

Source: Bangladesh Bureau of Statistics and Power Division, P= Provisional, *= Up to April

Chapter III

Supplementary Budget for Current FY 2015-16

Madam Speaker

27. You are aware that we set National Board of Revenue (NBR)-revenue collection target taking into account the ongoing reforms in tax policy and administration. The target, I am afraid, will not be achieved this year due to lower than expected success in the implementation of reforms. Against this backdrop, revenue target for NBR has been revised with a reduction of around 8 percent. On the other hand, public spending will fall short of the budget estimates due to various reasons including deficit of absorption capacity in ADP implementation, particularly, in the use of project aid. In this context, I am presenting the proposed Revised Budget for FY 2015-16 in the Table given below:

Table 2: Original and Supplementary Budget for 2015-16

(In crore Tk.)

Sector	Revised 2015-16	Actual up to March 2015-16	Budget 2015-16
Total Revenue	1,77,400 (10.3)	1,19,324 (6.9)	2,08,443 (12.1)
NBR Tax	1,50,000	1,01,211	1,76,370
Non-NBR Tax	5,400	4,066	5,874
Non Tax Receipt	22,000	14,049	26,199
Total Expenditure	2,64,565 (15.3)	1,25,268 (7.2)	2,95,100 (17.2)
Non-Development Revenue Expenditure	1,50,379 (8.7)	85,091 (4.9)	1,64,571 (9.6)
Development Expenditure	95,908 (5.5)	28,964 (1.7)	1,02,559 (6.0)
In which, Annual Development Programme	91,000 (5.3)	28,745 (1.7)	97,000 (5.7)
Other Expenditure	18,278 (1.1)	11,213 (0.6)	27,970 (1.6)
Budget Deficit	87,165 (5.0)	5,944 (0.3)	86,657 (5.0)
Financing	87,165	5,944	86,657
External source	24,990 (1.4)	2,359 (0.1)	30,135 (1.8)
Domestic source	62,175 (3.6)	3,585 (0.2)	56,522 (3.3)
In which, Banking source	31,675 (1.8)	-5,708 (0.3)	38,523 (2.2)
GDP	17,29,567^b	17,29,567^b	17,16,700^a

Source: Finance Division, figures in parenthesis indicate percent of GDP; a= nominal GDP at the time of budget preparation, b= Provisional estimate of nominal GDP

28. **Revised Revenue Income:** In the original budget of FY 2015-16, revenue target was set at Tk. 2,08,443 crore (12.1 percent of GDP). Taking the extent of revenue collection from July to March of the current fiscal year into consideration, revenue collection target has been re-fixed at Tk. 1,77,400 crore (10.3 percent of GDP). In terms of NBR revenue, actual collection from income and profit taxes and local level Value Added Tax has been less than satisfactory. On the other hand, as for non-tax revenue, presumably BTRC revenue surplus and dividend from Bangladesh Bank will be lower than expectation.

29. **Revised Expenditure:** The total expenditure in the budget for current fiscal year was estimated at Tk. 2,95,100 crore (17.2 percent of GDP). In the revised budget, the expenditure has been estimated at Tk. 2,64,565 crore (15.3 percent of GDP) after reducing the original estimates by Tk. 30,535 crore. I propose to revise the non-development expenditure target including other expenses at Tk. 1,68,657 crore after reducing Tk. 23,884 crore. On the other hand, after, I propose to set the size of Annual Development Program (ADP) at Tk. 91,000 crore with some downward revision. The size of the revised ADP along with allocations for self-financed projects of autonomous bodies and corporations now stands at Tk. 93,895 crore (5.4 percent of GDP).

30. **Budget Deficit:** In the current fiscal year, deficit was estimated at Tk. 86,657 crore (5.0 percent of GDP). After revision, budget deficit now stands at Tk. 87,165 crore (5.0 percent of GDP). Estimates on foreign financing has been slightly reduced to Tk. 24,990 crore (1.4 percent of GDP) from original budget estimates of Tk. 30,135 crore (1.8 percent of GDP). Amount of domestic financing has been revised at Tk. 62,175 crore. Of domestic sources, bank borrowing is likely to decline riding on the potential increase in non-bank financing i.e. savings instruments sale. In fact, against current fiscal year's target of Tk. 15,000 crore, collection from sale of savings certificate stands at Tk. 26,492 crore till April 2016.

Chapter IV

Macro-economic Scenario in the Global Context

Madam Speaker

31. Now, I will present before you the state of domestic economy in the recent global economic context.

32. **Global and Asian Economic Trend:** First, I would like to say a few words about the recent trends of global economy. The pace of recovery in global economy is still sluggish as growth declined in emerging and developing economies for the last 5 years in a row. On the other hand, advanced economies did not gather much momentum due to reduction of population, slow pace of growth in productivity and continuity of financial crisis. Besides, weaknesses in international trade and capital flows coupled with declining trend of commodity prices have adversely affected the growth of global productivity. However, I believe that, in the coming years, the prospects of growth in our export markets will likely yield a positive message for our economy.

33. Now, I would like to say a few words about the global economic outlook of 2016. IMF projected the global growth at 3.2 percent in the current year. Growth in emerging and developing countries has been projected at 6.4 percent while growth of advanced economies has been projected at 1.9 percent. Growth rate in global economy will certainly be negatively affected due to lower growth of Chinese economy resulting from its structural changes. Yet, domestic demand everywhere will become vibrant benefitting from reduction in oil prices in international market. For the same reason, consumer price inflation will likely reduce further next year in both developed and developing countries.

Domestic Economic Scenario

34. **GDP Growth:** Now, I would like to highlight on the domestic economic scenario. According to the final estimation of Bangladesh Bureau of Statistics (BBS), 6.55 percent growth has been achieved in FY 2014-15, which is higher than that of comparator countries. We targeted 7.0 percent GDP growth for the current fiscal year. Meanwhile, provisional estimate released by BBS for current fiscal year reflects a growth of slightly more than 7.0 percent. Agriculture, industry and service sectors have posted a growth of 2.6, 10.1 and 6.7 percent respectively.

Madam Speaker

35. **Investment:** You are aware that private investment was a bit stagnant at the beginning of this fiscal year. But recent data shows that credit flows in private sector, volume of export and import, opening and disposal of LCs for import of capital machinery, and amount of Foreign Direct Investment have increased significantly. This indicates increase in private investment. Besides, I believe, private investment is being gradually stimulated by the prevailing political and macro-economic stability along with our ongoing initiatives for the development of physical infrastructure sector including the power, energy and transport sectors.

36. **Inflation:** Till April of current fiscal year, 12-month average inflation rate stood at 6.00 percent compared to 6.6 percent over the same period of last year. Point to point inflation rate also declined to 5.6 from 6.3 percent in the last year. Inflation has declined mainly due to satisfactory agricultural production, reduction of commodity prices including fuel in the international market, prudent macroeconomic management and normal flow of supply of goods thanks to political

stability. I hope inflation will likely remain within the target of 6.2 percent by the end of this fiscal year.

37. **Money and Credit:** As of March, 2016, broad money (M2) growth stood at 13.6 percent, which was a bit lower than the target stipulated in Bangladesh Bank's Monetary Policy Statement. On the other hand, reserve money growth stood at 15.8 percent, which was slightly higher than the target. During the same period, private sector credit growth stood at 15.2 percent which exceeded the target. We are consistently laying emphasis on providing credit in agriculture sector for sustaining its growth. Agricultural credit of Tk. 16,400 crore was targeted to be disbursed during current fiscal year, of which Tk.14,128 crore, equivalent to about 86 percent of the target, was disbursed till April, 2016 compared to last year's disbursement over the same period which was 79 percent of the target.

38. **Interest Rates:** We have been able to reduce interest rate spread as well as lending and deposit interest rates to some extent by reducing policy rates and increasing efficiency and competition in the financial sector. The interest rate spread decreased to 4.9 percent at the end March, 2016. On the other hand, deposit and lending rates have been reduced to 5.9 and 10.8 percent respectively during the same period. I believe this downward trend of lending interest rate will expedite private investment.

39. **Imports and Exports:** During July-April of current fiscal year, our export earnings stood at USD 27.6 billion, which was USD 25.3 billion during the same period of the last fiscal year. Export earnings from woven garments and knitwear recorded an increase of 12.7 and 7.3 percent respectively. Notably, among the main export markets, exports to both the USA and Euro zone have increased. On the other hand, during July-March 2016, import payments increased to around

USD 31.3 billion compared to USD 29.4 billion during the same period of previous year. Opening of LCs for importing industrial raw materials and capital machinery as well as disposal of those LCs registered slight increase during this period, indicating enhanced utilization of production capacity as well as expansion of production capacity of the country.

40. **Remittance Income:** Remittance inflows stood at USD 12.3 billion in the first ten months of the current fiscal year, which is a little lower than our expectation. However, overseas employment is posting significant increase in recent months due to our diplomatic efforts coupled with various initiatives on expanding labour markets, developing capacity, and ensuring safe immigration. Hence I believe remittance inflows will gather impetus very soon.

41. **Balance of Payments, Reserve and Exchange Rate:** During the first nine months of current fiscal year, current account balance amounted to a surplus of USD 2.9 billion. Simultaneously, overall account balance registered a surplus of USD 3.5 billion due to positive capital and fiscal accounts, which, in turn, contributed to enhancing the foreign exchange reserve. As on 25 May 2016, our foreign exchange reserve stood at USD 28.6 billion which is adequate to foot import bills for seven months. Exchange rate of Tk. against US dollar has also remained fairly stable.

Chapter V

Growth and Inflation Target and Proposed Budget Framework for FY 2016-17

Madam Speaker

42. At this stage, I will like to draw attention to the prospects of GDP and inflation, and the proposed Budget Framework for FY 2016-17.

Growth and Inflation Targets for FY 2016-17

Madam Speaker

43. **GDP Growth:** You are aware that, in recent months, a number of private sector investment indicators have posted positive changes. I expect this trend to continue in the next fiscal year underpinned by our ongoing efforts in infrastructure development. In the case of public investment, both the size of ADP and its implementation rate will be stepped up. Consumption spending will also rise as public sector employees will draw their salaries including allowances as per the new pay scale. Given the positive economic prospects in export destinations, particularly in the USA and Europe, our export income will increase. Moreover, there will be an upswing in foreign remittance inflows on account of recent increase in overseas employment. Gradual fall in inflation coupled with increase in real wages and foreign remittances will boost individual consumption spending. Over and above, political stability is expected to continue. Taking all these into consideration, we have set GDP target at 7.2 percent for the next fiscal year.

44. **Inflation:** There is a likelihood that prices of commodities including oil in international market will continue to decline in the coming year also. Meanwhile, we have slightly slashed down prices of fuel for the domestic market, which is expected to reduce non-food inflation. Further downward adjustment of fuel prices is likely to

continue. Side by side, prospects of persistent agricultural growth and improvement in domestic distribution system will help contain food inflation at a tolerable level. In addition, in terms of macroeconomic management, we will ensure continued harmonization of fiscal and monetary policies. In this context, I have set inflation target at 5.8 percent for the next the fiscal year.

Budget Framework for FY 2016-17

45. I have an idea of bringing fundamental changes in budgetary framework. The idea could not be materialized yet. However, I would like to give you, well in advance, an inkling of the framework that might be followed and also to solicit people's opinion on this issue.

46. Future budget framework will comprise total receipts on one side and total expenditure on the other. Under these heads, accounts of income and expenditure of the government and its subordinate agencies will be separately shown. To illustrate with an example, revenues collected by NBR, non-NBR tax revenues, non-tax revenues and other revenue surpluses from different corporations will be shown on income side; grants and loan from foreign sources, other foreign loan such as supplier's credit, borrowings from national savings certificates and banking sector will also be included in the income side. On the other hand, expenditure on revenue and development accounts, development expenditure of different government bodies and repayment of domestic and foreign debt will be shown on the expenditure side. The primary objective of changing the budgetary framework is presenting income-expenditure account to the people in a simple manner. Another objective is to allay confusion/ misunderstanding centering development budget. For example, development projects implemented by state owned enterprises with own funds are often not reflected in the budget estimates. Besides, I think it is our responsibility to present for all the information on receipts and expenditure heads in a simple and

explicit manner. In the past, people or civil society were not very concerned about budget. These days, they take keen interests in budget proposals and schemes. In this context, easy presentation of income-expenditure accounts will make related discussions more effective.

47. Now, I will present the proposed revenue and expenditure scenario for FY 2016-17.

Table 3: Proposed Budget Structure for FY 2016-17

(In crore Tk.)

Sector	Budget 2016-17	Revised 2015-16	Budget 2015-16	Actual 2014-15
Total Tax Revenue	2,42,752 (12.4)	1,77,400 (10.3)	2,08,443 (12.1)	1,45,965 (9.6)
NBR Tax	2,03,152	1,50,000	1,76,370	1,23,977
Non-NBR Tax	7,250	5,400	5,874	4,821
Non Tax Receipt	32,350	22,000	26,199	17,167
Total Expenditure	3,40,605 (17.4)	2,64,565 (15.3)	2,95,100 (17.2)	2,04,376 (13.5)
Non-Development Revenue Expenditure	1,88,966 (9.6)	1,50,379 (8.7)	1,64,571 (9.6)	1,18,992 (7.9)
Development Expenditure	1,17,027 (6.0)	95,908 (5.5)	1,02,559 (6.0)	63,676 (4.2)
In which, Annual Development Programme	1,10,700 (5.6)	91,000 (5.3)	97,000 (5.7)	60,376 (4.0)
Other Expenditure	34,612 (1.8)	18,278 (1.1)	27,970 (1.6)	21,708 (1.4)
Budget Deficit	97,853 (5.0)	87,165 (5.0)	86,657 (5.0)	58,411 (3.9)
Financing	97,853	87,165	86,657	58,411
External source	36,305 (1.9)	24,990 (1.4)	30,135 (1.8)	7,280 (0.5)
Domestic source	61,548 (3.1)	62,175 (3.6)	56,522 (3.3)	51,131 (3.4)
In which, Banking source	38,938 (2.0)	31,675 (1.8)	38,523 (2.2)	514 (0.0)
GDP	19,61,017	17,29,567^b	17,16,700^a	15,15,802

Source: Finance Division, figures in parenthesis indicate percent of GDP; a= nominal GDP at the time of budget preparation, b= Provisional estimate of nominal GDP

48. **Estimates of Revenue Receipts:** The revenue receipts for FY 2016-17 have been estimated at Tk. 2,42,752 crore which is 12.4 percent of GDP. NBR tax revenue is estimated at Tk. 2,03,152 crore (10.4. percent of GDP). I am optimistic about significant increase in VAT collection. Besides, the ongoing reform programmes of automation, curtailing tax exemption facility, extension of tax

administration, widening tax net and tax base etc. will be further strengthened. In this context, I firmly believe our revenue collection target is attainable. In the next FY, The revenue collection target from non-NBR sources has been set at Tk. 7,250 crore which is 0.4 percent of GDP. The non-tax revenue collection target has been set at Tk. 32,350 crore which is 1.6 percent of GDP. In the context of recent re-fixation of fees and rates, and strengthening of monitoring mechanism, the target is likely to be achieved.

49. **Estimates of Total Expenditure:** Total expenditure for FY 2016-17 has been estimated at Tk. 3,40,605 crore (17.4 percent of GDP). A total of Tk. 2,23,578 crore has been allocated for non-development and other expenditure (11.4 percent of GDP). The ADP size has been fixed at Tk. 1,10,700 crore (5.6 percent of GDP). Including ECA loan of Tk. 3,000 crore of power sector, the cost of self financed projects of autonomous bodies will stand at Tk. 12,646 crore. After taking this amount into account, total size of ADP will be Tk. 1,23,346 crore (6.3 percent of GDP).

50. **Annual Development Program:** Like previous years, we have estimated the ADP allocations while giving priority to ensuring regional parity, developing human resources and infrastructure and securing quality of spending with achievement of results. Sector-wise allocations of the next year's ADP have been shown in Table 4. In the ADP of FY 2016-17, I propose to allocate 24.6 percent of development outlay to the human resource sector (education, health and other related sectors), 24.5 percent to overall agricultural sector (agriculture, rural development and rural institutions, water resources and related others), 13.5 percent to power and energy sector, 25.8 percent to communication (roads, railway, bridges and others related to communication) sector and 11.6 percent to other sectors.

Table 4: Sectoral Allocation in Annual Development Programme

(In crore Tk.)

Ministry/Division	Budget 2016-17	Revised 2015-16	Budget 2015-16	Actual 2014-15	Actual 2013-14	Actual 2012-13	Actual 2011-12
a) Human Resource							
1. Ministry of Primary and Mass Education	7,710 (7.0)	5,247 (5.8)	5,542 (5.7)	3,973 (6.6)	4,338 (7.6)	3,686 (7.4)	2,410 (6.4)
2. Ministry of Health and Family Welfare	6,235 (5.6)	5,121 (5.6)	5,331 (5.5)	3,667 (6.1)	3,424 (6.0)	3,316 (6.7)	2,612 (6.9)
3. Ministry of Education	6,167 (5.6)	4,257 (4.7)	4,197 (4.3)	4,088 (6.8)	3,043 (5.3)	2,206 (4.4)	1,873 (5.0)
4. Others	7,091 (6.4)	4,930 (5.4)	6,238 (6.4)	4,463 (7.4)	3,365 (5.9)	2,212 (4.4)	1,682 (4.5)
Sub Total	27,203 (24.6)	19,555 (21.5)	21,308 (22.0)	16,191 (26.8)	14,170 (24.9)	11,420 (22.9)	8,577 (22.7)
b) Agriculture & Rural Development							
5. Local Government Division	18,548 (16.8)	16,736 (18.4)	16,650 (17.2)	13,482 (22.3)	10,978 (19.3)	10,735 (21.5)	8,000 (21.2)
6. Ministry of Water Resource	3,759 (3.4)	2,861 (3.1)	3,062 (3.2)	2,061 (3.4)	1,998 (3.5)	1,782 (3.6)	1,442 (3.8)
7. Ministry of Agriculture	1,841 (1.7)	1,811 (2.0)	1,824 (1.9)	1,406 (2.3)	1,282 (2.2)	1,111 (2.2)	997 (2.6)
8. Others	2,946 (2.7)	2,793 (3.1)	2,985 (3.1)	2,581 (4.3)	2,309 (4.0)	1,994 (4.0)	1,874 (5.0)
Sub Total	27,094 (24.5)	24,201 (26.6)	24,521 (25.3)	19,530 (32.3)	16,567 (29.1)	15,622 (31.3)	12,313 (32.6)
c) Power and Energy							
9. Power Division	13,040 (11.8)	15,476 (17.0)	16,485 (17.0)	4,693 (7.8)	8,348 (14.6)	8,840 (17.7)	7,248 (19.2)
10. Energy and Mineral Resource	1,911 (1.7)	1,068 (1.2)	1,994 (2.1)	1,151 (1.9)	1,881 (3.3)	1,295 (2.6)	679 (1.8)
Sub Total	14,951 (13.5)	16,544 (18.2)	18,479 (19.1)	5,844 (9.7)	10,229 (17.9)	10,135 (20.3)	7,927 (21.0)
d) Transport and Communication							
11. Ministry of Railways	9,115 (8.2)	4,630 (5.1)	5,650 (5.8)	3,158 (5.2)	2,904 (5.1)	2,993 (6.0)	0 0.0
12. Road Transport and Highways Division	8,161 (7.4)	6,349 (7.0)	5,675 (5.9)	4,077 (6.8)	3,682 (6.5)	3,605 (7.2)	4,475 (11.9)
13. Bridge Division	9,258 (8.4)	6,253 (6.9)	8,921 (9.2)	5,299 (8.8)	3,297 (5.8)	785 (1.6)	418 (1.1)
14. Others	2,020 (1.8)	1,852 (2.0)	1,413 (1.5)	757 (1.3)	850 (1.5)	532 (1.1)	285 (0.8)
Sub Total	28,554 (25.8)	19,084 (21.0)	21,659 (22.3)	13,291 (22.0)	10,733 (18.8)	7,915 (15.9)	5,178 (13.7)
Total	97,802 (88.3)	79,384 (87.2)	85,967 (88.6)	54,856 (90.9)	51,699 (90.7)	45,092 (90.4)	33,995 (90.1)
15. Others	12,898 (11.6)	11,616 (12.8)	11,033 (11.4)	5,517 (9.1)	5,321 (9.3)	4,762 (9.6)	3,737 (9.9)
Total ADP	110,700^a	91,000^b	97,000	60,373	57,020	49,854	37,732

Figures in parentheses are shown in percent of total ADP allocation; ^a including ECA loan of Tk. 3,000 crore of power sector, Tk. 12,646 crore will be contributed from autonomous bodies own fund, as a result, total size of ADP will be Tk. 1,23,346 crore; ^b Tk. 2,895 crore will be contributed to revised budget from autonomous bodies own fund, as a result the size of the revised ADP will stand at Tk. 93,895 crore; Source: Finance Division.

51. **Budget Deficit:** The overall budget deficit will be Tk. 97,853 crore which is 5.0 percent of GDP. Of which, Tk. 36,305 crore (1.9 percent of GDP) will be financed from the external sources and Tk. 61,548 crore (3.1 percent of GDP) from the domestic sources. Of domestic financing, Tk. 38,938 crore (2.0 percent of GDP) will come from the banking system and Tk. 22,610 crore (1.1 percent of GDP) from savings certificates and other non-banking sources.

52. **Overall Expenditure Framework:** At this stage, I would like to mention a few words about the overall expenditure framework (development and non-development) of the proposed budget. We have categorized different ministries and divisions into three main groups based on their allocation of businesses. These are social infrastructure, physical infrastructure and general services sectors.

53. In the proposed budget, 28.3 percent of the total outlay has been allocated to social infrastructure sector, of which 25.2 percent has been proposed for the human resource sub-sector (education, health and other related sectors); 29.7 percent of the total allocation has been proposed for the physical infrastructure sector, of which 13.6 percent will go to the overall agriculture and rural development, 10.2 percent to overall communication and 4.4 percent to power and energy sector. 24.5 percent of the total allocation has been proposed for the general services sector. Besides, 2.2 percent has been allocated for public-private partnership (PPP), financial assistance for various industries, subsidies and equity investment in state-owned banks, and financial institutions; 11.7 percent for interest repayment; and the rest 3.5 percent for net lending and miscellaneous expenditure. Detail information relating to these has been given in Table 5.

Table 5: Sectoral Allocation in the Budget

(In crore Tk)

Ministry/Division	Budget 2016-17	Revised 2015-16	Budget 2015-16	Actual 2014-15	Actual 2013-14	Actual 2012-13	Actual 2011-12
(a) Social Infrastructure	96,365	76,267	69,182	55,832	52,756	42,985	38,685
	(28.29)	(28.83)	(23.44)	(27.32)	(26.56)	(24.64)	(25.34)
Human Development							
1. Ministry of Education	26,847	20,259	17,103	16,125	14,841	11,334	10,585
	(7.88)	(7.66)	(5.80)	(7.89)	(7.47)	(6.50)	(6.93)
2. Ministry of Primary and Mass Education	22,162	16,847	14,501	11,875	11,422	9,417	8,159
	(6.51)	(6.37)	(4.91)	(5.81)	(5.75)	(5.40)	(5.34)
3. Ministry of Health and Family Welfare	17,487	14,811	12,695	10,416	9,754	8,549	7,667
	(5.13)	(5.60)	(4.30)	(5.10)	(4.91)	(4.90)	(5.02)
4. Others	19,422	15,080	15,772	11,917	9,639	7,634	6,870
	(5.70)	(5.70)	(5.34)	(5.83)	(4.85)	(4.38)	(4.50)
Sub Total	85,918	66,997	60,071	50,333	45,656	36,934	33,281
	(25.23)	(25.32)	(20.36)	(24.63)	(22.99)	(21.17)	(21.80)
Food and Social Safety							
5. Ministry of Food	2,442	1,500	1,671	743	924	814	1,122
	(0.72)	(0.57)	(0.57)	(0.36)	(0.47)	(0.47)	(0.73)
6. Ministry of Dis-aster Management	8,005	7,770	7,440	4,756	6,176	5,237	4,282
	(2.35)	(2.94)	(2.52)	(2.33)	(3.11)	(3.00)	(2.80)
Sub Total	10,447	9,270	9,111	5,499	7,100	6,051	5,404
	(3.07)	(3.50)	(3.09)	(2.69)	(3.57)	(3.47)	(3.54)
(b) Physical Infrastructure	1,01,292	86,767	90,422	60,799	60,863	59,398	44,543
	(29.74)	(32.80)	(30.64)	(29.75)	(30.64)	(34.05)	(29.18)
Agriculture and Rural Development							
7. Ministry of Agriculture	13,675	11,139	12,699	10,345	12,230	14,822	9,764
	(4.01)	(4.21)	(4.30)	(5.06)	(6.16)	(8.50)	(6.40)
8. Ministry of Water Resources	4,713	3,791	3,886	2,843	2,743	2,508	2,134
	(1.38)	(1.43)	(1.32)	(1.39)	(1.38)	(1.44)	(1.40)
9. Local Government Division	21,322	19,217	18,868	15,561	12,900	12,673	9,459
	(6.26)	(7.26)	(6.39)	(7.61)	(6.49)	(7.26)	(6.20)
10. Others	6,536	5,820	5,523	5,009	4,671	4,244	4,391
	(1.92)	(2.20)	(1.87)	(2.45)	(2.35)	(2.43)	(2.88)
Sub Total	46,246	39,967	40,976	33,758	32,544	34,247	25,748
	(13.58)	(15.11)	(13.89)	(16.52)	(16.38)	(19.63)	(16.87)
Power and Energy	15,036	16,614	18,541	5,893	10,266	10,281	7,969
	(4.41)	(6.28)	(6.28)	(2.88)	(5.17)	(5.89)	(5.22)
Transport and Communication							
11. Road Transport and Highways Division	10,910	8,815	7,911	6,223	5,631	5,368	7,278
	(3.20)	(3.33)	(2.68)	(3.04)	(2.84)	(3.08)	(4.77)
12. Ministry of Railways	11,950	7,261	7,717	4,969	4,592	4,557	1
	(3.51)	(2.74)	(2.62)	(2.43)	(2.31)	(2.61)	(0.00)
13. Bridges Division	9,289	6,285	8,953	5,299	3,297	785	418
	(2.73)	(2.38)	(3.03)	(2.59)	(1.66)	(0.45)	(0.27)
14. Other	2,603	2,316	1,748	1,036	1,117	797	559
	(0.76)	(0.88)	(0.59)	(0.51)	(0.56)	(0.46)	(0.37)
Sub Total	34,752	24,677	26,329	17,527	14,637	11,507	8,256
	(10.20)	(9.33)	(8.92)	(8.58)	(7.37)	(6.60)	(5.41)
15. Other sector	5,258	6,009	4,576	3,621	3,416	3,363	2,570
	(1.54)	(2.27)	(1.55)	(1.77)	(1.72)	(1.93)	(1.68)
C) General Services	83,508	58,110	82,559	39,119	39,929	27,394	27,116
	(24.52)	(21.96)	(27.98)	(19.14)	(20.10)	(15.70)	(17.76)

Ministry/Division	Budget 2016-17	Revised 2015-16	Budget 2015-16	Actual 2014-15	Actual 2013-14	Actual 2012-13	Actual 2011-12
Public Order and Safety	21,062 (6.18)	17,419 (6.58)	13,630 (4.62)	13,158 (6.44)	12,347 (6.22)	9,655 (5.53)	8,737 (5.72)
16. Others	62,446 (18.33)	40,691 (15.38)	68,929 (23.36)	25,961 (12.70)	27,582 (13.89)	17,739 (10.17)	18,379 (12.04)
Total	2,81,165 (82.55)	2,21,144 (83.59)	2,42,163 (82.06)	1,55,750 (76.21)	1,53,548 (77.31)	1,29,777 (74.39)	1,10,344 (72.28)
(d) Interest Payments	39,951 (11.73)	31,669 (11.97)	35,109 (11.90)	30,973 (15.15)	30,987 (15.60)	23,915 (13.71)	20,351 (13.33)
(e) PPP Subsidy and Liability	7,509 (2.20)	4,159 (1.57)	6,509 (2.21)	4,132 (2.02)	4,001 (2.01)	2,427 (1.39)	5,211 (3.41)
(f) Net Lending and Other Expenditure	11,981 (3.52)	7,593 (2.87)	11,321 (3.84)	13,525 (6.62)	10,085 (5.08)	18,329 (10.51)	16,758 (10.98)
Total Budget	3,40,606	2,64,565	2,95,102	2,04,380	1,98,621	1,74,448	1,52,664

Source: Finance Division. *Figures in parentheses are expressed as percentage of total budget.

54. Ministry/division-wise budget allocation proposals have also been attached in **Annexure A** of Table 6.

Chapter VI

Thoughts and Strategies on Growth, Development and Equitable Society

Madam Speaker

55. You are aware that for the last seven years we have been able to sustain robust GDP growth while ensuring equitable distribution of its benefits. During this period we have also witnessed remarkable progress in different socio-economic indicators, which has been equally recognized both at home and abroad. We aim to continue with this trend of inclusive growth and development. The Hon'ble Prime Minister has already declared our ultimate goal which is to graduate Bangladesh to a developed and prosperous country by 2041. In this context, we are expressly laying emphasis on four factors - maintaining macro-economic stability, accelerating growth of per capita GNI, making benefits of higher income more inclusive, and ensuring economic development that is sustainable and environment-friendly as well.

56. Capital accumulation and greater labour force participation in economic activity are the main drivers of development. In addition, efficient use of factors of production and improved total factor productivity play an important role in growth dynamics. Alongside, enhancing effective demand can facilitate higher growth. Targeted redistribution measures, on the other hand, are necessary to make benefits of growth more inclusive. Moreover, in order to leave a habitable planet for the posterity, all our activities should be environmentally sustainable. Most of all, we need to focus on macro-economic stability to improve business and consumers confidence and infuse enthusiasm in economic activities. Now I would like to present before this august house the detailed strategies we propose to adopt in this context.

57. **Labour Force Participation:** Let me start with highlighting the current state of labour force and employment. According to Bangladesh Bureau of Statistics (BBS), about 47 lakh men and women were added to total labour force during 2010-15 period, of them around 98 percent could secure employment. Real wage significantly increased during this period. Side by side, disparity in wages between men and women declined. However, rate of participation of working age population in economic activities is still pretty low. Particularly female workforce participation is relatively low compared to their male counterpart. Currently, only 34.1 percent of female labour force are engaged in economic activities. Ensuring greater female labour force participation will accelerate growth to a great extent. According to an estimate, 10 percent increase in female labour force participation in the next five years will lead to additional one percentage point of GDP growth each year.

Madam Speaker

58. You are aware, enhancing labour productivity will take some time. In this backdrop, along with ongoing skill development programmes, we need to put special emphasis on implementing short term strategies that encourage women participation in economic activities. Meanwhile, we have formulated the 'Bangladesh Labour Rules- 2015' incorporating different welfare provisions for working women including benefits for expectant mothers, health centres, children rooms, fixed working hours and leave facilities, timely payment of wages, welfare fund, etc. Moreover, 'Domestic Help Protection and Welfare Policy-2015' has been approved recently. As I have already mentioned, in order to improve awareness, enhance capacity and ensure decent working environment for women, multifarious programmes are underway, implementation of which will be further strengthened.

Madam Speaker

59. **Labour Efficiency:** The working age population in Bangladesh is steadily rising and will keep growing till 2043. This kind of opportunity for rapid economic growth comes only once. The benefits of demographic dividend will be within grasp only with upskilling of the labour force. Considering this fact, different initiatives have been undertaken for up- skilling workers and managers employed at home and abroad. In addition to traditional education, we are implementing need-based vocational training programme for the new entrants to labour force.

60. Due to a dearth of local professionals, we are currently employing many foreign nationals in mid and upper management levels of industry sector. Against this scenario, training programmes are being implemented to improve skills of local managers. Side by side for graduate students, we are thinking of implementing training programmes responsive to market demand. In this context, the government is actively considering establishment of Incubators and Enterprise Development Centres on pilot basis in public and private universities. As part of creating a pool of skilled workers for different industries, an initiative has already been taken to impart international standard training to shipbuilding workers. Along with establishment of vocational training centres in all upazila and modernization of the existing ones, other initiatives in this area include curriculum development, provision of vocational training, provision of training for instructors, procurement of trade related equipments and creation of ancillary facilities.

61. Our initiatives are not confined within the country only; we will implement skill development programmes for unskilled and semi-skilled workers employed abroad. Particularly, initiatives will be taken to provide training in countries having the most overseas employments with the help of Bangladesh high commissions/embassies, Ministry of

Expatriate Welfare, and International Migration Organization. Moreover, steps will be taken to obtain international accreditation of trade certificates awarded by local technical institutions. In order to produce skilled managers, steps need to be taken to establish institutions for management study and training are in private sector.

62. In my previous budget speech, I broached our initiatives for developing institutional framework as well as establishing fund for skill development. In this respect, there has been some progress. National Human Resource Development Fund (NHRDF) will likely be functional from the beginning of next fiscal year. Moreover, processes for setting up National Skills Development Authority (NSDA) will be completed this year. Since limited space of the budget speech defies elaborate description of our skill development ideas and programmes, we are placing in this august house a booklet styled 'Skill Development: A Priority Agenda for Accelerated Growth'.

Madam Speaker

63. **Capital Accumulation:** We all know that augmenting investment each year is crucial for capital accumulation. In this respect, both public and private investments have a vital role to play. Presently, total investment, in terms of GDP, stands at 29.4 percent which is insufficient for picking the pace of GDP growth up to 8 percent in the medium term. We are trying to raise public investment each year, but execution of annual development programme falls short of expectation due to lack of implementation capacity. Particularly, foreign aid utilization rate is fairly low. In this setting, we are implementing structural reforms in project design and execution stages namely, formulation of policies and procedures for finalizing project preparatory work prior to project approval. We are setting aside Tk. 100 crore in this year's budget for this purpose. Alongside, we are working on formulating a project implementation manual and extending training

programmes for project employees. We have also decided that each project will have one project director and one officer will not be appointed as project director of more than one project. Moreover, the PD will be appointed during the preparatory stage of the project. For this purpose, a pool of project directors, that we planned to establish long ago, will be put in place within the next fiscal year.

64. Enhancement of public investment alone cannot guarantee capital accumulation, ensuring quality of spending is equally important. In many public offices, there is a tendency to rush expenditure towards the end of fiscal year, leading to wastage of resources in many instances and failing to create effective capital. Considering this, digitalization of project monitoring system is at the final stage with a view to ensuring timely implementation as well as quality in project spending. On implementation, it will ensure close monitoring of project activities and instant retrieval of updated data on ongoing projects which in turn will enable ECNEC members to observe the latest project status at the end of a week and give directives accordingly. Besides, we will put in practice a result-based monitoring and evaluation system from this year. In this case, importance will be placed on weighing the extent of targets and quality achieved against the level of resources utilized. Hopefully, all ministries/divisions will participate in this initiative. In addition, with a view to enhancing transparency and accountability, steps will be taken to ensure online collection of project information and widen the scope of e-GP in public procurement. All these initiatives will likely result in timely and accelerated implementation of projects ensuring expenditure quality.

65. **Economy Transforming Mega Projects:** Growth enhancing eight mega projects are currently being implemented at a fast pace. In the list of mega projects, the following projects on Padma bridge Rail-link and Cox's Bazar-Dohazari-Ramu-Ghumdhum rail lines area have been included. In future, projects for Matarbari Coal Terminal, Bhola

Gas Pipeline, and a petrochemical industry in coastal area will also be included in this list. Necessary resources for these projects will also be provided in the budget. A booklet on these projects titled 'Kathamo Rupantore Brihot Prokolpo: Probidhi Shonchare Nuton Matra' is being placed before the house. This booklet will briefly describe the projects while illustrating their necessity, social and economic rationale and likely impact on the economy of the country. Mobilization of non-concessional loans may be required for implementation of these projects. However, such loans will be incurred keeping in mind the debt sustainability framework of our economy. To this end, we are currently working on analyzing medium and long term debt sustainability of the country.

66. Now, I will briefly present the latest status on implementation of these big projects. A major portion of the approach roads as well as one-fifth of the main bridge and river training works of the Padma Bridge has already been completed. In addition to enacting the Nuclear Power Plant Act 2015, a company has been established to run the Ruppur Nuclear Power Plant. Moreover, out of four contracts, 100 percent work of two contracts and 70 percent of another one have been completed. Along with land registration, geotechnical and right of way survey for the establishment of Metro Rail has been accomplished. The detailed design of Metro Rail is expected to be completed by August this year.

67. Currently, we are exploring the possibilities of building the Sonadia Deep Sea Port with the assistance of development partner countries or agencies under G2G arrangement. Construction of administrative building and procurement of machinery for the Paira Sea Port is underway. Meanwhile, we are trying to mobilize resources to build the main port. As regards Rampal Coal-based Power project, work related to land development, construction of boundary walls and embankment protection is almost finished. For Matarbari Power

project, land acquisition has been completed. Installation of LNG terminal also is in progress.

68. **Private Sector Investments:** In market economy, private investment plays the pivotal role in capital accumulation. I have no hesitation in admitting that during the last few years private investment has been hovering around 21 to 22 percent of GDP whereas this rate should be escalated to 27 percent in the medium term to achieve the desired level of growth. However, there is a sign of optimism that some of the investment indicators are showing positive development in recent months, gradually dispelling sluggishness in private investment.

69. Now, I would like to briefly present our ongoing initiatives to remove impediments to private sector investment. In order to resolve gas supply problems, steps have been taken to increase production and exploration of gas. At the same time, initiatives have been taken to import LNG to reduce energy deficit. We have set a target of generating 24,000 MW electricity by 2021 to meet the increasing demand for power. In communication sector, construction of Dhaka Elevated Expressway and several important bridges will be completed by 2019. Construction of Metro Rail-6 is underway. Under the revised 'Strategic Transport Plan', more metro lines, Bus Rapid Transit (BRT) and circular roads will be constructed. In railway sector, initiative has been taken to upgrade important railway corridors to double tracks. Besides, a project has been undertaken to construct Dhaka-Jessore railway lines via Padma bridge. Detailed action plan on these projects has been presented in Chapter VII. I believe, planned completion of these projects within the shortest possible time will reduce hindrances and add momentum to private investment.

70. The Bangladesh Public-Private Partnership (PPP) Act, 2015 has already been enacted which has fairly added momentum to PPP project implementation. In fact, implementation of six PPP projects worth USD 1.5 billion has already been started following the signing of contracts.

Hopefully, implementation of another five projects will commence this year after finalization of the contracts. Meanwhile, we have accorded approval to the establishment of 46 economic zones. Both local and foreign investors have already started constructing industries in some of these zones. Development of Mongla Economic Zone and the first subzone in Mirsarai EZ is expected to be completed within this fiscal year. In addition, we have already earmarked space for setting up economic zones by India, China and Japan.

Madam Speaker

71. **Total Factor Productivity (TFP):** Contribution of TFP in GDP growth is still below our expectation, whereas higher growth would remain elusive without improving total factor productivity. You are aware that use of advanced technology in the production process, innovation in inputs and management, good governance and institutional development together contribute to enhancing TFP. Considering all these, programmes to incentivize innovation of high yielding varieties of seeds and crops in agriculture, popularize adoption of modern technology and best practices, expansion of e-services and use of information technology in industry and service sectors will be further strengthened. Steps will be undertaken to sustain the momentum observed this year in foreign direct investment, which I trust, will facilitate transfer of advanced technology and development of skilled workforce in different sectors. A few more initiatives to be undertaken this year with a view to strengthening good governance and institutional development have been described in detail in Chapter titled 'Reforms and Good Governance'.

72. **Aggregate Demand:** In terms of domestic demand, I have so far discussed our initiatives for enhancing consumption and investment expenditure. Now I would like to say a few words about initiatives to boost demand for our goods and services in external markets. In order

to increase domestic value addition and diversify products and markets, we are providing cash incentives at the rate of 3 to 20 percent in 16 areas of exports. From this year, products such as furniture, plastic goods and potato starch have been brought under this incentive scheme. Side by side, size of Export Development Fund has been raised to USD 1.8 billion. Besides, we are providing finances to software, food processing and agro-based industries from Equity Entrepreneurship Fund (EEF).

73. **Labour Market Expansion and Safe Migration:** In order to spur remittance inflows in the country through labour market expansion, safe migration and expatriate welfare, we are implementing a wide range of initiatives including updating the legal framework. We will continue to send workers abroad at low cost through official channel this year also. In the next five years, we plan to send 5 lakh workers to Malaysia under G2G plus scheme. Hopefully, all these measures will pay to raise remittance inflows significantly. We are, however, pondering about reevaluating our initiatives to send women workers abroad.

74. Our land resources are scarce but people are hard-working. Many countries in the world, in contrast, suffer from a lack of human capital though they are rich in land and infrastructural resources. Both the parties will benefit if we can create employment opportunities for our workers and investment avenues for entrepreneurs in these countries. In this setting, factor income can substantially be enhanced by encouraging our investors to invest, subject to certain conditions, in specific sectors in those countries. We are already working on this prospect. We have noted that expatriates working in different sectors including readymade garments in our country repatriate a significant amount of their earnings each year. This kind of outflow of factor income can be trimmed down by substituting those expatriate workers with up-skilled local managers. In addition to sending professionals

abroad, steps will be strengthened to export services under different sectors including tourism and information technology. These measures, I believe, will culminate in increased per capita GNI through growth of net factor income, which in turn, will contribute to improving living standards of people.

Madam Speaker

75. **Equitable Distribution of Income:** Experiences show that, in countries under economic transition, growth is usually accompanied by a marked increase in income inequality. In this respect, we have set an exceptional example by establishing a positive relationship between growth and income equality. In addition to pursuing an increasingly progressive tax policy, we are implementing various transfer programmes for the backward and disadvantaged sections of the society, which in turn, contribute towards equitable distribution of income. In fact, overall social safety net spending currently stands at almost 2.2 percent of GDP which is equivalent to approximately 13 percent of total budgetary allocations.

76. We have formulated the 'National Social Security Strategy' to make the social safety net system befitting for a middle income country. Under this strategy, initiatives will be taken to overhaul the entire transfer programme with a view to mitigating life cycle risks faced by poor and marginalized people. Alongside tax-based social safety net programmes, contributory social insurance schemes will be introduced under the new programme. I believe, social safety net programmes will be more target-oriented, accountable and transparent once these schemes are implemented. Moreover, programmes for health and education expenditure, construction of rural infrastructure, agriculture assistance, microcredit and financial inclusion, etc. will be strengthened.

77. **Environment-friendly Development:** In addition to updating and implementing legal framework to protect ecological balance, we are carrying out environmental impact assessment prior to project approval. I have already mentioned that we are continuing with various programmes for mitigating environmental pollution, shifting polluting industries to eco-friendly areas and financing production of environment-friendly products. All these initiatives will be further strengthened. Besides, we will carry on our initiatives for afforestation, protection of forests, plantation of coastal greenbelt, social forestry, protection of bio-diversity, development of eco-tourism, etc. We are not being parsimonious in utilizing our resources for environmental protection and preservation. For this reason, the world now regards Bangladesh as a role model. We have allocated Tk. 3,000 crore to the Climate Change Trust Fund during the last seven years. Another Tk. 100 crore has been allocated to this fund for the next fiscal year.

78. **Macroeconomic Stability:** We have been able to contain inflation and ensure stability of exchange and interest rates by aligning monetary policy with fiscal policy. We plan to sustain this trend in the medium term. In this backdrop, we are calibrating the budget size, revenue earnings, budget deficit and financing in a way that does not impede macroeconomic stability. The size of revised budget spending stands at 15.3 percent of GDP this fiscal. We envisage to scale this up to 21.1 percent by the end of 7FYP. This entails increasing revenue earnings as well as utilization of foreign aid along with realizing surplus from state owned enterprises.

79. To this end, during the same period, revenue-GDP ratio needs to be scaled up to 16.1 percent from existing 10.3 percent. We aim to achieve this target by pursuing ongoing reforms in tax policy and revenue administration. I will further elaborate these issues later on. In order to increase Non-tax revenue (NTR) earnings, measures will taken to widen its scope and rationalize its rates. As a result, budget deficit

will be contained within 5.0 percent of GDP. Presently, in the case of financing, we have become relatively more dependent on domestic borrowing, particularly on receipts from national saving certificates. If this trend continues, ballooning interest payment may hamper project financing in future. We should, therefore, focus on increasing utilization of foreign aid still in pipeline to reduce reliance on costly domestic borrowing. At the same time, our efforts to mobilize concessional loans from multilateral sources will continue.

Chapter VII

March towards Future: Sector-wise Work Plan

Madam Speaker

80. We are determined to maintain the trends of socio-economic development in tandem with consolidating our past achievements. With this end in view, we have undertaken various work plans in different sectors in coming years including FY2016-2017. Now, I would like to present a brief outlook of these work plans before you.

(1) Human Resource Development

Education

81. We have attached top priority to education and human resource development. Considering the expenditure in education sector as long term investment, we have taken various programmes to develop this sector.

82. **Pre-primary Education:** I have already mentioned our steps on formulation of curriculum, printing of books and recruitment of about 35,000 teachers including introduction of pre-primary education in all primary schools. We have a plan to recruit another 3,000 teachers and provide them with training.

83. **Primary Education:** We have been working towards implementing the plan for extending primary education up to class VIII by 2018. Grades VI and VII have already been opened in 760 primary schools. In order to ensure quality primary education, we will also continue our existing programmes including distribution of books and learning materials, appointment of teachers and their training, and construction and reconstruction of primary schools and training institutes. Furthermore, in order to raise the rates of enrollment and retention of students, 'National School Feeding Policy' is being

formulated with a view to widening the coverage of school feeding programme and engaging private sector in this initiative.

84. **Illiteracy-free Bangladesh:** We are planning to formulate a sector-wide programme for the non-formal education sector with a view to imparting basic literacy and life skill training to illiterate people of 15-45 age group,

85. **Extension of Sustainable and Quality Secondary Education:** In order to extend quality education and inculcate creativity in students, we would like to continue with the creative question-based examination system. Side by side, we will continue our ongoing programmes like introduction of ICT training and establishment of resource centres and multimedia classrooms.

86. **Private Initiative in School Construction:** Construction work is an important issue for all kinds of schools. We need to build 63,000 classrooms whereas our initiative in this area is quite inadequate due to capacity limitation. Private sector initiatives are urgently required to meet this deficit.

87. **Renovation of Dilapidated Schools:** Due to lack of proper maintenance, many buildings in educational institutions of primary to higher education levels are in dilapidated state. In some places, schools were established in shanty huts with a view to expanding education. In FY 2016-17 budget, a total of Tk. 200 crore will be allocated for the purpose of renovating dilapidated schools. A policy, to this end, will be finalized within two months.

88. **Elimination of Disparity in Education Sector:** Provision for stipend and grant for talented poor students and destitute teachers from the Hon'ble Prime Minister's Education Assistance Trust Fund will continue. We have taken an initiative to establish an academy for autistic children. Moreover, proper emphasis is being given to the issue of physically challenged students in designing educational infrastructure.

89. **Extension of Higher Education:** In compliance with the commitment of the Honorable Prime Minister, a number of specialized public universities have already been established. Besides, establishment of more technical universities is under process.

90. **Educational Assistance:** I propose to allocate Tk. 500 crore as endowment fund and Tk. 100 crore as one-time grant to 'Non-Government Education Institute Retirement Benefit Board' for welfare of the non-government teachers. In addition, I propose to allocate Tk. 50 crore for 'Non-Government Teachers and Employees Welfare Trust'.

Health and Family Welfare

91. **Community Clinic and Telemedicine Services:** I have already mentioned that we have put in place 13,126 community clinics. In order to take health services to the doorsteps of rural poor and marginalized people, we have plans to open another 235 community clinics in phases. Moreover, providing health services through telemedicine service centres and video conferencing at district and upazila levels will continue.

92. **Health Protection Programme:** We have already commenced social health security programme on pilot basis. Under this scheme, initially, poor people will receive better health services through health cards. If this initiative turns out to be successful, we will extend this program countrywide. Alongside, maternal health voucher scheme for poor, distressed and pregnant mothers will remain in operation.

93. **Health, Nutrition, and Population Sector Programme:** We have successfully implemented a programme in the health, population and nutrition sector. In continuation, formulation of a concept note and a strategic investment plan has already been completed to take up a new sector-wide programme.

94. There is an allegation against pharmaceutical companies that they are somewhat exploiting the benefits government have provided to

encourage local production of medicines. At the same time, people are raising demands for controlling the prices of medicines. We are aware of these issues and will take necessary actions as per legal provisions

(2) Physical Infrastructure

Madam Speaker

Power and Energy

95. **Power Generation:** We have targeted to raise electricity generation by additional 16,086 MW by 2021. To achieve this target, installation of 29 power plants with a capacity of 7,296 MW capacity is in progress while tendering processes of 20 power plants with a capacity of 6,681 MW are underway. Furthermore, there is a plan to construct 8 power plants with a capacity of 4,435 MW. There is a plan to install more power plants in Moheshkhali with private investment.

96. **Use of Alternative Energy for Power Generation:** Over and above the gas-based power plants, we are laying emphasis on coal, furnace oil, nuclear energy and renewable energy-based power generation . We have already finalized a plan to install a power plant with coal as the main fuel. There is a plan for generating 3,100 MW electricity from renewable energy sources and setting up 10,000 kilometer transmission line and 1,50,000 distribution line within 2021.

97. **Electricity Import:** We are working on implementing the plan for importing 6,500 MW electricity by 2030 from neighbouring countries under sub-regional cooperation framework. Initiative to import from India additional 500 MW electricity over and above the current 600 MW is in progress.

98. **Private Investment in Power Sector:** In addition to installing new power plants with private investment, we have taken initiatives to repower the old plants and set up new plants under public private partnership. Furthermore, alongside the IPP work is in progress to

generate power with Export Credit Agency (ECA) financing under the concept of innovating financing.

99. **Augmenting Production and Storage of Gas:** We have taken steps to augment gas reserve by expediting exploration programme. BAPEX plans to dig 53 exploration wells, 35 development wells and 20 workover wells by 2021. It is expected that 943 to 1,105 million cubic feet gas per day can be produced from these wells.

100. **Construction of LNG Terminal:** In order to meet the increasing demand for fuel in the country we have decided to import LNG. Initiatives have been taken to construct a Floating Storage and Re-gasification Unit (FSRU)- based LNG terminal with a capacity of 1.38 lakh cubic meter at Moheshkhali in Cox's Bazar to store the imported LNG. We also have plan to build 2 land-based LNG terminals at Moheshkhali in Cox's Bazar and Paira in Patuakhali. Taking the fact of LNG import into consideration, the government is making commitments to give gas connections to various industries from 2018 onwards.

Communication Infrastructure

101. **Roads and Bridges Infrastructure Development:** With a view to strengthening the highway network of the country, construction/renovation of 60 bridges in the western part of the country and construction Lebukhali bridge on the Paira river as well as Kalna bridge on the Madhumati river are in progress. A grant agreement has been signed with China to construct the 8th Bangladesh-China friendship bridge at Bekutia point on Kocha river. Construction of 70 km long separate lane for slow moving vehicles along Joydevpur-Chandra-Tangail-Elenga highway and upgradation of 190 km Elenga-Hatikumul-Rangpur highway to four-lane are in progress.

102. **Easing Traffic Congestion:** We are working towards easing traffic congestion in different important cities including Dhaka city on

priority basis. Civil works for construction of Bus Rapid Transit Depot has already commenced, to be followed by construction of dedicated lane, in order to ease traffic congestion in Dhaka city. We have plans to construct 3-layer circular routes, five MRT lines and two BRT lines by updating the Strategic Transport Plan (STP). Furthermore, in order to ease public transportation system, steps have been taken to add 600 buses and 500 trucks to BRTC fleet. In Chittagong city, construction of outer ring road, U-loop and flyover is in progress to ease traffic congestion. Moreover, we have taken initiatives to construct 16.5 km long elevated expressway from Lalkhan Bazar to Chittagong Shah Amanat Airport.

103. A special initiative needs to be taken in order to establish an integrated traffic control system for Dhaka and its neighbouring cities of Narayanganj, Manikganj, Gazipur, Munshiganj and Narshingdi including the newly proposed metropolitan city in Purbachal Jalshiri area. Traffic in Dhaka city is in disarray not only for lack of roads and flyovers, but also due to absence of an integrated traffic control system. Hence, we are mulling over creating an independent metropolitan communication authority. The main responsibilities of this authority will include - formulating plans, controlling traffic system, issuing transport licenses and conducting tests, coordinating between operations of different types of transports and ensuring coordination with activities relating to construction of flyovers or underground rail. It is expected that the organization will be effective by next year.

104. **Updating the Legal Framework:** In order to align the legal framework with development and modernization of communication infrastructure, formulation of Bus Rapid Transit (BRA) Act, 2016, Road Communication Act 2016, Bangladesh Road Transport Authority Act, 2016 and Metro Rail Rules 2016, are in progress. We expect to place these bills before the parliament soon.

105. **Development of Railway:** We will continue our efforts to transform the Bangladesh Railway into a reliable, cost-effective and environment- friendly public transport system. With this end in view, we have plans for construction of new tracks, doubling of rail lines, rehabilitation, construction of new railway bridges/ underpasses/ overpasses, modernization of signaling system, collection and rehabilitation of passenger coaches in 2016-17 fiscal year.

106. **Development of Port and Waterway:** We have taken initiatives to prepare a master plan to upgrade Paira to a full-fledged port. We have also taken two projects for establishing land ports at Sonahat and Tamabil. We also have plans to procure additional dredgers for maintaining navigability of internal water ways. Moreover, we also expect to acquire new ships with the assistance of Chinese government as well as on G2G basis.

107. **Development and Extension of Airport:** Considering the importance of passenger and cargo transportation in international communication, steps have been taken to develop and modernize the airports including the three international airports. In addition, modernization of Cox's Bazar airport and upgradation of safety and security system in all the airports have been started. The preparatory work for construction of an international airport, namely, Bangabandhu Airport in Madaripur, Dohar or Munshiganj have started.

Water Resources

108. **Restoring River Navigability and Flood Control:** We have reclaimed some land under a project for restoring navigability and capacity of large rivers. We want to salvage the width as well as fresh water flow in the rivers surrounding Dhaka city. A project has been designed to implement these integrated initiatives. Besides, processes are underway to undertake a project to keep the eastern part of Dhaka flood-free. It's my opinion that any programme for the purpose of

constructing flood control dam or making an area flood-free should never be undertaken without having complementary dredging activities.

109. **Coastal Area Management:** The planned activities for coastal area management include: construction of Sandeep-Urirchar-Noakhali cross dam, construction of embankment and cross dam around Char Alexander, establishment of permanent observation network for identifying saline water intrusion, and adoption of mathematical model survey project. In addition, we have taken initiatives to formulate coastal area policy, development strategy and priority-based investment programmes under integrated coastal area management plan.

(3) Public Welfare

110. **Social Protection:** In order to ensure welfare of the poor, destitute and backward population we have been implementing significant number of social protection programmes including old-age allowances, maternity allowances, widow, oppressed and destitute women allowances, disability allowances, educational stipend, educational allowance for disabled students, one house one farm, Ashrayan, food for work programme, TR, GR, food assistance for destitute mothers(VGD), char jibikayon (accreted land livelihood) programme. These programmes will continue in future. Moreover, in order to avoid duplication and to make these programmes more targeted, we have started implementing National Social Security Strategy (NSSS).

111. In FY 2016-17, I propose to enhance the coverage of the social protection programmes in the following manner:

- Increasing the number of beneficiaries of old age allowances by 5 percent which will raise the total number to 31.50 lakh and raising the monthly allowance to Tk. 500, increasing it by Tk. 100;
- Raising the allowances for widow, oppressed, and destitute

women to Tk. 500, increasing it by Tk. 100 and also raising the number of beneficiaries to 11.50 lakh ;

- Raising the number of destitute women benefiting from VGD programme to 10.0 lakh by adding another 2.50 lakh;
- Increasing the number of beneficiaries of maternity allowances by 90 percent and thus, raising it to 5.0 lakh;
- Bringing a total of 1,80,300 poor mothers under the umbrella of Working Lactating Mother Assistance Programme by extending it to all municipalities;
- Increasing the rate of allowance for financially insolvent disable persons to Tk. 600, increasing it by Tk. 100 and raising the number of beneficiaries by 25 percent which will raise the total number to 7.50 lakh;
- Allocating another Tk. 10.50 crore to Neuro-Developmental Disability Protection Trust Fund;
- Raising the rate of special allowance for transgender people from Tk. 500 to Tk. 600;
- Raising the rate of allowances of *bede* and other backward communities from Tk. 400 to Tk. 500 for improving their livelihood;
- Raising the amount of contribution to the scheme for improving livelihood of tea labourers from Tk. 10 crore to Tk. 15 crore;
- Raising the allocation of financial assistance for patients suffering from cancer, kidney diseases, liver cirrhosis, stroke related paralysis and congenital heart diseases from Tk. 20 crore to Tk. 30 crore.

I would like to mention here that beneficiaries under social protection programmes will directly receive the disbursements through electronic processes resulting in timely and speedy delivery of services. This will also deepen the financial inclusion process.

112. **Child Development:** According to different sources, around 15 to 20 lakh children of less than 14 years age are working as laborer in different activities. Most of them work for family businesses or in informal sector. Various institutions in formal sectors also employ child labour breaking the law. In order to prevent such activities we will undertake following programmes:

- A quick survey will be conducted initially on child labour;
- Some food will be provided to each child; and
- Social initiatives will be undertaken to bring out these children from child labour and draw them towards education.

113. **Welfare of Physically Challenged People:** Presently, the total number of physically challenged people stands at about 1.50 crore which probably includes the invalid as well as elderly men and women. For next year, we will make special arrangements in transports like trains, water vessels or city buses for the benefit of these people. Certain steps have already been taken for persons having neuro-developmental disability. Steps will taken to make public toilets and government buildings adaptable for the use of disabled people. I propose to allocate Tk. 100 crore for creating these additional facilities.

114. **Food Security:** In order to ensure food security, we have placed emphasis on improving the system of food procurement, storage and processing. Minimum closing stock of food grains (rice and wheat) for the FY 2016-17 has been fixed at 13.25 lakh Metric Tons, which will be raised further. With this end in view, projects for the construction of six chilled steel silos with a capacity of 50,000 MT each have been undertaken. Steps are being taken to introduce rural rationing programme in the place of TR (Test Relief) and VGF (Vulnerable Group Feeding) programmes. Under this programme, instead of distributing food grains initiatives will be taken to ensure universal food security. Presently, around 50 lakh hardcore poor families receive food assistance. This activity will continue under the new system. Steps

will be taken to distribute food among the hardcore poor families living in metropolitan and other cities. Hopefully, the number of these families will decline gradually.

115. **Disaster Management and Relief:** We have laid emphasis on strengthening overall management framework for reducing the risk on life and property along with ensuring post-disaster response and operating relief programmes. In order to tackle disaster in an integrated manner we are formulating 'Disaster Management Plan, 2016-2020', 'Post-Disaster Debris Management Plan', and 'Post-Disaster Dead Body Management Policy'. Side by side, other regular programmes including tackling the impact of disaster and construction of cyclone and flood shelters will remain in operation.

116. **Welfare of Elderly People:** We have taken initiatives to establish Palliative Care Centre for the welfare of elderly destitute and old people with incurable diseases, formulate a Service Pool and organize life-skill training and employment for able elderly people in remote areas, set up Elderly People Development Foundation and service corners for elderly people in hospitals and social welfare offices.

117. **Women Development:** We have taken steps to create congenial working environment for women and ensure their safety. Notable among these initiatives are construction of hostels for working women in different cities including Dhaka, implementation of multi-sectoral programmes to prevent oppression against women, establishment of DNA Screening Laboratory for DNA test in seven divisional medical college hospitals. We would like to continue our initiatives such as provision of training on different trades, distribution of microcredit and priority-based rural and agricultural credit, and extension of 'Joyeeta' in order to widen the scope of skill development and self-employment opportunities.

118. We are formulating gender budget report on 40 ministries/divisions for the last few years. We are contemplating undertaking a survey to assess impact of this initiative on women development. This programme will be made more target-oriented on the basis of this assessment.

119. **Welfare of Freedom Fighters:** Construction of *Muktijodhdha* Complex in districts and upzilas for rehabilitating the freedom fighters is progressing fast. Microcredit is being provided from a revolving fund in addition to imparting self-employment training to insolvent freedom fighters and their dependents. Moreover, the monthly allowances for all freedom fighters have been raised. The announcement of increased monthly allowances for injured and gallantry-awarded freedom fighters will soon be made.

120. **Welfare of Expatriate Workers:** We are working on reducing the migration cost, ensuring transparency and accountability in the activities of recruiting agencies, preventing illegal migration, and ensuring safe migration. With a view to generating overseas employment and ensuring welfare of expatriates, drafts of the Labour Migration Management Rules, 2016, Recruiting Agents' Conduct and License Rules, 2016, Migrant Workers' Welfare Fund Rules, 2016 and Migrant Workers' Registration Rules, 2016 have been formulated. We expect to finalize these rules soon.

(4) Digital Bangladesh

Madam Speaker

121. **Infrastructure Development:** You will be happy to learn that in order to realize Digital Bangladesh, a wide range of programmes for establishing High-tech Park, Software Technology Park and IT Village have been undertaken. We are expecting to open up the 'Jessore Software Technology Park' to the investors by 2016. Steps have been

taken to build a Tier-4 data centre at Kaliakoir in Gazipur with a view to making national database ICT-based. We are working towards the development of National Enterprise Architecture (NEA) to solve the problem of interoperability and simplify the process for smooth operation of e-governance activities. Establishment of ‘Cable Landing Station’ at Kuakata in Patuakhali district for second submarine cable named SEA-ME-WE-5 is underway.

122. **Internet Services:** In order to extend high-speed broad band services in the country, we have plans to establish Base Transmission Stations (BTS) in all metropolitan cities, districts and upazilas, and install 300 km long optical fiber lines and transmission equipments throughout the country for interconnecting the BTSs. Apart from this, we have initiated to set up optical fiber cable network in one thousand five union parishads of 128 hard-to-reach upazilas and install radio links in another 12 hard-to-reach upazilas of five districts. Besides, we have signed a contract with a foreign company for establishing ground station and launching the ‘Bangabandhu Satellite-1’ into space.

123. **Cyber Crime Control and Customer Service Upgradation:** We are thinking of putting in place a monitoring and regulatory framework titled ‘Internet Safety Solution’ for ensuring the security of all information including monitoring and prevention of internet-based cyber crimes. After becoming the victim of cyber crime attacks repeatedly, we have no other alternative to strengthening the ICT system. In addition, with a view to upgrading customer services and protecting customers’ mobile numbers, the government has a plan to issue Mobile Number Portability (MNP) licenses. In this context, a guideline has recently been approved.

(5) Agriculture and Rural Development

Madam Speaker

124. **Agricultural Development:** In order to sustain productivity in the agricultural sector, we will continue our ongoing programmes for producing and supplying high yielding seeds, providing incentives on agricultural inputs, ensuring the use of balanced fertilizers, introducing agricultural inputs assistance cards, opening of bank accounts for farmers, providing rehabilitation assistances, conducting researches on agriculture, inventing agricultural technologies adaptable to climate change, approving endowment fund for agricultural research and encouraging utilization of organic fertilizers to increase productivity and protect soil quality. I propose to allocate Tk. 9,000 crore as incentive for use of electricity in fertilizer and irrigation and other agricultural inputs.

125. **Development of Fisheries and Livestock:** Our efforts on identifying fishing grounds for sustainable management of marine fish resources, and determining species-specific fish reserves as well as maximum limit for sustainable fishing will continue as before. In future, we will further continue our initiatives to preserve endangered species of fish, create sanctuaries in open water for breeding and procreation of fishes, and undertake joint research activities for the development of livestock.

126. **Local Government and Rural Development:** For developing communication network in rural and urban areas, we are planning to convert 14,650 km *kacha* road into *pucca* road, maintain 34,500 km *pucca* road, construct 84,300 meter bridge on *pucca* roads, construct/maintain culverts, develop 570 hat-bazars and growth centres, and build 175 upazila and 494 union parishad complexes. Besides, in order for poor families to build capital through small savings, we have taken initiatives to expand the scope of 'One House One Farm' project.

(6) Trade and Industrialization

Madam Speaker

127. **Creation of Enabling Environment for Industry:** We have undertaken an array of activities such as formulation of laws, rules and policies including amending and updating outdated laws in order to create an enabling environment for the industry sector. Meanwhile, National Industry Policy 2015 and Trademarks Rules 2015 have been framed. Besides, we will finalize the Handicraft Industry Policy 2015 and the Ship Recycling Law-2015 soon after proper update. For the development of the tea industry and ensuring welfare of the tea labourers, the drafts of Bangladesh Tea Bill 2015 and Bangladesh Tea Workers Welfare Fund Bill 2015 have been finalized. We hope that these bills will be promulgated within a short period of time.

128. **Development of Small and Medium Enterprises:** Provision of low-interest soft loans to SME entrepreneurs under re-financing facilities is being continued. We are implementing two projects- Urban Building Safety Project to ensure safe working environment in the garments sector and increase private investment and Foreign Direct Investment Promotion Project to attract foreign investments by establishing special economic zones.

129. **Development of Women Entrepreneurs:** We are establishing Women Entrepreneurs Development Unit in all banks and non-bank financial institutions including Bangladesh Bank for accelerating development of women entrepreneurship. We are also planning to initiate credit guarantee schemes for small entrepreneurs so that they are not denied bank loans for lack of collateral. At the same time, with the help of development partners, we will form a 'challenge fund' to ensure easy access to loans for rural women and under-privileged entrepreneurs. As in the current budget, I propose a token allocation of Tk. 100 crore for this purpose in next year's budget.

130. **Ensuring Safe Work Environment:** A project has been undertaken to reduce health hazards and ensure safety for workers of the ship-recycling industry.

131. **Development and Expansion of Tourism Industry:** We are planning to undertake a project with view to promoting our tourism sector in the international arena, creating tourism awareness at the local level and developing tourist sites in the country. As the ongoing year has been selected by the Hon'ble Prime Minister as 'Tourism Year', I propose to allocate Tk. 100 crore initially for this purpose in this budget. We are also considering building Tourist and Entertainment Village in Cox's Bazar, an international-standard Tourism Complex and a Five-star hotel in Sylhet under Public-Private Partnership (PPP).

132. **Textiles and Jute Industry:** We are working towards enhancing productivity, generating employment opportunities and boosting exports in the textiles and jute sectors. We have already drafted Jute Act, 2016. Initiatives to formulate Jute Policy 2016, Textile Industries Establishment Act 2016 and Textiles Policy 2016 have been taken. I hope we will be able to complete formulation of these laws and policies before long. Moreover, our efforts to safeguard and expand the handloom industry will continue.

133. **Trade Expansion:** Despite sluggish global market, exports so far posted satisfactory growth. We are continuing to provide incentives for encouraging export and market diversification. I propose to allocate a total of Tk. 4,500 crore as incentives for export including Tk. 500 for jute goods.

(7) Regional and Sub-regional Cooperation and World Conference

Madam Speaker

134. We aim to promote bilateral and regional cooperation while strengthening diplomatic relations with rest of the world. As part of

sub-regional cooperation, we plan to expand rail and road networks among the SAARC member countries following the directives of 18th SAARC Summit. Besides, Bangladesh is playing, as always, a leading role in framing regional strategies and action plans to combat terrorism as well as terrorism financing. Bangladesh is going to host 9th Global Forum on Migration and Development (GFMD) Summit in December 2016, which is a reflection of world leaders' trust upon us.

135. The 62nd Commonwealth Parliamentary Conference and 136th Inter-Parliamentary Union Conference will be held in Dhaka respectively in September 2016 and March 2017. A token allocation of Tk. 50 crore has been set aside in this budget of hosting these conferences.

(8) Climate Change and Environment

Madam Speaker

136. **Mitigating Climate Change Risks:** In order to mitigate climate change risks, we have already adopted Road Map for National Adaptation Plan (NAP). Besides, formulation of Road Map for Nationally Appropriate Mitigation Actions (NAMA) and Third National Communication (TNC) is in progress. Under these work-plans, we will undertake and implement adaptation and mitigation activities in a concerted manner for addressing climate change risks. Along with national level efforts, to mitigate climate change risks, we will continue to play a strong role at the international stage.

137. **Conservation of Bio-diversity:** A project is being implemented within the framework of regional cooperation between Bangladesh and neighboring India, Nepal and Bhutan to tackle poaching and wildlife smuggling. Besides, we have taken on a development project for ecosystem-based adaptation of Barind and Hakaluki *haor* areas. Meanwhile, we have drafted the Bangladesh Bio-diversity Act to

ensure conservation of bio-diversity. It is expected to be finalized by next year.

138. **Afforestation and Preservation of Forests:** In the wake of worldwide climate change, we have adopted a forest management strategy which is both production and preservation-oriented. We also have plans to build green belts of 500 km through afforestation programmes in the newly surfaced *chars* (shoals) by next five years. At the same time, we plan to achieve the Aichi Biodiversity Targets by including five percent of land and seven percent of coastal and marine areas in protected areas.

139. **Extension of Environment-friendly Brick Field:** In our brick fields, use of traditional brick burning procedures result in excessive harvesting of top soil, wastage of energy and pollution of environment. These work places are also full of health and safety hazards. Hence, use of scientific techniques replacing the traditional system will resolve these problems to a great extent. Brick field owners, however, shy away from advanced technology due to their lack of financial capacity and awareness. Considering this, in order to encourage installation of energy saving kilns in brick fields, we propose to allocate Tk. 100 crore as lump sum in the next year's budget. A policy will be formulated toward utilization of this allocation.

(9) Housing and Planned Urbanization

Madam Speaker

140. **Planned Urbanization and Beautification:** We have undertaken several projects for planned urbanization. An initiative has been taken to make Detailed Area Plan (DAP) (2016-35) for Dhaka metropolis more realistic and time befitting after reviewing the existing DAP. Development work of Gulshan-Banani-Baridhara and Uttara lakes is progressing fast with a view to beautifying and developing

them as recreational areas, after ensuring preservation of environment, improving water storage capacity, and reclaiming lakes from illegal encroachment.

141. **Extension of Housing Facilities:** In order to extend housing facilities and civic amenities, construction of 24,697 residential plots at Purbachal in Dhaka is in progress. In addition, we are constructing 18,732 flats at Uttara in Dhaka for lower and middle income groups of people.

(10) Information, Culture, Religious Affairs and Sports

Madam Speaker

142. **Information and Publicity:** We have a plan to establish 'Information Complex' in each district in order to strengthen capacity of press and media in the district. Besides, we are implementing an extensive campaign for branding Bangladesh throughout the world. Apart from this, our initiatives to expand and modernize Bangladesh Betar, Television and Film Industry will continue.

143. **Religious Affairs:** Our government is working relentlessly towards establishing a liberal collective society of communal harmony by promoting religious values and morality among people. Side by side, we will continue with our efforts to protect dignity of different religious communities, ensure unhindered observance of religious rituals and festivals, and promote fraternity and religious harmony in the society.

144. The state of religious harmony existing in Bangladesh is a matter of pride. The country has around 24,000 mandirs. Out of which, 5,500 mandirs run child education programmes. Their state of maintenance is comparatively better due to that. The rest require more repair and maintenance activities. With the help of meagre income of Hindu Welfare Trust, established long time back, some degree of

maintenance work for other mandirs are carried out. Apart from this, Langalbandh of Narayanganj district is a holy place for hindu pilgrims at home and abroad, where pilgrims participate in the annual festival of holy bath. There is a need for extending physical infrastructural facilities in this place for benefit of the pilgrims. After taking everything into consideration, I propose to allocate a lump sum of Tk. 200 crore for these purposes.

145. **Culture:** It is the culture of Bangladesh which is the cornerstone of this nation's non-communal, secular and aesthetic values. These values are actively present in this nation's initiatives for preservation of heritage, development of literature and manifestation of an artistic bent of mind. All along we have been taking initiatives to contribute to all spheres of literature and culture. In order to pay homage to the memory of language movement, a month-long cultural fair and writers' event is organized. The area of this fair has been extended from Bangla Academy to Suhrawardy *udyan*. Moreover, preservation works of symbols of national heritage like *Shat Gambuj Masjid* of Bagerhat, Mohasthanagar of Bogra, Paharpur of Naogaon and monuments close to Kantaji Temple of Dinajpur are progressing well. The government is ready to undertake the responsibility of preserving or renovating historical sites or artifacts in future also.

146. **E-book:** Along with construction of public libraries in six districts, we have adopted programmes to digitalize old newspapers and convert selected books into e-books in order to provide reading opportunities to the mass people.

147. **Small Ethnic Groups:** In order to develop the culture of small ethnic groups, construction of cultural academies at Haluaghat, Dinajpur and Naogaon is underway. Moreover, we have taken up a project to build *Shilpakala* academies at district and divisional levels for promoting art and culture in the country.

148. **Youth and Sports:** Young people play a pivotal role in building a nation. Bearing this in mind, the government is providing appropriate education and training for turning the youth into skilled workforce and creating employment opportunities for them. Besides, along with providing sufficient infrastructural facilities for development of sports, our efforts for talent-hunting as well as producing skilled players will continue. I propose to allocate Tk. 100 crore as lump sum for sports training programmes in the next budget.

(11) Public Security and Defence

149. For ensuring public safety as well as maintaining conducive environment for trade and economic activities in the country, we believe that there is no alternative to law enforcement agencies which are efficient, strong and have modern values. The government is working to this end. The process of creating 50,000 new posts and recruiting personnel in the police force is in progress. Besides, as many as 100 female members have been appointed in Border Guard Bangladesh for the first time this year. More female members will be added gradually. Moreover, our efforts to improve the capacity and efficiency of army, navy, air force and border guards as well as to modernize them will continue.

(12) Iconic Tower with International Convention Centre

150. Let me now share with you a dream of mine. I would like to talk about a special pro-people growth-enhancing project needed to materialize this dream. You are aware that initiatives have already been taken to establish a separate metropolis covering Purbachal and its adjacent areas. We are contemplating implementation of a project under PPP in the proposed metropolis. The project will comprise construction of a 142-storied iconic tower with an international convention centre and a modern sports complex. The main auditorium of the convention

centre will accommodate five thousand people while the main stadium of the sports complex will have a seating capacity of 50,000 spectators. Once implemented, the project will facilitate trade and commerce while creating job opportunities and result in economic vibrancy benefitting all sections of people. Moreover, these installations will be appreciated by all as being specially appealing and visually striking. For this purpose, we need to purchase 70 acres of land and bring these areas under national communication network. Necessary budget allocations will be made for this proposed project. Hopefully, it will be completed by 2018.

Chapter VIII

Good Governance and Institutional Development

Madam Speaker

151. In market economy, institutional development and good governance are critically important for protecting private property rights and ensuring people's rights over proceeds of investments as well as providing them free access to public goods and services. Keeping this in mind, we are taking forward the ongoing reforms on existing rules and regulations, work procedures, institutional framework, capacity development and accountability etc. I would like to mention here that we initiate a number of new reform measures every year as well. Now, I would like to briefly present these reform initiatives before this august house.

152. **Public Financial Management:** 'Public Expenditure and Financial Accountability (PEFA) 2015' assessment has been completed to have a clear understanding of the state of public financial management system in terms of international standards. Taking into account the recommendations of the assessment report and relevant road map of our planning document regarding financial management, we are going to finalize 'Public Financial Management Reform Strategy 2016-21' soon. This strategy will assist us in planned implementation of future reforms. Priority has been attached to three issues in this respect, namely, capacity development in revenue mobilization, implementation of new classification of Budget and Accounts Classification System (BACS) and use of modern information technology i.e. Integrated Budget and Accounting System (iBAS ++)) in preparation of budget and accounts. Besides, existing initiatives to improve auditing system and ensure transparency and accountability in government expenditure will be continued.

153. In this regard, I would like to mention that we are implementing iBAS++ and BACS through a Finance Division programme funded by GoB. We have already prepared budget for FY2016-17 by using iBAS++. Moreover, the system of online fixation of pay and pension has also been introduced under this programme. After the issuance of National Pay Scale, 2015, all government employees and pensioners are using this system for pay fixation. Hopefully, through this process, preparation of a complete database for all government employees and pensioners will be created soon.

154. Under the 'Public Financial Management Reform Strategy', we are planning to take some initiatives to improve management and operations of State Owned Enterprises (SoEs). These are- formulation of an integrated financial reporting framework for these enterprises, evaluation of government ownership and dividend policy after examining the existing legal framework, determination of budget based on financial performance and fiscal risks, etc. Side by side, we have a plan to review the existing rules and regulations for public financial management. Moreover, we are pondering over creating a 'Risks Hedging Fund' to circumvent interest and exchange rate risks of long term non-concessional foreign loans undertaken for infrastructure development with government guarantee.

155. **Pension:** Currently, only 5 percent of our working age population are employed in government services who enjoy pension benefits. Although about 8 percent of remaining 95 percent people employed in private sector receive gratuity benefits, there is no pension or gratuity scheme for the rest.

156. Our demographic structure is changing due to declining population growth rate and increasing life expectancy rate. As a result, number as well as ratio of elderly people in total population is slowly increasing. On the other hand, due to urbanization, number of nuclear family is also rising, which increases future risks of financial and social

insecurity for ageing population. It will be difficult for government alone to manage this risk. In this context, introduction of an inclusive and robust pension scheme for all working class people including the aged is now a demand of the day.

157. To this end, we are considering bringing fundamental changes to our existing pension system. We will reform the existing pension system and introduce contributory pension scheme for all government employees who will join in future. We plan to introduce, in phases, under an integrated government-run framework, a comprehensive pension system for all including the self-employed as well as those formally or informally employed in semi-government organizations and the private sector. DPS system has created an opportunity for establishing pension system in the private sector; the new universal pension plan will center around this concept. On one hand, this system will guarantee financial and social protection of the ageing population, and on the other hand, provide additional resources to meet long term investment demand along with deepening of financial sector.

158. **Public Administration:** In order to implement vision 2021, we are building up necessary infrastructure to develop trained human resources and introduce e-Governance. National Training Policy has been amended as well. In addition to e-Services, we are implementing and extending e-Filing in all government offices. Concerned employees are being trained on this system as well. Under e-Services, along with provision of information service, *parcha* (mutation record), certified copies of orders and different forms are being issued to the public. Installation of high speed internet connection in deputy commissioner offices is also ongoing for ensuring quick delivery of services to the public.

159. Signing of Annual Performance Agreements with all ministries/divisions and their sub-ordinate offices and directorates and their

evaluation are underway to ensure institutional accountability and timely performance. This programme will be extended to field offices from next fiscal year. Under this programme, every ministry and directorate will simplify each year delivery of a service and formulate an e-service which will be provided by Union Digital Center. 'National Integrity Strategy' has already been formulated as complementary strategy to overall initiative in establishing good governance. Under this strategy, implementation of integrity action plan and its quarterly monitoring in all ministries/divisions and 57 identified institutions are going on. In addition to ministries/divisions, this action plan will be implemented and monitored in all identified institutions in next fiscal year. Moreover, in order to strengthen people's right to information, steps will be taken to formulate 'Guidelines for Preparing Voluntary Information Disclosure Manual' in all government offices.

160. **Rule of Law:** In order to facilitate congenial environment for expediting disposal of cases, construction of chief judicial magistrate court buildings in all districts and vertical extension of 28 district judge court buildings are ongoing. Alternative Dispute Resolution system has already been made compulsory to remove harassment and unnecessary delay in disposal of cases. At the same time, District Legal Aid Officer has been authorized to dispose off cases under Alternate Dispute Resolution system. I hope this measure will give Alternate Dispute Resolution System an institutional shape. Besides, a 'Cyber Crimes Tribunal' has been formed for trial of offences under Information and Communication Technology Act.

161. Various initiatives are under implementation to enhance people's access to legal services. Legal counseling and services are being provided to workers through a cell under National Legal Aid Organization. On the other hand, legal aid is provided to poor people at government cost. Besides, legal fees of panel lawyers have been raised to attract experienced and competent lawyers in these activities.

162. **Land Management, Survey and Record Keeping:** We are continuing with various initiatives to modernize land management, survey and record keeping system with a view to providing people-friendly land-related services. A report containing digital zoning maps of 152 upazilas has already been prepared. In second phase, this programme has been extended to 301 more upazilas. Till January 2016, printing of land zoning report for 172 upazilas and GIS Based Digital Land Zoning Map has already been completed. This programme will be extended to hill districts very soon.

163. In my previous budget speech, I mentioned that digitization of land related services would be completed in all upazilas by 2020. Meanwhile, digital land management system has been put in place in 45 upazilas of seven districts. On the other hand, initiative has been taken to establish land information services centres in 20 upazilas. I hope establishment of these service centres will be completed by September this year. Moreover, initiative has been taken to digitize existing *khatians* of 55 districts to facilitate land survey and record keeping in digital system. Preparation of digital maps and *khatians* is also progressing well in 53 *moujas* under Dhaka and Narshingdi districts. In addition, introduction of land ownership certificate in place of existing *khatian* is also ongoing in three upazilas. Moreover, preparation of database of *khash pukurs* and *jalmahals* has been started. In addition, establishment of new land management system shortly through coordinated use of maps received from satellite system and existing land record is under consideration. Under the new scheme, each family will receive a land certificate stating the class of land including its position and ownership rights; changes to any position or rights will be given immediate effect under specific guidelines.

164. **Financial Sector:** We are continuing with various reform measures to maintain stability and enhance efficiency in financial

sector and also to modernize it. Special emphasis has been laid on reforming state-owned banks. The governing boards of these banks are now being re-constituted. At the same time, Banking and Financial Institutions Division has signed Annual Performance Agreements and Memorandums of Understanding with these banks to raise their operating efficiency. In addition to appointing observers in different banks, updating of risk management guidelines is in progress. Internal control system has also been strengthened. Initiatives are in progress to bring all branches of these banks under 'Core Banking Solutions' to widen the scope of online banking services. Monitoring of top-20 accounts of non-performing and written off loans has started from this year. Overall, in banking sector we are implementing BASEL III in line with international best practices.

165. In order to ensure risk-free and quick settlement of interbank transactions, Real Time Gross Settlement (RTGS) system has been introduced. In addition to local currency, Bangladesh Bank is working towards conducting transactions in five foreign currencies under this system. Card-based transactions have also been initiated under the National Payment Switch Bangladesh (NPSB).

166. We have been working for a long time to form a Financial Reporting Council to bring financial reporting system of public interest bodies including banks and financial institutions under a regulatory framework, and to develop standards for accounting and auditing professions as well as ensure compliance, implementation and supervision of these standards. It is pleasing to note that we have enacted the Financial Reporting Act, 2015 for establishment of the aforesaid council. It has not yet been formed. The Council will be constituted within FY 2016-17.

167. **Capital Market:** We are continuing with various reform activities to maintain stock market discipline, safeguard investor

interests, ensure compliance with the Securities Act and improve institutional capacity. Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015 has already been formulated. Under these rules, fixed price method for IPOs at face value and book building method for IPOs with premium prices have been made mandatory. Around Tk. 14,000 crore is estimated to be withdrawn annually from the capital market and utilized in various sectors giving impetus to economic activities. A panel of auditors for auditing listed companies has also been published to ensure discipline in audit activities. Moreover, a special tribunal for quick disposal of cases related to stock market has started functioning. Side by side, Tk. 637 crore has already been disbursed from the small investors assistance fund. On the other hand, BSEC has signed a memorandum of understanding with Securities and Exchange Board of India to provide training to officers, which will help improve capacity of BSEC. Moreover, a project is being implemented with the assistance of ADB for overall reform and development of capital market. The capital market is now being properly regulated and has become stable as a result. It is now ready to flourish as a pillar of the financial sector. Hopefully, the market will become vibrant again now that massive speculation opportunities have been removed.

168. **Insurance:** Insurance sector in Bangladesh is expanding gradually. Compared to the previous year, growth in number of policy holders posted 22 percent increase to 1 crore 65 lakh in first six months in the current fiscal year. In order to sustain this growth trend, we are continuing with various administrative and legal reforms in insurance sector. Social safety insurance with Tk. 100 monthly premium has been introduced to bring the underprivileged section of people under insurance coverage. Moreover, special insurance schemes have been launched for the welfare of fishermen in coastal areas, construction,

transport and garments workers, boatmen, fishermen and farmers in disaster-prone areas, and of expatriates. Noteworthy future initiatives for the development of this sector include insurance schemes for health, fishery and livestock, weather index-based crops, and capacity building of the regulatory authority for insurance sector. I hope, once these plans are implemented, contribution of insurance sector in the national economy would increase.

169. **Statistics and Information Management:** We have already formulated National Strategy for Development of Statistics (NSDS) to build a professional, efficient and effective statistics system. It will ensure overall development and standardization of national statistics system, modernization of national income accounting system and updating of database. Implementation of this strategy will make economic analysis reliable and national plan and policy formulation effective.

170. Time lag between data collection and publication of indices of GDP, consumer price, industrial production and wage rate has already been reduced. Moreover, under household income-expenditure survey district-wise poverty assessment has been started for the first time in history. At the same time, quarterly labour force survey is going on. Besides, preparatory work for estimation of quarterly GDP will start from next fiscal year.

Chapter IX

Revenue Mobilization: Revenue for the People

Madam Speaker,

171. Now, I will present the plan and proposal as regards revenue mobilization in the august Parliament. The total revenue target for the fiscal year 2016-2017 has been set at Tk. 1,77,400 crore. The target for National Board of Revenue (NBR) is Tk. 1,50,000 crore out of the total target. Showing great efforts in the current fiscal year, NBR is expecting to collect Tk. 1,60,000 crore, exceeding the target.

172. The total revenue target for upcoming 2016-2017 fiscal year has been set at Tk. 2,42,752 crore. NBR has to mobilize Tk. 2,03,152 crore out of the total target. This is really a high ambitious target. This target will be 35.4 percent higher than that of the present fiscal year. This money will be collected mainly from four sources, namely, Income Tax, VAT, Supplementary Duty and Import Duty. Though the target is a little bit ambitious, NBR has the human resources and capacity to achieve this target. The manpower for Customs, VAT and Income tax department has been increased in the last couple of years. Besides, capacity has been enhanced in the three very departments through automation. However, various steps have also been taken to establish good governance within NBR. As a result, hopefully, NBR will carry out their responsibilities properly in the next fiscal year.

173. Various innovative steps have been taken for the last 7 years to establish a revenue-friendly culture nationally. This year, NBR arranged partnership dialogue with the different trade bodies to establish this culture. The youth communities of the country especially the students of the universities created software like VAT Checkers' application. At the same time, three intelligence offices of NBR, namely, Central Intelligence Cell, Customs Intelligence and VAT

Intelligence are playing very active role. In addition, beside FBCCI and various trade bodies of Dhaka, NBR took the views of different divisional Chambers and trade bodies. Moreover, NBR held discussions with the Television Channel Owners Association, Newspapers Owners Association, prominent economists and professionals of the country. As a result, NBR received three thousand proposals regarding duties and taxes. This number is the record highest in recent years.

174. The tax-GDP ratio of Bangladesh is amongst the lowest in the world. At present, it is 10.3 percent of GDP. This rate is 20 to 32 percent in our neighbouring countries. Our target is very well-measured. We have determined to raise this target to 15.3 percent of GDP in the final year of our term 2018-19. To reach this goal, the most effective method will be to move away from the exemption-culture and I have already held discussions with the all Secretaries of the Government in this regard. But, the number of income taxpayers is not satisfactory. Our target is to add 3 lakh more taxpayers with the existing 12 lakh. Every year, we are trying to simplify and automate our taxation system so that the taxpayers can be inspired to pay tax without any hassle. Value Added Tax (VAT) system will completely be automated under the VAT online Project (VoP). In the case of Income Tax, the taxpayers are getting online service through e-TIN. On the other hand, Customs Department initiated to establish National Single Window (NSW) beside ASYCUDA World system. NBR is going to implement Authorized Economic Operator (AEO) system so as to ensure easier and quicker disposal of import-export activities of the traders.

175. As a Member of World Trade Organization (WTO), Bangladesh has signed Trade Facilitation Agreement (TFA). NBR has been working to implement TFA with some supports from World Bank, ADB and USAID. Once fully implemented, TFA will reduce both costs and time

of import-export businesses. The modernization programs of Customs Department have been continued to achieve the goals in these regards.

176. In line with the efforts of the previous year, taxation system has been simplified and rationalized. Administrative reforms have progressed in many ways. We are emphasizing on ensuring services for the taxpayers and various steps have taken to reduce hassle while paying taxes. The new Value Added Tax Act has been enacted in 2012 and gradually it will be implemented. The Direct Tax Act is on website and it was supposed to be enacted this year. But, we have already decided that this Act will be passed in July, 2018.

Direct Tax: Income Tax

Madam Speaker,

177. We know that direct taxation is the most ideal taxation system. It valuably contributes to wealth distribution by ensuring higher tax rates for wealthier people. Earlier direct taxes provided less than 10 percent of total NBR revenue. Now the National Board of Revenue collects around 37 percent of the total revenue from direct taxes. We are aiming to collect 50 percent of the total revenue from the direct taxes in the year 2020-2021. To this end, we identified seven policy areas for reforms in direct taxes. These are: (1) fiscal adequacy, (2) equity and fairness, (3) facilitating business and growth, (4) social responsibility, (5) increasing tax compliance and combating tax evasion, (6) adopting international best practices, and (7) simplification of tax system and increasing the effectiveness of tax laws.

178. Last year the tax-exempted income-threshold for individual tax payers was Tk. 2.50 lakh and there was an opportunity to change this threshold for various types of taxpayers. In the next year, I propose not to bring any change in these tax rates. Table 6 provides the tax rates for other than company taxpayers:

Table -6: Tax Rates for other than Companies

(a) Threshold of Total Income	
Status	Threshold of Total Income (in Tk.)
General Tax Payers	2 lakh 50 thousand
Women and senior citizen aged 65 years or above	3 lakh
Person with disability	3 lakh 75 thousand
War-wounded gazetted freedom fighters	4 lakh 25 thousand
(b) Individual Tax Rate	
Total Income	Tax rate
On first Tk. 2 lakh 50 thousand of total income	Nil
On next Tk. 4 lakh of total income	10 percent
On next Tk. 5 lakh of total income	15 percent
On next Tk. 6 lakh of total income	20 percent
On next Tk. 30 lakh of total income	25 percent
On the balance of total income	30 percent
(c) Tax Rate for cigarette, bidi, zarda, chewing tobacco, gul, or any other tobacco products manufacturers other than Companies	
Cigarette, bidi, zarda, chewing tobacco, gul or any other tobacco products manufacturers	45 percent
(d) Tax rate for non-residents (other than non-resident Bangladeshi)	
Income of non-resident	30 percent
(e) Tax Rate for registered Co-operative Society	
Income of Co-operative Society.	15 percent

179. **Minimum Tax:** Taxpayer, who has a taxable income, and belongs to any of the city corporations of Dhaka North, Dhaka South, or Chittagong is currently paying Tk. 5,000 as minimum tax. It is Tk. 4,000 for taxpayers from other city corporations. And the rest of the taxpayers in the country are paying Tk. 3,000 as minimum tax. I propose these rates to remain the same for the next year as well.

180. **Company Tax Rates:** The existing tax rate for publicly traded companies is 25 percent, and for non-publicly traded companies is 35 percent. It is a bit higher for some specific sectors. The tax rates in Bangladesh remained in a very rational level and as such I propose these rates to remain the same. Moreover, I propose to harmonize tax rates for all tobacco goods-manufacturing companies to be at the same level of tax rate of the cigarette companies which is currently 45 percent.

Table-7: Company Tax Rate

Description	Existing rates	Proposed rates
Publicly Traded Company	25 percent	25 percent
Non-Publicly Traded Company	35 percent	35 percent
Publicly traded Bank, Insurance and Financial Institution (other than Merchant Bank)/ Newly established Bank, Insurance, and Financial institutions approved by Government in 2013	40 percent	40 percent
Non-publicly traded Bank, Insurance and Financial Institution (other than Merchant Bank)	42.5 percent	42.5 percent
Merchant Bank	37.5 percent	37.5 percent
Cigarette manufacturing Company:	45 percent	45 percent
Bidi, zarda, chewing tobacco, gul or any other smokeless tobacco	25 or 35 percent	45 percent
Manufacturing Company:		
Mobile Phone Operators:		
Publicly Traded.....	40 percent	40 percent
Non-Publicly Traded.....	45 percent	45 percent
Dividend Income	20 percent	20 percent

181. **Minimum Tax for Companies and Firms:** In many cases, corporate taxpayers take advantage of loopholes in tax laws, rebate and exemptions to avoid tax. To secure a minimum tax from companies and firms, we imposed a uniform 0.30 percent tax on gross receipts of firms having yearly gross receipts of more than Tk. 50 lakhs and all companies. The rate seems not to be at appropriate level. This year, I propose separate tax rates for cigarette, bidi, zarda, chewing tobacco, gul, and other smokeless tobaccos producers at 1.0 percent, for mobile phone operators at 0.75 percent, and for all others at 0.60 percent. The concessional rate of 0.10 percent will continue for newly established manufacturing entities in the first three years.

182. Earlier the tax rates for the inferior tobacco products such as bidi, zarda, chewing tobacco, gul, other smokeless tobaccos were very low. It seems that the use of premium tobacco products has reduced gradually, while the use of low quality cigarettes has increased. Against this backdrop, and to reduce the use of bidi, zarda, chewing tobacco, gul and other smokeless tobacco products, I propose 45 percent tax rate for these products in line with tax rate applicable for cigarettes.

183. **Withholding Taxes:** I propose to rationalize rates and to introduce progressive rates in withholding taxes. At the same time, to combat tax evasion, I propose auditing of withholding tax returns and increasing its monitoring.

Equity and Fairness

184. **Surcharge:** For the last two decades, Bangladesh economy is achieving an average growth rate of above 6.0 percent. Although it has reduced the number of poor and extreme poor, income disparity remains a major concern in the society. To reduce income gap, I propose to reorganize the rates of surcharges.

Table-8: Rates of Surcharge based on Disclosed Net Wealth of Individual Tax Payers

Amount of net wealth and rate of surcharge (as percentage of income tax)	
Existing	Proposed
Net wealth up to Tk. 2 crore 25 lakh—Nil	Net wealth up to Tk. 2 crore 25 lakh—Nil
Net wealth exceeds Tk. 2 crore 25 lakh but does not exceed Tk. 10 crore—10 percent	Net wealth exceeds Tk. 2 crore 25 lakh but does not exceed Tk. 5 crore—10 percent
Net wealth exceeds Tk. 10 crore but does not exceed Tk. 20 crore—15 percent	Net wealth exceeds Tk. 5 crore but does not exceed Tk. 10 crore—15 percent
Net wealth exceeds Tk. 20 crore but does not exceed Tk. 30 crore—20 percent	Net wealth exceeds Tk. 10 crore but does not exceed Tk. 15 crore—20 percent
Net wealth exceeds Tk. 30 crore—25 percent	Net wealth exceeds Tk. 15 crore but does not exceed Tk. 20 crore—25 percent
-----	Net wealth exceeds Tk. 20 crore—30 percent

I also propose to maintain the minimum surcharge at last year's level which is Tk. 3,000 where the net wealth exceeds Tk. 2.25 Crore.

Growth and Business Facilitation

185. **Ready-Made Garments (RMG):** Ready-made garment (RMG) sector is one of the main exporting sectors of Bangladesh. This sector is making important contribution to the GDP growth and employment generation. Acknowledging this, Bangladesh Government is providing substantial tax benefits to this sector. As part of our continued support, I propose to reduce the tax rate of the RMG sector from 35 percent to 20 percent.

186. **Real Estate Sector:** Bangladesh is one of the most densely populated countries in the world. Everyday people are rushing towards the city centers to find employment or higher income. As a result, the big cities are facing the pressure of excessive population. If we can make the district level towns more attractive with planned housing and commercial establishments, it will reduce unwanted pressure on big cities. It will also reduce inter-regional disparity, and provide a space for equality in development. Moreover, we need to increase the demand for small-houses given the scarcity of land against huge population. Against this backdrop, I propose to reduce withholding tax rates for real estate sector to encourage people to buy small sized flats or apartments.

187. Other proposals to support business growth and to encourage entrepreneurship are as follows:

- a) Increase the tax-exempted turnover limit for Small and Medium Enterprises (SME) from Tk. 30 lakh to Tk. 36 lakh;
- b) Currently, if any investor of the share market gets any waiver of margin loan and its interest, the amount so waived is treated as income of the investor. We propose to exempt small investors from such income tax if the waiver benefit is up to Tk. 10 Lakhs including margin loans and its interests;
- c) Extend the Alternative Dispute Resolution (ADR) facility for the assesses who did not submit their tax returns;
- d) Increase the limit of perquisite for the employers.

Social Responsibility

188. **Special Tax Benefit for the Disabled:** The government is committed to include people with disability in the mainstream of the society. We all know that such people need both physical and mental support and special care. To support employees with disability, I propose to extend the perquisite limit for the employer of a disabled

employee to Tk. 25 lakh. Moreover, I propose medical allowances upto Tk. 10 lakh to be tax exempted for a disabled employee.

Increasing Tax Compliance and Decreasing Tax Avoidance

189. **Tax Day:** Currently, other-than-company taxpayers have to submit tax return by 30 September. However, every year NBR extends the last date of return submission upon request from the taxpayers. There are instances of extending the return submission date more than once. As a result, the taxpayers remain in a preoccupation that the tax return submission date will be extended, and they are lax to submit return in time. It is not only deferring the tax collection and assessment process, but also gradually making the rule of law ineffective. Across the world, the last date of return submission has been maintained strictly. I propose a fixed deadline for return filing which will be called 'Tax Day'. 30 October each year shall be the 'Tax Day' for all taxpayers, other than companies. If 30 October is a public holiday, the next working day will be the 'Tax Day'. We hope that the introduction of the Tax Day will bring a breakthrough in the tax compliance culture of Bangladesh.

190. The other proposals regarding tax compliance and combating tax evasion are as following:

- a) Compulsory return submission by all co-operative societies, taxpayers enjoying tax-holiday benefits, taxpayers with reduced-rate tax benefits, all shareholder directors or shareholder employees of companies, all members of the board of directors of companies and group of companies, all partners of firms, and all employees of government, non-government, semi-government and autonomous bodies with monthly basic pay of Tk. 16,000 or higher;

- b) Withdrawal of benefits of a taxpayer enjoying tax exemption or reduced tax rate for the assessment year for which the return of income was not filed.

International Best Practices

191. Due to globalization and liberalization, the economy of Bangladesh is now more open, and the cross-border transaction of goods and services along with the movement of labour force and workers has been increasing. As a result, the use of our income tax law by the non-residents is also increasing day by day. We need to upgrade our law and accommodate the international best practices into it. To this end, some important proposals are as follow:

- a) Establishing internationally recognized minimum tax system instead of final settlement of taxes;
- b) Introducing machine readable returns, forms, and certificates.

Simplification

192. **Wealth Statement to be Optional for Marginal Taxpayers:** Currently, only 12 lakh taxpayers submit their tax returns. The number should be higher in consideration of the size of population. According to current income tax law, all taxpayers need to submit wealth statements with their tax returns. As preparing a wealth statement requires additional information and efforts, marginal taxpayers often find it difficult to prepare the statement and are discouraged to submit a tax return. Against this backdrop, I propose to make the wealth statement submission optional for the taxpayers who have gross wealth not exceeding Tk. 20 lakh. This will simplify the return submission process.

193. As the economy of our country is growing, there is ample scope to get more revenue from direct taxes. Therefore, the main objective of the 2016-2017 financial year's budget is to increase revenue through

compliance rather than by enhancing the tax rates. We will undertake the following administrative reforms:

- a) **Withholding Tax Management:** In developed countries, the largest part of income tax revenue is collected through withholding taxes. In Bangladesh, on average 50 percent of the income taxes comes through deduction or collection at source. There is persistent non-compliance in withholding tax. For instance, pay-roll tax contributes only 4 to 5 percent of total withholding taxes in Bangladesh, whereas in developed countries, it is more than 30 percent. Last year I expressed to the august House that there was a plan of forming new “Tax Deduction At-source Zones”. National Board of Revenue is working on that. For a robust withholding tax management, a new Withholding Tax Unit will be established. Electronic at-source tax management system will also come into effect soon.
- b) Due to the onward march of information technology (IT), we are heading towards a new destination, where the old system is getting obsolete. A substantial part of our life has become automated due to the revolution in information technology. As a result, the traditional survey system is not providing us a good result in terms of identifying new tax payers. Many countries in the world have started online-based automated information collection system to identify new taxpayers as well as to address tax evasion. They get automatic information from the system especially regarding the big financial transactions. A modern and automated tax information unit will be formed in our country which will have connection with other online systems nationwide and collect information automatically to identify potential taxpayers and to address tax evasion.

194. Illicit financial flows have now become a much talked about global issue. The National Board of Revenue has already established a Transfer Pricing Cell to combat cross border tax evasion and avoidance. The measure seems not to be sufficient, and issue needs more attention. After proper examination, a separate unit will be established in the National Board of Revenue to address the transfer mispricing, taxation of foreign nationals, and combating money laundering.

Value Added Tax (VAT)

Madam Speaker

195. Over the years domestic Value Added Tax (VAT) has emerged as the single largest source of government revenue collected by the National Board of Revenue (NBR). Revenue collection keeps growing as expected as an outcome of several reform interventions made by our government in the last several years, positive change in the mindset of the taxpayers and officials.

196. Value Added Tax and Supplementary Duty Act, 2012 was enacted after a lot of deliberations. Under the new Act, it is important for both the manufacturers and service providers to keep proper accounts of their transaction at every stage of supply of goods and services. Unfortunately, the necessary preparation for achieving the above objective is far from satisfactory. Under the above circumstances, government has decided not to fully implement the new Act from the next financial year. Rather, government has decided to fully implement the new Act from 1st July of 2017. Our objective to implement the new Act has not changed, we will only implement the new Act after one year. The Value Added Tax and Supplementary Duty Rules, 2016 has been vetted by the Legislative and Parliamentary

Affairs Division of the Ministry of Law, Justice and Parliamentary Affairs. In addition to that, in order to implement the said Act, a project, titled VAT online Project (VoP), has already been approved by the Government. Under this project, Online Registration and Online Return submission will begin soon. Apart from that, Business Process Re-engineering has already been completed in order to make it consistent with the way the Business and Trading Community conduct their daily businesses. Massive training programs were organized to make the tax officials and taxpayers aware of the salient features of the new Act under the auspicious of the VAT online project. And this program will continue to be in place until the law is fully implemented. At the same time comprehensive campaign activities have been undertaken across the country in order to make the people at large aware of the benefits of the new Act. As a result, taxpayers would be able to get registration, file return, pay tax, get refund etc. by sitting at their offices and they will not be required to visit any VAT office. I have said it many times that the new VAT Act is one of the best piece of legislations for mobilization of internal resources. But the business community has to come forward to take the fullest benefit of this Act. They have to improve their accounting practices at different stages of transactions. When the businesses will keep their accounts properly, the taxpayers will be required to pay less amount of tax, though the collection of revenue will increase significantly because of proper recording of business transaction. I urge upon the business community to come forward and maintain proper books of accounts at every stage of their transaction and use this additional one year time to get themselves acquainted with the new system. This measure will certainly create a win-win situation for all. If the taxpayers maintain proper books of accounts, they will be required to pay less amount of

tax than before, even then the overall revenue collection will go up as all the transaction will be recorded correctly. Now I am proposing some changes for simplification of the procedures to the Value Added Tax Act, 1991 and Value Added Tax Rules, 1991 before this august Parliament for the purpose of preparing the ground for full implementation of the new Act:

- a) Under the free market economy, determination of price of any goods is absolutely a strategic business decision of the concerned manufacturer. But since the introduction of VAT system in Bangladesh in 1991 a provision has been kept in the VAT Rules requiring the taxpayers to get the price of the goods approved by the VAT authority. The new VAT & SD Act, 2012 does not contain any such provision. For this reason, in order to make the tax system consistent with the new Act, I am proposing the abolition of the present value approval system by the VAT authority. With the introduction of the new system, taxpayers would be at liberty to fix the price of the goods and pay the tax accordingly. As a result, taxpayers will not be required to visit the VAT offices for obtaining price approval, which will play a pivotal role in reducing the harassment of the taxpayers by the tax people. But if the taxpayers do not make a proper declaration of the price of their goods, the VAT Commissioners will have the authority to look into the matter and take necessary corrective measures, if any irregularities are detected.
- b) With a view to establishing equity and reducing the discretionary power of the VAT authority, it is desirable to allow the taxpayer the opportunity of being heard before cancellation or adjustment of input-tax credit taken by them. But presently,

such facilities are not available in the existing Act. Besides, under the existing Act, the VAT officials can disallow the input tax credit taken by the taxpayer. In that case, the taxpayer can prefer an appeal only to the authority senior to the officials who disallowed the input tax credit and the decision of that said appellate authority would be final. This provision in fact compels the taxpayers to move to the High Court Division for getting relief against the order given by the VAT authority. For this reason, I am proposing before this august House to incorporate provisions into the existing Act, which will significantly reduce the discretionary power of the VAT authority and ensure taxpayers opportunity of being heard before cancellation or adjustment of the input tax credit taken by them. It will protect the legitimate revenue of the Government in one hand, and on the other hand discourage the taxpayers to file writ petitions with the High Court Division.

- c) In order to reduce the unnecessary sufferings of the taxpayers and to simplify the procedure and above all to make it compatible with the new VAT and SD Act, 2012, I am proposing before this august Parliament to make provisions for having a single registration for different business units situated on different adjoining plots under single ownership. This measure will relieve the taxpayers of the requirement of having separate registration for every single units.
- d) In order to make the Alternative Dispute Resolution (ADR) mechanism popular, effective, successful and also to reduce the existing backlog of VAT related cases, it is necessary to widen the scope of ADR mechanism. For this end in view, I am proposing before this august Parliament to make changes in the

existing law for bringing cases and disputes arising out of taking benefit by making untrue statement and providing false information or document within the ambit of ADR mechanism. In addition to that, I am also proposing to extend the time limit from 10 working days to 20 working days to file application for resolving the cases through ADR. I am further proposing to reduce the time limit for disposal of the disputes through ADR from existing 60 working days to 50 working days.

- e) In order to compel the dishonest traders to pay due amount of VAT and in compliance with the decision of the Co-ordination Council and the directive of the Hon'ble Prime Minister, I am proposing to make change in the law which provides for making 50 percent payment of evaded tax or imposed penalty by the aggrieved person before preferring an appeal to the appropriate appellate authority. It is expected that it will reduce evasion of duty and protect the legitimate revenue of the Government.

Madam Speaker

197. The VAT and SD Act, 2012 provides for imposition of VAT and taking of input tax credit at every stages of the transaction. This mechanism uniformly spreads the tax burden on every single transaction and does not create unnecessary tax burden on any particular transaction. It allows the taxpayers to pay the VAT only on the value addition they make at their end. With this end in view, we need to get out of the existing exemption culture. For this reason, I am proposing to withdraw the VAT exemption from the following items:

- Hand-made loaf, bun, similar kinds of bread and cake and biscuit valuing up to Tk. 100 per kg;
- Shoes and slipper made of rubber and plastic valuing up to Tk. 120 per pair;

- Locally manufactured hard board and electric generator;
- Travel agents and meditation service;
- Fabrics woven by power loom: and
- Classified advertisement except condolence messages.

198. (a) Bangladesh is a signatory to WHO Framework Convention on Tobacco Control (FCTC). Considering the health-risk and harmful effects of tobacco products, we are committed to reduce the use of tobacco and maximize revenue collection from this sector and thus want to maintain compliance with global anti-smoking policy. For a long time, it has been a tradition on the part of the Government to fix the price limit of cigarette for the sake of revenue collection though it does not go with the spirit of the market economy. Considering this, I propose to fix the price of the lowest slab of cigarette at Tk. 23 from existing Tk. 18 and increase the supplementary duty rate to 50 percent from existing 48 percent. We are not increasing any price for the medium and high segment cigarettes which are currently at Tk. 45 and above and leaving the price fixation decision on the manufacturer. However, I am proposing to increase the supplementary duty rate of these two segments from existing 61 percent and 63 percent to 62 percent and 64 percent respectively.

(b) Bidi is more hazardous than cigarette. Once, bidi was the only source of entertainment to the rural people. Now many alternative sources of amusement have reached to the rural people due to massive economic development of the present Government. On the other hand, bidi sub-sector has been squeezed significantly. The number of workers currently engaged in this industry is also insignificant. Currently, the price of 25 sticks of non-filter and 20 sticks of filter bidi stands at Tk. 7.06 and Tk. 7.98 respectively. Due to its easy availability, large number of people smoke this product and become vulnerable to health

risk. Taking all these factors into consideration, I propose to rationalize the existing tariff value and supplementary duty of this two kinds of bidi by raising the SD rate from 25 percent and 30 percent to 30 percent and 35 percent respectively. As a result, the price of 25 sticks of non-filter and 20 sticks of filter bidi will stand at Tk. 10.61 and Tk. 12.03 respectively.

(c) Smokeless tobacco products are also equally injurious to health like bidi and cigarette. So, in order to discourage the people to reduce its consumption significantly, I am proposing to enhance the supplementary duty on these products (namely Jarda and Gul) from 60 percent to 100 percent.

(d) In FY 15-16 budget, we have significantly reduced the tax on SIM card. This has resulted in the reduction in revenue collection from mobile sectors. In order to enhance revenue collection from this sector, I am proposing to increase the rate of supplementary duty on SIM card related services from 3 percent to 5 percent.

199. In order to ensure legitimate interest of the domestic agriculture, industry, heavy industry, textile and export sector and also for the development and protection of some goods and services, I am proposing before the august Parliament the following measures:

- a) Presently, there is no VAT on Jute goods at the production and retail stage, but if any dealer or trader supplies the same goods under any tender or quotation it falls under the procurement provider services and becomes subject to VAT at the rate of 5 percent to be deducted at source by the recipient of the supply. As part of the Government's incentive package provided to the Jute sector, I am proposing to exempt this Jute goods procurement provider from the payment of VAT.
- b) Presently, natural rubber or latex is enjoying VAT exemption. In order to provide incentive to the domestically manufactured

Ribbed Smoked Sheets (RSS), I am proposing to withdraw VAT from locally produced RSS.

- c) In order to give relief to the ambulance services which carry patient and dead body, I am proposing to include ambulance services in the Second Schedule of the Act for keeping this service out of the scope of the VAT.
- d) Presently, rice huller and its parts are enjoying VAT exemption. Wheat crusher is also enjoying the same benefits but not its parts. In order to encourage the local foundry and engineering industry, I propose to withdraw the VAT from the parts of the wheat crusher.
- e) In order to give incentive to the textile sub-sector, I propose to withdraw VAT from dyeing, printing, finishing and calendering of grey fabrics.
- f) VAT incentive has been given to the domestic heavy industry for local manufacturing of Refrigerator, Freezer and Air Conditioner up to 30 June, 2016. I propose to extend this VAT exemption facility up to 30 June, 2017 as an incentive for the industry. However, this facilities will not be extended to the locally manufactured Motor cycle industry.
- g) Palm oil and soya bean oil are currently enjoying VAT exemption at the production and retail level on certain conditions and up to 30 June, 2016. With a view to keeping the price of edible oil stable and within the buying capacity of the people, I propose to allow this concession up to 30 June, 2017.
and
- h) In order to encourage the use of locally extracted natural stone in Padma bridge and other projects, I am proposing to withdraw the VAT on the natural stone extracted from Maddhapara.

Madam Speaker

200. Imposition of a single rate of VAT following uniform rule at all points of supply, namely: import, production, service rendering, wholesale and retail sale can deliver maximum benefits to the VAT system. In the past, however, for different reasons including the absence of proper accounting method of VAT, tax could not be uniformly applied and collected at the wholesale and retail points. Considering this, the small traders, wholesalers and shopkeepers who find it difficult to pay 3 percent on their annual turnover are entitled to pay Tk. 3,600, Tk. 7,200, Tk. 10,000 and Tk. 14,000, respectively depending on their turnover and locations. This amount of tax is too low, it needs to be rationalized. Considering this, I propose to increase the tax to Tk. 7,000, Tk. 14,000, Tk. 20,000 and Tk. 28,000 respectively depending on turnover and locations. The existing uniform trade VAT at the rate of 4 percent at all levels of wholesale and retail sales shall remain unchanged. However, for traders willing to pay VAT on actual value addition, a standard VAT at the rate of 15 percent would be applicable. For them input tax credit and adjustment facility on easy terms would be available.

201. Presently, 22 services are taxed on the basis of truncated value. In order to effectively implement the new Value Added Tax and Supplementary Duty Act, 2012, and to establish a standard VAT system we need to gradually move out of this truncated value system. As part of this, I am proposing to increase the net VAT rate of Garage and workshop from existing 7.5 percent to 10 percent, the net VAT rate of Dockyard from existing 7.5 percent to 10 percent, the net VAT rate of Construction services from existing 5.5 percent to 6.0 percent, the net VAT rate of Transportation of petroleum products and other transport services from existing 2.25 and 7.5 percent to 4.5 percent and 10

percent respectively. In addition to that, I am also proposing to enhance the existing net VAT rate on Immigration advisory services from existing 7.5 percent to 15 percent, the net VAT rate of rental of office space and installations services from existing 9.0 percent to 15 percent and the net VAT rate of sponsorship services from 7.5 percent to 15 percent.

202. VAT is an emerging and potential tax system for augmentation of domestic revenue for the people. There is no alternative to widen the net of VAT for achieving the target. In order to achieve these objectives, I am proposing to bring the following goods and services under the net of VAT:

- a) All the units located within the territorial jurisdiction of Dhaka (South), Dhaka (North) and Chittagong city corporation area and are engaged in manufacturing taxable goods will be mandatorily brought under the VAT regime irrespective of their turnover.
- b) Presently, there is a requirement for shops, hotels, resorts and some other units located in the district towns to use Electronic Cash Register (ECR) and point of sale (POS) system. In order to ensure that the VAT paid by the consumers are correctly deposited into the Government treasury, I am proposing to make it compulsory for the shops, hotels, resorts and other trading units to use ECR and POS located out of district town.
- c) Presently, some Products are taxed on the basis of Tariff value. In order to effectively implement the new VAT & SD Act, 2012 and to establish a standard VAT system we need to gradually move out of this tariff value system. In furtherance of the economic growth and trend of development and to realize taxes on the basis of real price, I am proposing to increase the tariff

value of some products, namely: coal, different kinds of paper and paper products, scrap/ ship scrap, CR coil, GP sheet, CI sheet, coloured CI sheet and different kinds of MS products ranging between 20-25 percent respectively.

Madam Speaker

203. If my proposals, with regard to the exemption of tax, in some cases, imposition of tax, rationalization of existing tax rates and tax bases along with other reform initiatives, are considered and adopted by this august House, I am sure, it will create a trade and taxpayers-friendly environment for all concerned including the small and medium industry, small traders, taxpayers and the consumer at large because of the aforesaid measures. I firmly believe that the collection of Value Added Tax will continue to increase for FY 2016-2017 like previous years.

Customs

Madam Speaker

204. I am now presenting the proposals on Import Duties and taxes for the consideration of this august Parliament. This year we have got more than seventeen hundred proposals from all the possible stakeholders of business and industry. Most of the proposals are intended for the appropriate protection to the domestic industries including the small and medium ones, reduction or exemption of duties and taxes on the goods essential for infrastructure and information technology and removal or rationalization of the discrepancies of the existing tariff structure.

205. While examining the proposals, the following considerations were kept in mind:

- To maintain the normal supply of the importable essential or consumable goods;

- To continue the development support provided to the agriculture, environment, physical and social infrastructure;
- To provide the competitive protection to the domestic backward and forward industries including small and medium ones;
- Without changing the duty rates significantly, the duty rates have been liberalized and rationalized in order to prevent misdeclaration and duty evasion;
- To ensure the collection of the just or legitimate revenue of government;
- Modernization of Customs management environment;
- Development of voluntary compliance culture.

206. I am now presenting to this august Parliament the proposals we have selected on the basis of the above considerations:

- A new slab of 15 percent Customs Duty has been created. As a result, now, the slabs would be 0, 1, 5, 10, 15, 25;
- Continuation of the existing duty exemptions or concessions accorded to the essential commodities including edible oil, sugar, pulse, onion, garlic etc. in the next fiscal year;
- Expansion, rationalization and continuation of the existing duty-tax incentives given to the social, physical infrastructure and information technology sectors in the next fiscal year;
- Continuation of the duty tax concessions provided to the capital goods for the encouragement of industrial investment;
- Maintenance, expansion, revision or rationalization, as the case may be, of the exemptions or concessionary facilities given to different industries for their appropriate protection;
- Rationalization of the Supplementary Duty (SD) structure through both reduction and increase, as the case may be, necessitated by consumer interests, security and the legitimate interests of the domestic industries (Table-1 of the **Annexure B**);

- As per the declaration made in the last budget, Regulatory Duty (RD) applicable to the highest dutiable goods has been proposed to be reduced to 3 percent from the existing 4 percent. In some cases, proposals of exemption or enhancement of RD have been made (Table-2 of the **Annexure B**);
- New H.S. Codes have been created to rationalize the existing tariff structure;
- Special procedures and management system have been formulated in order to prevent misuses of the duty concessions given to the importation of the industrial raw materials;
- Revision of tariff value or fixation of minimum value on the luxuries, consumables and commercial goods for the prevention of evasion/avoidance of revenue through under valuation;
- Amendments to some sections of the Customs Act, 1969 and recasting some rules and formulation of some new ones.

Madam Speaker,

207. With your kind permission, I am now presenting our proposals on import duties and taxes on different sectors.

A) Agriculture sector:

- i) In food production, we are now a surplus country. On that consideration, I am proposing to impose 25 percent Customs Duty on imported rice instead of present 10 percent Customs Duty. In order to protect and promote local production, import duties on imported rapeseed cake/soyacake applicable at 5 percent is proposed to be increased to 10 percent. Supplementary Duty at the rate of 20 percent on stabilizer for milk, used for the preparation of milk products, is proposed to be reduced to 10 percent;

- ii) For continuous and sustainable development of the poultry sector, I am proposing to continue the existing duty tax concessions to existing items along with some new items;
- iii) Most of the machines used in our agriculture are either fully exempted from Customs Duties and taxes or can be imported at concessionary rate. Some of these machines are being made locally. Because of high duties on some parts used for the manufacture of such machines, their local production cannot be competitive. On this consideration, and on certain conditions, I am proposing to reduce import duties to 1 percent on those selected parts. The above proposals on agriculture sector are annexed to Table 3 of **Annexure B**.

B) Industrial Sector: The contribution of industrial sector to our national development and growth is continually increasing. Its importance in the creation of employment is equally high. In this regard, our present development strategies are: increasing industrial investment, maximum utilization of the installed capacity of the existing industries, making export oriented industries more competitive through its diversified expansion. To nurture the new industries, we have to take necessary measures to protect them. But, we try to keep these measures to a limited scale. In the light of the said strategies, we have formulated our proposals of import duties and taxes on industrial sector. Now, I am placing those proposals to this august Parliament through you.

- i) **Export Oriented Industries:** (1) Presently, concessionary facilities are provided to fire equipment and inputs of pre-fabricated buildings for the benefit of the export oriented garments industries through two notifications. It is proposed to extend this facility to other types of export oriented industries.

(2) It is also proposed to allow capital goods benefit to cutting table to be used by export oriented garments industries (Table-4 of **Annexure B**).

- ii) **Construction Industry Sector:** As a single sector, construction sector is the biggest and most important sector in our national economy. It has been proposed to reduce taxes and duties of this sector. In some special cases, duties and taxes have been enhanced or tariff value has been proposed. Prominent among these proposals are: Boulders, Crushed stone, Ferro Alloy, Billet, Bars, Rods, Angles, Fly Ash etc. Moreover, import duties at reduced rate of 15 percent is proposed on some of the inputs chargeable to higher duties, used for locally manufacturing fire equipment and doors (Table-5 of **Annexure B**).
- iii) **Chemical Industry Sector:** For the appropriate protection of the chemical sector, reduction of duties and taxes on some inputs used by the toiletries, paper, ceramics and rubber industries on the other hand increase of the same on some of its outputs are also proposed (Table 6 of **Annexure B**). Important of the inputs on which duty tax reduction is proposed are: Petroleum jelly, paraffin wax, raw rubber, rubber process oil, glossy starch, gum resin. On the contrary, items on which duty tax increase is proposed are: talc powder, ECG and ultrasound paper, filter blocks made of pulp etc.
- iv) **Electrical Sector:** In order to help this sector to flourish more, duty reduction and revision of some of its raw materials on the other hand duty increase on some of its outputs, have been proposed. Prominent of the inputs on which duty reduction is proposed are: Urea resin, DOP, adhesive tape in rolls, fiber glass, inputs and parts of Compressor. On the other hand,

proposed duty increase items are: Lamp holder, cable connector, and busbar trunking system. Similarly, duty reduction or revision of some of the inputs used in the plastic sector is also proposed (Table 7 of **Annexure B**).

- v) **Textile Sector:** This sector has developed as a big and strong backward sector. Addressing its demand as well as to help it to move forward, duty on stripping chemical is proposed to be reduced to 15 percent from the existing 25 percent. Duty of flax fiber and spandex/elastometrics applicable now at 10 percent, is proposed to be reduced to 5 percent.
- vi) **Transport Sector:** Motor Cycle Assembling is an important sub-sector of this sector. This sub-sector can be advanced a long way through backward integration caused by progressive manufacturing. The existing 45 percent Supplementary Duty is considered as one of the barriers. On these considerations and subject to some conditions, the existing 45 percent SD is proposed for reduction to 20 percent for the next two years. At the same time to encourage local production of motor cycle with parts produced locally at progressive rates, parts imported on certain conditions are proposed to be entitled to duty tax incentives. On the same considerations, duty tax at concessionary rates on Human Hauler depending on its different production stage, are proposed. LPG Road Tanker being capital nature goods is proposed to enjoy duty concession as capital goods. Moreover, CC based concessions of Hybrid Cars are proposed for revision because of its importance as a fuel efficient and environment friendly vehicle (Table 8 of **Annexure B**).

C) Physical Infrastructure Sector: I am now placing our government's proposals of duty tax for the development of the infrastructure sector:

i) **Gas and Power Sector:** In consideration of its special importance, government in the past allowed duty tax exemptions to the capital goods, used by gas and power sector. Such exemptions are proposed for continuation in the coming fiscal year. Moreover, it is proposed to allow Customs assessment at concessionary or reduced rates of duty of stove, an input of biogas plant, air tight storage bag with zipper, biogas digester, cylinder made of plastic and glass fiber. (Table 9 of **Annexure B**).

ii) **Information Technology Sector:** For establishing digital Bangladesh, we have been providing duty tax exemptions or concessions to most of the items of the information technology sector, As a result, this technology has spread widely in the country. This duty tax exemption is proposed to continue in the next year. Moreover, duty reduction of some of the inputs used for the manufacture of SIM Cards, Scratch Cards, Credit Cards and other smart cards is proposed in order to support this sector (Table 10 of **Annexure B**).

D) Other Industrial Sector: For the development of the pharmaceutical sector, it is proposed to allow capital goods benefit to special type refrigerator, Laboratory Stability/Humidity Chamber. Withdrawal of Supplementary Duty on grease used in industries and vehicles and reduction of Customs Duty at 15 percent from the existing 25 percent on lubricant on the same considerations, are proposed. For the interest of domestic production, Customs Duty of alu/alu bottom foil is proposed to be

reduced to 15 percent. In the same manner, for the interest of the printing industry, the duty of 5 percent applicable to children picture, drawing, coloring books is proposed to be increased to 10 percent. For the development of the amusement industry, import duty above 10 percent on certain conditions on rides has been proposed to be exempted.

E) Tariff Rationalization:

- i) Besides, the proposals taken and placed in the meantime in this Parliament through you on essential consumable goods, agriculture, industry and infrastructure sectors, we have taken initiatives this year for necessary correction or rationalization of mistakes, inconsistencies, found in the existing structure of the tariff headings, H.S Code, and also in various existing notifications as pointed by different stakeholders. Accordingly, as per Table-11 of **Annexure B**, I propose for the creation of new H.S. Code where necessary, deletion of wrong one, correction of H.S. Codes and notifications where applicable and rationalization of inconsistent duty rates.
- ii) I propose to increase to 5 percent from the existing 3 percent of Customs Duty applicable to the chemicals and other inputs or raw materials importable by the textile sector under notification 178/2010 as part of tariff rationalization as because these are by nature basic raw materials and also to make it consistent with that of the equivalent leather sector.
- iii) It is proposed to impose 1 percent Customs Duty instead of the present full exemption given by notification 137/2009 on the goods imported by the Referral Hospitals for its establishment and development in consideration of its capital nature and accordingly to make it consistent with other capital goods.

iv) For increasing the efficiency and standard of Customs management and also to deliver transparent services to imports and exports, a few notifications on different issues have been recast and in applicable cases, new ones have been formulated.

208. The biggest challenge to the Customs administration and management at present as regard to collection of just revenue and also to provide legitimate protection to local industries is misdeclaration of value or under invoicing. In order to prevent it, we are taking various initiatives such as Tariff rationalization, digitalization and so on. Besides these steps, I am proposing to fix Minimum Value of importable essential, consumable and commercial goods in order to verify the basis of declared value. This step, I am optimistic, will help in reducing the tendency of misdeclaration of value in imports. Moreover, I am proposing to fix tariff value on a few items such as tea, tyre of bus, truck and so on and also to continue the existing tariff value with necessary modifications (Table-12 of **Annexure B**).

209. In order to make it more workable, amendments in some sections of the Customs Act, 1969 are proposed. Moreover, some existing rules and some new rules covering different areas of Customs functions have been formulated (Table-13 of **Annexure B**).

210. Dhaka mega city is now divided into two cities: Dhaka North and Dhaka South. This division has not been properly mentioned in my speech. Hence, wherever Dhaka is mentioned, it will mean both the cities.

Chapter X

Conclusion

Madam Speaker

211. Our ceaseless efforts bolstered by support from the people of all walks of life have kept the pace of growth and development unhindered during the last seven years. This in effect raised the level of income of the people bringing comfort to their lives. We have made remarkable progress in our journey towards development. However, we need to cover a lot more ground before we reach the cherished destination. In particular, poverty needs to be completely eradicated. At the same time, we need to ensure quality health and education for all and create employment opportunities for the growing workforce. Essential infrastructural facilities need to be created in power, energy and communication sectors. Above all, good governance has to be established in all spheres of the society.

212. We have already identified the challenges to the country's progress. Now the most important task is to put in place pragmatic programmes to meet these challenges. Especially, increased female participation in economic activities, skill development, enhanced implementation capacity and quality in investment expenditure, innovation and wider use of technology in production, diversification of export products and markets, expansion of overseas labour markets and planned urbanization are essential in this respect. At the same time, channeling resources to important sectors call for increased revenue mobilization as well as effective utilization of foreign aid. In tandem, capacity development in public administration, e-governance, modernization of land management, establishment of rule of law including people-centric local government system together will take us a long way towards building a just society.

213. The existing local government system now seems to be the main impediment to our progress. In terms of size and population, any district of this country is bigger than some countries in the world. In a such a densely populated country, it would be difficult to infuse dynamism in development initiatives to achieve ten percent GDP growth unless an enabling environment is created by devolving power. In this context, reforms in local government system is critically important. The powers and responsibilities of local government institutions need to be explicitly identified. It can be done even by retaining the power of revenue collection in the hands of central government. This calls for strong political commitment that we have. Here, I am talking about devolution of power not about decentralization. Moreover, the Father of the Nation had a cherished desire to establish district government which he could not materialize during his life time. I firmly believe that the idea of establishing a democratic district government is now quite clear. I also believe that reforms in local government system will make the transition to the district government system much easier.

Madam Speaker

214. Our people first experienced the taste of independence and political freedom under the leadership of the Father of the Nation. He was the one who laid the foundation of initial progress of this country. The journey towards progress was replete with many obstacles, however, our economy grew and has attained a stature with least volatility. We have stepped on the stairway to development. I feel this is an appropriate moment to take up a broad-based action agenda alongside strengthening the ongoing initiatives to reach a higher growth trajectory under the leadership of the Hon'ble Prime Minister. This is the right time to reap the benefits of demographic dividend from an ever-growing young population bubbling with energy. I believe, despite all odds, the unflinching support and cooperation of the people,

initiatives of the invigorated youth and above all, the prudent and visionary leadership of the Hon'ble Prime Minister will take us towards a brighter future. I would like to conclude on an optimistic note that in 2041 Bangladesh will become a role model of modern and welfare state in the comity of the world.

**JOY BANGLA
JOY BANGABANDHU
MAY BANGLADESH LIVE FOREVER**

Annexure-A**List of Tables**

Table	Title	Page
1	Progress in Some Real Sector Indicators	105
2	Original and Supplementary Budget for FY2015-16	105
3	Proposed budget structure for FY 2016-17	106
4	Annual Development Programme (Sectoral allocations)	106
5	Sectoral Allocation in Budget	107
6	Ministry/Division-wise Budget Allocation	109
7	State of Socio-economic Progress	110
8	Progress in Fiscal Sector Indicators	110
9	Progress in External Sector Indicators	111
10	Progress in Financial Sector Indicators	111

Table 1: Progress in Some Real Sector Indicators

Fiscal Year	GDP Growth (%)	Investment (As % of GDP)			Per Capita Income (US\$)	Power Generation Capacity (Megawatt)	Food Grain Production (Lakh Metric Ton)	Average Inflation
		Public	Private	Total				
2005-06	6.67	5.56	20.58	26.14	543	5245	272.7	-
2006-07	7.06	5.09	21.08	26.18	598	5202	280.6	9.4
2007-08	6.01	4.50	21.70	26.20	686	5305	352.9	12.3
2008-09	5.05	4.32	21.89	26.21	759	5719	347.1	7.6
2009-10	5.57	4.67	21.57	26.25	843	5823	358.1	6.8
2010-11	6.46	5.26	22.16	27.42	928	7264	360.7	10.9
2011-12	6.52	5.76	22.50	28.26	955	8716	368.8	8.7
2012-13	6.01	6.64	21.75	28.39	1054	9151	372.7	6.8
2013-14	6.06	6.55	22.03	28.58	1184	10416	381.7	7.4
2014-15	6.55	6.82	22.07	28.89	1317	11534	384.2	6.4
2015-16 ^p	7.05	7.60	21.78	29.38	1466	14429	390.0	6.0*

Source: Bangladesh Bureau of Statistics and Power Division, P= Provisional, *= Up to April

Table 2: Original and Supplementary Budget for 2015-16

(In crore Tk.)

Sector	Revised 2015-16	Actual up to March 2015-16	Budget 2015-16
Total Revenue	1,77,400	1,19,324	2,08,443
	(10.3)	(6.9)	(12.1)
NBR Tax	1,50,000	1,01,211	1,76,370
Non-NBR Tax	5,400	4,066	5,874
Non Tax Receipt	22,000	14,047	26,199
Total Expenditure	2,64,565	1,25,268	2,95,100
	(15.3)	(7.2)	(17.2)
Non-Development Revenue Expenditure	1,50,379	85,091	1,64,571
	(8.7)	(4.9)	(9.6)
Development Expenditure	95,908	28,964	1,02,559
	(5.5)	(1.7)	(6.0)
In which, Annual Development Programme	91,000	28,745	97,000
	(5.3)	(1.7)	(5.7)
Other Expenditure	18,278	11,213	27,970
	(1.1)	(0.6)	(1.6)
Budget Deficit	87,165	5,944	86,657
	(5.0)	(0.3)	(5.0)
Financing	87,165	5,944	86,657
External source	24,990	2,359	30,135
	(1.4)	(0.1)	(1.8)
Domestic source	62,175	3,585	56,522
	(3.6)	(0.2)	(3.3)
In which, Banking source	31,675	-5,708	38,523
	(1.8)	(0.3)	(2.2)
GDP	17,29,567^b	17,29,567^b	17,16,700^a

Source: Finance Division, figures in parenthesis indicate percent of GDP; a= nominal GDP at the time of budget preparation, b= Provisional estimate of nominal GDP

Table 3: Proposed Budget Structure for FY 2016-17

(In crore Tk.)

Sector	Budget 2016-17	Revised 2015-16	Budget 2015-16	Actual 2014-15
Total Tax Revenue	2,42,752	1,77,400	2,08,443	1,45,965
	(12.4)	(10.3)	(12.1)	(9.6)
NBR Tax	2,03,152	1,50,000	1,76,370	1,23,977
Non-NBR Tax	7,250	5,400	5,874	4,821
Non Tax Receipt	32,350	22,000	26,199	17,167
Total Expenditure	3,40,605	2,64,565	2,95,100	2,04,376
	(17.4)	(15.3)	(17.2)	(13.5)
Non-Development	1,88,966	1,50,379	1,64,571	1,18,992
Revenue Expenditure	(9.6)	(8.7)	(9.6)	(7.9)
Development	1,17,027	95,908	1,02,559	63,676
Expenditure	(6.0)	(5.5)	(6.0)	(4.2)
In which, Annual	1,10,700	91,000	97,000	60,376
Development Programme	(5.6)	(5.3)	(5.7)	(4.0)
Other Expenditure	34,612	18,278	27,970	21,708
	(1.8)	(1.1)	(1.6)	(1.4)
Budget Deficit	97,853	87,165	86,657	58,411
	(5.0)	(5.0)	(5.0)	(3.9)
Financing	97,853	87,165	86,657	58,411
External source	36,305	24,990	30,135	7,280
	(1.9)	(1.4)	(1.8)	(0.5)
Domestic source	61,548	62,175	56,522	51,131
	(3.1)	(3.6)	(3.3)	(3.4)
In which,	38,938	31,675	38,523	514
Banking source	(2.0)	(1.8)	(2.2)	(0.0)
GDP	19,61,017	17,29,567^b	17,16,700^a	15,15,802

Source: Finance Division, figures in parenthesis indicate percent of GDP; a= nominal GDP at the time of budget preparation, b= Provisional estimate of nominal GDP

Table 4: Sectoral Allocation in Annual Development Programme

(In crore Tk.)

Ministry/Division	Budget 2016-17	Revised 2015-16	Budget 2015-16	Actual 2014-15	Actual 2013-14	Actual 2012-13	Actual 2011-12
a) Human Resource							
1. Ministry of Primary and Mass Education	7,710	5,247	5,542	3,973	4,338	3,686	2,410
	(7.0)	(5.8)	(5.7)	(6.6)	(7.6)	(7.4)	(6.4)
2. Ministry of Health and Family Welfare	6,235	5,121	5,331	3,667	3,424	3,316	2,612
	(5.6)	(5.6)	(5.5)	(6.1)	(6.0)	(6.7)	(6.9)
3. Ministry of Education	6,167	4,257	4,197	4,088	3,043	2,206	1,873
	(5.6)	(4.7)	(4.3)	(6.8)	(5.3)	(4.4)	(5.0)
4. Others	7,091	4,930	6,238	4,463	3,365	2,212	1,682
	(6.4)	(5.4)	(6.4)	(7.4)	(5.9)	(4.4)	(4.5)
Sub Total	27,203	19,555	21,308	16,191	14,170	11,420	8,577
	(24.6)	(21.5)	(22.0)	(26.8)	(24.9)	(22.9)	(22.7)
b) Agriculture & Rural Development							
5. Local Government Division	18,548	16,736	16,650	13,482	10,978	10,735	8,000
	(16.8)	(18.4)	(17.2)	(22.3)	(19.3)	(21.5)	(21.2)
6. Ministry of Water Resource	3,759	2,861	3,062	2,061	1,998	1,782	1,442
	(3.4)	(3.1)	(3.2)	(3.4)	(3.5)	(3.6)	(3.8)
7. Ministry of Agriculture	1,841	1,811	1,824	1,406	1,282	1,111	997
	(1.7)	(2.0)	(1.9)	(2.3)	(2.2)	(2.2)	(2.6)

Ministry/Division	Budget 2016-17	Revised 2015-16	Budget 2015-16	Actual 2014-15	Actual 2013-14	Actual 2012-13	Actual 2011-12
8. Others	2,946 (2.7)	2,793 (3.1)	2,985 (3.1)	2,581 (4.3)	2,309 (4.0)	1,994 (4.0)	1,874 (5.0)
Sub Total	27,094 (24.5)	24,201 (26.6)	24,521 (25.3)	19,530 (32.3)	16,567 (29.1)	15,622 (31.3)	12,313 (32.6)
c) Power and Energy							
9. Power Division	13,040 (11.8)	15,476 (17.0)	16,485 (17.0)	4,693 (7.8)	8,348 (14.6)	8,840 (17.7)	7,248 (19.2)
10. Energy and Mineral Resource	1,911 (1.7)	1,068 (1.2)	1,994 (2.1)	1,151 (1.9)	1,881 (3.3)	1,295 (2.6)	679 (1.8)
Sub Total	14,951 (13.5)	16,544 (18.2)	18,479 (19.1)	5,844 (9.7)	10,229 (17.9)	10,135 (20.3)	7,927 (21.0)
d) Transport and Communication							
11. Ministry of Railways	9,115 (8.2)	4,630 (5.1)	5,650 (5.8)	3,158 (5.2)	2,904 (5.1)	2,993 (6.0)	0 0.0
12. Road Transport and Highways Division	8,161 (7.4)	6,349 (7.0)	5,675 (5.9)	4,077 (6.8)	3,682 (6.5)	3,605 (7.2)	4,475 (11.9)
13. Bridge Division	9,258 (8.4)	6,253 (6.9)	8,921 (9.2)	5,299 (8.8)	3,297 (5.8)	785 (1.6)	418 (1.1)
14 Others	2,020 (1.8)	1,852 (2.0)	1,413 (1.5)	757 (1.3)	850 (1.5)	532 (1.1)	285 (0.8)
Sub Total	28,554 (25.8)	19,084 (21.0)	21,659 (22.3)	13,291 (22.0)	10,733 (18.8)	7,915 (15.9)	5,178 (13.7)
Total	97,802 (88.3)	79,384 (87.2)	85,967 (88.6)	54,856 (90.9)	51,699 (90.7)	45,092 (90.4)	33,995 (90.1)
15. Others	12,898 (11.6)	11,616 (12.8)	11,033 (11.4)	5,517 (9.1)	5,321 (9.3)	4,762 (9.6)	3,737 (9.9)
Total ADP	110,700^a	91,000^b	97,000	60,373	57,020	49,854	37,732

Figures in parentheses are shown in percent of total ADP allocation; ^a including ECA loan of Tk. 3,000 crore of power sector, Tk. 12,646 crore will be contributed from autonomous bodies own fund, as a result, total size of ADP will be Tk. 1,23,346 crore; ^b Tk. 2,895 crore will be contributed to revised budget from autonomous bodies own fund, as a result the size of the revised ADP will stand at Tk. 93,895 crore; Source: Finance Division.

Table 5: Sectoral Allocation in the Budget

(In crore Tk)

Ministry/Division	Budget 2016-17	Revised 2015-16	Budget 2015-16	Actual 2014-15	Actual 2013-14	Actual 2012-13	Actual 2011-12
(a) Social Infrastructure	96,365 (28.29)	76,267 (28.83)	69,182 (23.44)	55,832 (27.32)	52,756 (26.56)	42,985 (24.64)	38,685 (25.34)
Human Development							
1. Ministry of Education	26,847 (7.88)	20,259 (7.66)	17,103 (5.80)	16,125 (7.89)	14,841 (7.47)	11,334 (6.50)	10,585 (6.93)
2. Ministry of Primary and Mass Education	22,162 (6.51)	16,847 (6.37)	14,501 (4.91)	11,875 (5.81)	11,422 (5.75)	9,417 (5.40)	8,159 (5.34)
3. Ministry of Health and Family Welfare	17,487 (5.13)	14,811 (5.60)	12,695 (4.30)	10,416 (5.10)	9,754 (4.91)	8,549 (4.90)	7,667 (5.02)
4. Others	19,422 (5.70)	15,080 (5.70)	15,772 (5.34)	11,917 (5.83)	9,639 (4.85)	7,634 (4.38)	6,870 (4.50)
Sub Total	85,918 (25.23)	66,997 (25.32)	60,071 (20.36)	50,333 (24.63)	45,656 (22.99)	36,934 (21.17)	33,281 (21.80)
Food and Social Safety							
5. Ministry of Food	2,442 (0.72)	1,500 (0.57)	1,671 (0.57)	743 (0.36)	924 (0.47)	814 (0.47)	1,122 (0.73)

Ministry/Division	Budget 2016-17	Revised 2015-16	Budget 2015-16	Actual 2014-15	Actual 2013-14	Actual 2012-13	Actual 2011-12
6. Ministry of Disaster Management	8,005 (2.35)	7,770 (2.94)	7,440 (2.52)	4,756 (2.33)	6,176 (3.11)	5,237 (3.00)	4,282 (2.80)
Sub Total	10,447 (3.07)	9,270 (3.50)	9,111 (3.09)	5,499 (2.69)	7,100 (3.57)	6,051 (3.47)	5,404 (3.54)
(b) Physical infrastructure	1,01,292 (29.74)	86,767 (32.80)	90,422 (30.64)	60,799 (29.75)	60,863 (30.64)	59,398 (34.05)	44,543 (29.18)
Agriculture and Rural Development							
7. Ministry of Agriculture	13,675 (4.01)	11,139 (4.21)	12,699 (4.30)	10,345 (5.06)	12,230 (6.16)	14,822 (8.50)	9,764 (6.40)
8. Ministry of Water Resources	4,713 (1.38)	3,791 (1.43)	3,886 (1.32)	2,843 (1.39)	2,743 (1.38)	2,508 (1.44)	2,134 (1.40)
9. Local Government Division	21,322 (6.26)	19,217 (7.26)	18,868 (6.39)	15,561 (7.61)	12,900 (6.49)	12,673 (7.26)	9,459 (6.20)
10. Others	6,536 (1.92)	5,820 (2.20)	5,523 (1.87)	5,009 (2.45)	4,671 (2.35)	4,244 (2.43)	4,391 (2.88)
Sub Total	46,246 (13.58)	39,967 (15.11)	40,976 (13.89)	33,758 (16.52)	32,544 (16.38)	34,247 (19.63)	25,748 (16.87)
Power and Energy	15,036 (4.41)	16,614 (6.28)	18,541 (6.28)	5,893 (2.88)	10,266 (5.17)	10,281 (5.89)	7,969 (5.22)
Transport and Communication							
11. Road Transport and Highways Division	10,910 (3.20)	8,815 (3.33)	7,911 (2.68)	6,223 (3.04)	5,631 (2.84)	5,368 (3.08)	7,278 (4.77)
12. Ministry of Railways	11,950 (3.51)	7,261 (2.74)	7,717 (2.62)	4,969 (2.43)	4,592 (2.31)	4,557 (2.61)	1 (0.00)
13. Bridges Division	9,289 (2.73)	6,285 (2.38)	8,953 (3.03)	5,299 (2.59)	3,297 (1.66)	785 (0.45)	418 (0.27)
14. Other	2,603 (0.76)	2,316 (0.88)	1,748 (0.59)	1,036 (0.51)	1,117 (0.56)	797 (0.46)	559 (0.37)
Sub Total	34,752 (10.20)	24,677 (9.33)	26,329 (8.92)	17,527 (8.58)	14,637 (7.37)	11,507 (6.60)	8,256 (5.41)
15. Other sector	5,258 (1.54)	6,009 (2.27)	4,576 (1.55)	3,621 (1.77)	3,416 (1.72)	3,363 (1.93)	2,570 (1.68)
C) General Services	83,508 (24.52)	58,110 (21.96)	82,559 (27.98)	39,119 (19.14)	39,929 (20.10)	27,394 (15.70)	27,116 (17.76)
Public Order and Safety	21,062 (6.18)	17,419 (6.58)	13,630 (4.62)	13,158 (6.44)	12,347 (6.22)	9,655 (5.53)	8,737 (5.72)
16. Others	62,446 (18.33)	40,691 (15.38)	68,929 (23.36)	25,961 (12.70)	27,582 (13.89)	17,739 (10.17)	18,379 (12.04)
Total	2,81,165 (82.55)	2,21,144 (83.59)	2,42,163 (82.06)	1,55,750 (76.21)	1,53,548 (77.31)	1,29,777 (74.39)	1,10,344 (72.28)
(d) Interest Payments	39,951 (11.73)	31,669 (11.97)	35,109 (11.90)	30,973 (15.15)	30,987 (15.60)	23,915 (13.71)	20,351 (13.33)
(e) PPP Subsidy and Liability	7,509 (2.20)	4,159 (1.57)	6,509 (2.21)	4,132 (2.02)	4,001 (2.01)	2,427 (1.39)	5,211 (3.41)
(f) Net Lending and Other Expenditure	11,981 (3.52)	7,593 (2.87)	11,321 (3.84)	13,525 (6.62)	10,085 (5.08)	18,329 (10.51)	16,758 (10.98)
Total Budget	3,40,606	2,64,565	2,95,102	2,04,380	1,98,621	1,74,448	1,52,664

Source: Finance Division. Figures in parentheses are expressed as percentage of total budget.

Table 6: Ministry/Division-wise Budget Allocation

(In crore Tk.)

Ministry/Division	Budget 2016-17	Revised 2015-16	Budget 2015-16
President's Office	20	20	16
National Parliament	295	243	203
Prime Minister's Office	1,322	1,445	802
Cabinet Division	97	65	50
Election Commission Secretariat	1,291	1,499	1,486
Ministry of Public Administration	2,078	1,766	1,498
Public Service Commission	47	39	34
Finance Division	84,133	49,342	91,446
Finance Division - Office of the Comptroller and Auditor General of Bangladesh	232	205	162
Internal Resources Division	2,301	1,940	1,800
Bank and Financial Institutions Division	2,529	1,162	924
Economic Relations Division	1,933	1,837	1,839
Planning Division	1,411	1,361	1,087
Implementation Monitoring & Evaluation Division	162	130	139
Statistics and Informatics Division	500	302	393
Ministry of Commerce	552	406	359
Ministry of Foreign Affairs	1,087	878	902
Ministry of Defense	22,115	20,683	18,377
Armed Forces Division	29	26	21
Law and Justice Division	1,520	1,222	1,045
Ministry of Home Affairs	19,282	15,977	12,400
Legislative and Parliamentary Affairs Division	23	23	21
Ministry of Primary and Mass Education	22,160	16,845	14,502
Ministry of Education	26,855	20,266	17,112
Ministry of Science and Technology	2,070	1,151	1,550
Ministry of Health and Family Welfare	17,516	14,840	12,725
Information & Communication Technology Division	1,835	1,070	1,213
Ministry of Social Welfare	4,273	3,315	3,257
Ministry of Women and Children Affairs	2,151	1,761	1,679
Ministry of Labour & Employment	307	286	302
Ministry of Housing and Public Works	3,123	3,939	2,921
Ministry of Information	839	700	658
Ministry of Cultural Affairs	421	377	365
Ministry of Religious Affairs	524	494	428
Ministry of Youth and Sports	922	808	835
Local Government Division	21,326	19,221	18,872
Rural Development and Co-operatives Division	1,377	1,469	1,351
Ministry of Industries	1,713	1,289	1,372
Ministry of Textiles and Jute	685	758	284
Energy and Mineral Resources Division	1,973	1,120	2,037
Ministry of Agriculture	13,678	11,142	12,703
Ministry of Fisheries and Livestock	1,802	1,547	1,489
Ministry of Environment and Forest	1,033	984	1,020
Ministry of Land	1,486	1,041	885
Ministry of Water Resources	4,713	3,792	3,886
Ministry of Food	1,849	1,702	1,899
Ministry of Disaster Management and Relief	8,005	7,771	7,440
Road Transport and Highways Division	10,911	8,816	7,912
Ministry of Railways	11,975	7,289	7,751
Ministry of Shipping	2,055	2,026	1,376

Ministry/Division	Budget 2016-17	Revised 2015-16	Budget 2015-16
Ministry of Civil Aviation and Tourism	549	290	372
Posts and Telecommunications Division	2,512	2,118	2,371
Ministry of Chittagong Hill Tracts Affairs	839	779	779
Power Division	13,063	15,494	16,504
Supreme Court	155	135	112
Ministry of Liberation War Affairs	3,012	2,531	2,679
Ministry of Expatriates Welfare and Overseas Employment	560	471	439
Anti Corruption Commission	91	74	63
Bridges Division	9,289	6,285	8,953
Total	3,40,605	2,64,565	2,95,100

Table 7: State of Socio-economic Progress

Year	Life Expectancy (Year)	Population Growth Rate	Poverty Rate (%)	Extreme Poverty Rate (%)	Literacy Rate (%)	Infant Mortality Rate (per thousand live birth)
2006	65.4	1.49	38.4	24.2	52.3	45.0
2007	66.6	1.47	36.08	22.6	53.3	43.0
2008	66.8	1.45	35.1	20.98	54.4	41.0
2009	67.2	1.36	33.4	19.3	55.5	39.0
2010	67.7	1.36	31.5	17.6	56.5	36.0
2011	69.0	1.37	29.9	16.5	57.7	35.0
2012	69.4	1.36	28.5	15.4	58.8	33.0
2013	70.4	1.37	27.2	14.6	59.7*	31.0
2014	70.7	1.37	26.0	13.8	60.9*	30.0
2015	70.7	1.37	24.8	12.9	62.1*	-
2016	-	1.27	23.6	12.1	63.2*	-

Source: Bangladesh Bureau of Statistics, General Economic Division * Projection following trend

Table 8: Progress in Fiscal Sector Indicators

(In crore Tk.)

Fiscal Year	Total Revenue	NBR	Non-NBR	Non-Tax Revenue	Total Expenditure	ADP
2005-06	42,566 (8.8)	32,446 (6.7)	1,526 (0.3)	8,594 (1.8)	59,536 (12.3)	19,633 (4.1)
2006-07	48,541 (8.8)	36,177 (6.6)	1,854 (0.3)	10,510 (1.9)	64,050 (11.7)	18,042 (3.3)
2007-08	59,469 (9.5)	45,819 (7.3)	2,313 (0.4)	11,337 (1.8)	90,696 (14.3)	18,547 (3.0)
2008-09	64,568 (9.2)	50,216 (7.1)	2,653 (0.4)	11,699 (1.7)	89,316 (12.7)	19,438 (2.8)
2009-10	75,905 (9.5)	59,742 (7.5)	2,743 (0.3)	13,420 (1.7)	1,01,521 (12.7)	25,553 (3.2)
2010-11	92,993 (10.2)	76,225 (8.3)	3,323 (0.4)	13,445 (1.5)	1,28,284 (14.0)	33,283 (3.6)
2011-12	1,14,675 (10.9)	91,595 (8.7)	3,633 (0.3)	19,447 (1.8)	1,52,453 (14.5)	37,533 (3.6)
2012-13	1,28,849 (10.8)	1,03,332 (8.6)	4,121 (0.3)	21,396 (1.8)	1,75,644 (14.7)	49,473 (4.1)
2013-14	1,41,083 (10.5)	1,11,423 (8.3)	4,609 (0.3)	25,051 (1.9)	1,89,077 (14.1)	55,134 (4.1)

Fiscal Year	Total Revenue	NBR	Non-NBR	Non-Tax Revenue	Total Expenditure	ADP
2014-15	1,45,966 (9.6)	1,23,977 (8.2)	4,821 (0.3)	17,168 (1.1)	2,04,383 (13.5)	60,377 (4.0)
2015-16 ^O	2,08,443 (12.1)	1,76,370 (10.2)	5,874 (0.3)	26,199 (1.5)	2,95,100 (17.1)	97,000 (5.6)
2015-16 ^R	1,77,400 (10.3)	1,50,000 (8.7)	5,400 (0.3)	22,000 (1.3)	2,64,565 (15.3)	91,000 (5.3)

Source: Finance Division, figures in parenthesis indicate percent of GDP; 'O' stands for Original Budget; 'R' stands for Supplementary Budget

Table 9: Progress in External Sector Indicators

Fiscal Year	Export (Billion US\$)	Import (Billion US\$)	Remittance (Billion US\$)	Gross Foreign Exchange Reserve	Current Account Balance (% GDP)	Exchange Rate (BDT/US\$)
2005-06	10.5	14.8	4.8	3.5	1.1	67.2
2006-07	12.2	17.2	6.0	5.1	1.2	69.1
2007-08	14.1	21.6	7.9	6.1	0.8	68.6
2008-09	15.6	22.5	9.7	7.5	2.4	68.8
2009-10	16.2	23.7	11.0	10.7	3.2	69.2
2010-11	22.9	33.7	11.7	10.9	-1.3	71.2
2011-12	24.3	35.5	12.8	10.4	-0.3	81.9
2012-13	27.0	34.1	14.5	15.3	2.0	77.8
2013-14	30.2	40.7	14.2	21.5	1.0	77.7
2014-15	31.2	40.6	15.3	25.0	0.4	77.7
2015-16	27.6 ^a	31.3 ^b	12.3 ^a	28.4 ^c	1.2 ^b	78.4 ^c

Source: Bangladesh Bank, ^aApril, ^bMarch, ^cMay 11, 2016.

Table 10: Progress in Financial Sector Indicators

Fiscal Year	Branch Of Bank	Financial Deepening (M2/GDP)	Broad Money (M2) Growth (%)	Private Sector Credit Disbursements (In thousand crore Tk.)	Agricultural loan Disbursement (In thousand crore Tk.)	Industrial loan Disbursement (In thousand crore Tk.)	Interest rate on loans (Weighted average)	Interest Rate Spread
2005-06	6,425	37.5	19.3	132.3	5.5	9.7	12.06	5.38
2006-07	6,596	38.5	17.1	152.2	5.3	12.4	12.78	5.93
2007-08	6,747	39.6	17.6	190.1	8.6	20.2	12.29	5.34
2008-09	6,936	42.1	19.2	217.9	9.3	20.0	11.87	4.86
2009-10	7,246	45.5	22.4	270.8	11.1	25.0	11.31	5.30
2010-11	7,712	48.1	21.3	340.7	12.2	32.2	12.42	5.15
2011-12	8,059	49.0	17.4	407.9	13.2	35.3	13.75	5.60
2012-13	8,427	50.3	16.7	452.2	14.7	42.5	13.67	5.13
2013-14	8,794	52.1	16.1	507.6	16.0	42.3	13.10	5.31
2014-15	9,131	52.0	12.4	574.6	16.0	59.8	11.67	4.87
2015-16	9,410 ^a	49.3 ^a	13.6 ^b	636.4 ^a	12.8 ^a	30.5 ^c	10.78 ^a	4.86 ^a

Source: Bangladesh Bank; ^a Till March, ^b Till March, annually, ^c Till December

Annexure-B**List of Tables**

Table	Title	Page
1	Reduction, Increase, and Imposition of Supplementary duty at import stage	112
2	(a) Goods attracting 25% of customs duty, exempted from Regulatory Duty (RD) (b) Regulatory Duty(RD) to be imposed on goods attracting less than 25% of customs duty (effective from 2 June, 2016)	113
3	Agriculture Sector	114
4	(a) Concession of duty and taxes on firefighting equipments: (b) Concession of duty and taxes on pre-fabricated building materials:	115
5	Construction Sector	116
6	Chemical Sector	116
7	Electrical Sector	116
8	Transport Sector	117
9	Gas & Electricity Sector	117
10	Information Technology (IT) sector	118
11	Rationalization of Tariff	118
12	Tariff Value and Minimum Value	126
13	Amendment of Customs Act, 1969	126

Table-1**Reduction, Increase, and Imposition of Supplementary duty at import stage****(a) Goods of which Supplementary Duty (SD) has been reduced**

Sl. No.	H.S.Code	Description of goods	Existing Rate(%)	Proposed Rate (%)
(1)	(2)	(3)	(4)	(5)
1	2106.90.49	Stabilizer for milk imported by other	20	10
2	2106.90.50	Coffee mate in bulk imported by VAT registered milk foodstuffs manufacturers	20	10
3	2710.19.34	Greases (mineral)	10	0
4	2917.32.90	Dioctyl orthophthalates (DOP)	20	10
5	3917.29.91	Fibre glass imported by VAT registered electric fan manufacturers	30	0
6	3919.10.00	Selfadhesive plates, sheets, film, foil, tape, strip and other flat shapes, of plastics, In rolls of a width not exceeding 20 cm	10	0
7	3919.90.30	Scratch off label imported by VAT registered SIM card or Smart card manufacturing industry	10	0
8	3919.90.91	Re-seal tape imported by VAT registered sanitary napkin manufacturers	10	0
9	3921.90.92	PVC coated magstrip imported by VAT registered SIM card or Smart card manufacturing industry	20	0
10	8301.40.10	Lever lock, Mortice lock imported by VAT registered manufacturers	20	0
11	8415.83.30	Stability/Humidity chamber imported by pharmaceutical industries	30	0
12	8418.69.94	Mortuary imported VAT registered hospital	30	0
13	8418.69.95	Special type laboratory refrigerator imported by pharmaceutical industries	30	0
14	9405.92.10	LED lamp parts imported by VAT registered LED lamp manufacturing industry	45	0

(b) Goods on which SD has been increased/imposed

Sl. No.	H.S. Code	Description of goods	Existing Rate(%)	Proposed Rate (%)
(1)	(2)	(3)	(4)	(5)
1	2402.90.00	Biri made by hands or non-mechanical method and other	100	150
2	Heading 24.03 All H.S.Codes	Other manufactured tobacco and manufactured tobacco substitutes; "homogenised" or "reconstituted" tobacco extracts and essences.	100	150
3	2516.90.10	Boulder stone	0	10
4	2517.10.90	Broken or crushed stone	20	30
5	3307.90.00	Other perfumery	20	30
6	Heading 72.13 All H.S.Codes (excluding 7213.91.10)	Bars and rods, hotrolled, in irregularly wound coils, of iron or non-alloy steel.	0	45

Sl. No.	H.S. Code	Description of goods	Existing Rate(%)	Proposed Rate (%)
(1)	(2)	(3)	(4)	(5)
7	Heading 72.14 All H.S.Codes (excluding 7214.91.10)	Other bars and rods of iron or non-alloy steel, not further worked than forged, hotrolled, hotdrawn or hotextruded, but including those twisted after rolling.	0	45
8	Heading 72.15 All H.S.Codes	Other bars and rods of iron or non-alloy steel. Of freecutting steel, not further worked than cold-formed or cold-finished	0	45
9	Heading 72.16 All H.S.Codes	Angles, shapes and sections of iron or non-alloy steel.	0	20
10	8536.61.00	Lampholders	0	10
11	8536.70.00	Connectors for optical fibres, optical fibre bundles or cables	0	10
12	8536.90.00	Other apparatus	0	10

Table-2

(a) Goods attracting 25 percent of customs duty, exempted from Regulatory Duty (RD)

Sl. No.	H.S. Code	Description of goods
(1)	(2)	(3)
1	1513.29.00	Palm kernel or babassu oil and fractions thereof (excl. crude)
2	1901.90.91	Malt extract; food preparations imported in bulk by VAT registered food processing industries
3	3919.90.20	Performance Tape/Closure/Side Tape
4	4010.31.00	Endless transmission belts of trapezoidal crosssection (Vbelts), Vribbed, of an outside circumference exceeding 60 cm but not exceeding 180 cm
5	4010.32.00	Endless transmission belts of trapezoidal crosssection (Vbelts), other than Vribbed, of an outside circumference exceeding 60 cm but not exceeding 180 cm
6	4010.33.00	Endless transmission belts of trapezoidal crosssection (Vbelts), Vribbed, of an outside circumference exceeding 180 cm but not exceeding 240 cm
7	4010.34.00	Endless transmission belts of trapezoidal crosssection (Vbelts), other than Vribbed, of an outside circumference exceeding 180 cm but not exceeding 240 cm
8	4803.00.00	Tissue in jumbo roll
9	4823.90.94	Air laid paper imported by VAT registered sanitary napkin manufacturers
10	5603.12.10	Textile back sheet/Non oven air through Bonded (ADL)
11	7213.91.20	Wire rod imported by VAT registered bicycle parts/ components manufacturers
12	7318.15.90	Other screws and bolts, whether or not with their nuts or washers
13	7318.16.00	Nuts
14	7610.90.10	Aluminium composite panel
15	8516.79.10	Vaporizer heating machine
16	8523.21.00	Cards incorporating a magnetic stripe
17	9602.00.10	Gelatin capsules (empty)

(b) Regulatory Duty (RD) to be imposed on goods attracting less than 25 percent of customs duty (effective from 2 June, 2016)

Sl. No.	H.S. Code	Description of goods	RD Rate (%)
(1)	(2)	(3)	(4)
1	7202.11.00	Ferromanganese: Containing by weight more than 2 percent of carbon	15
2	7202.21.00	Ferrosilicon Containing by weight more than 55 percent of silicon	15
3	7202.30.00	Ferrosilicomanganese	15
4	Heading 72.07 (All H.S. Codes)	Semi-finished products of iron or non-alloy steel.	20
5	Heading 72.13 (All H.S. Codes, excluding 7213.91.10)	Bars and rods, hotrolled, in irregularly wound coils, of iron or nonalloy steel.	3
6	Heading 72.14 (All H.S. Codes, excluding 7214.91.10)	Other bars and rods of iron or non-alloy steel, not further worked than forged, hotrolled, hotdrawn or hotextruded, but including those twisted after rolling.	3
7	Heading 72.15 (All H.S. Codes)	Other bars and rods of iron or non-alloy steel. Of freecutting steel, not further worked than cold-formed or coldfinished	3
8	Heading 72.16 (All H.S. Codes)	Angles, shapes and sections of iron or non-alloy steel.	3
9	Heading 72.24 (All H.S. Codes)	Other alloy steel in ingots or other primary forms; semi-finished products of other alloy steel.	20
10	7411.10.00	Refined copper tubes	3

Table-3

Agriculture Sector

(a) Reduction/increase of customs duty on some agro products

Sl. No.	Description of goods	Existing Rate	Proposed Rate
(1)	(2)	(3)	(4)
1	Rice	CD-10 percent, RD-10 percent	CD-25 percent
2	Rape seeds/Soya cake	CD-5 percent	CD-10 percent
3	Stabilizer for milk	SD-20 percent	SD-10 percent

(b) Concession of duty and taxes on poultry and dairy food

Sl. No.	H.S. Code	Description of goods	Existing Rate (%)	Proposed S.R.O Rate (%)
(1)	(2)	(3)	(4)	(5)
1	2914.23.00	Ionones and methylionones	10	0
2	2925.29.00	L-Arginine	5	0
3	3203.00.00	Colouring matter of vegetable or animal origin (including dyeing extrafcts but excluding animal black), whether or not chemically defined; preparations as specified in note 3 to this chapter based on colouring matter of vegetable or animal origin	5	0
4	3507.10.00	Rennet and concentrates thereof	10	0
5	3823.13.00	Tall oil fatty acides	10	0

(c) Concession of duty and taxes on parts of agricultural machineries

Heading No.	H.S.Code	Description of goods
(1)	(2)	(3)
40.09	4009.11.00	Tubes, pipes and hoses without fittings
	4009.42.00	Tubes, pipes and hoses with fitting
40.10	4010.32.00	Endless transmission belts
73.18	7318.15.90	Others screw and bolts
	7318.16.00	Nuts
73.20	7320.20.00	Helical springs
83.01	8301.20.90	Locks of a kind used for motor vehicles
84.08	8408.90.90	Other engine
84.09	8409.99.10	Spare parts of diesel engine
84.82	8482.10.00	Ball bearings
84.87	8487.90.00	Machinery parts
87.08	8708.30.00	Brakes & servo brakes and parts thereof
	8708.40.00	Gear boxes and parts thereof
	8708.93.00	Clutches & parts thereof

Table-4

(a) Concession of duty and taxes on fire fighting equipments/inputs

Heading	H.S. Code	Description of goods
(1)	(2)	(3)
73.08	7308.30.00	Fire Resistant Door
84.24	8424.20.30	Sprinkler system and equipments
85.28	8528.69.00	Video conference device
85.31	8531.20.00	Indicator panels incorporating liquid crystal devices (LCD) or light emitting diodes (LED)
94.03	9403.20.30	Cutting table of a kind used with cutting machine
	9403.60.20	
94.05	9405.40.42	LED lamps, bulbs and tubes without fittings.
	9405.40.90	Emergency light with Exit sign and double heads

(b) Concession of duty and taxes on pre-fabricated building materials

Heading	H.S. Code	Description of goods
(1)	(2)	(3)
72.08	7208.26.10	Hot rolled iron or non alloy steel
	7208.27.10	
	7208.51.10	
	7208.52.10	
72.10	7210.61.10	Flat rolled products of iron or non-alloy steel
	7210.61.20	
	7210.61.90	
	7210.70.10	
	7210.70.20	
72.16	7216.32.00	I-sections
	7216.33.00	H-sections
73.18	7318.14.10	Self-tapping screws
	7318.15.90	Bolts
76.07	7607.20.10	Aluminium insulation

Table-5

Construction Sector
Reduction/increase of customs duty on construction materials

Sl. No.	Description of goods	Existing Rate	Proposed Rate
(1)	(2)	(3)	(4)
1	Boulder stone	CD-25 percent, VAT-15 percent	CD-5 percent, SD-10 percent, VAT-15 percent
2	Broken or crushed stone	CD-25 percent, SD-20 percent, VAT-15 percent	CD-5 percent, SD-30 percent, VAT-15 percent
3	Ferro alloy	RD-25 percent	RD-15 percent
4	Billet	Specific duty BDT 7000/MT, VAT-0 percent	Tariff Value \$ 400/MT, CD-0 percent, RD-20 percent, VAT-15 percent
5	Bar & Rod	CD-10 percent, 25 percent, RD-4 percent, VAT-15 percent	Tariff Value \$ 400/MT, CD-5 percent, RD-20 percent, SD-20 percent, VAT-15 percent
6	Angle	CD-10 percent, 25 percent, RD-4 percent, VAT-15 percent	CD-5 percent, SD-20 percent, VAT-15 percent
7	Fly ash	CD-10 percent	CD-5 percent

Table-6

Chemical Sector
Reduction/increase of customs duty on some inputs

Sl. No.	Description of goods	Existing Rate	Proposed Rate
(1)	(2)	(3)	(4)
1	Petroleum Jelly	CD-25 percent	CD-15 percent
2	Paraffin Wax	CD-25 percent	CD-15 percent
3	Smoked sheet of rubber for VAT registered tyre tube manufacturers	CD-10 percent	CD-5 percent
4	Rubber process oil	CD-10 percent	CD-5 percent
5	Glossy Starch	CD-25 percent	CD-15 percent
6	Gum rosin	CD-25 percent	CD-15 percent
7	Talcum Powder	CD-5 percent	CD-10 percent
8	ECG and ultrasonogram recording paper	CD-5 percent	CD-10 percent
9	Filter blocks, slabs and plates, of paper pulp	CD-1 percent	CD-10 percent

Table-7**Electrical Sector**

Reduction/increase of customs duty & taxes on inputs for electrical goods

Sl. No.	Description of goods	Existing Rate	Proposed Rate
(1)	(2)	(3)	(4)
1	Urea resin	CD-25 percent	CD-15 percent
2	DOP	SD-20 percent	SD-10 percent
3	Adhesive tape in rolls exceeding 20 cm imported by VAT registered Manufactures	CD-25 percent	CD-15 percent
4	Adhesive tape in rolls not exceeding 20 cm	SD-10 percent	SD-0 percent
5	Fibre Glass	SD-30 percent	SD-0 percent

Sl. No.	Description of goods	Existing Rate	Proposed Rate
(1)	(2)	(3)	(4)
6	Parts of compressor, HR Steel Sheet, PTC Relay, Motor Protector Ges Compressor Oil	CD-10 percent, 25 percent	CD-5 percent
7	Lamp holder, Connector	SD-0 percent	SD-10 percent
8	Busbar trunking system imported by Commercial importer	CD-5 percent	CD-10 percent

Table-8

Transport Sector

(a) **Motorcycle:** An S.R.O has been issued giving concession to manufacturers/progressive manufacturers of motorcycle on importation of parts under year-wise manufacturing plan.

(b) **Human hauler:** At present 25 percent customs duty and 30 percent supplementary duty are applicable on human hauler. As there is no specific H.S.Code for the vehicle, a new H.S.Code for human hauler has been created. Moreover, concession has been given by an S.R.O. for incomplete human hauler importation.

(c) **Hybrid motor vehicle:** At present hybrid motor car having upto 2500 cc engine capacity is enjoying concession. To broaden this concession, engine capacity-wise concession for other hybrid vehicles and microbus has been given by an S.R.O.

Table-9

Gas & Electricity Sector

(a) Concession of duty and taxes on items used in gas sector

Sl. No.	Description of goods	Existing Rate	Proposed Rate
(1)	(2)	(3)	(4)
1	Stove using Biomass	CD-25 percent	CD-15 percent
2	Air tight storage bag with zipper	CD-0 percent	CD-1 percent & Include capital machinery SRO
3	Biogas Digester	CD-0 percent	CD-1 percent & Include capital machinery SRO
4	LPG cylinder of plastic	CD-25 percent	CD-10 percent
5	LPG cylinder of glass fibre	CD-25 percent	CD-10 percent

(b) Concession of duty and taxes on items used in solar power

Sl. No.	H.S.Code	Description of goods
(1)	(2)	(3)
1	7610.90.90	Aluminium frame for solar module

Table-10**Information Technology (IT) sector****Reduction of customs duty on raw materials of IT equipments**

Sl. No.	Description of goods	Existing Rate	Proposed Rate
(1)	(2)	(3)	(4)
1	Scratch off Label for VAT registered SIM or Smart card manufacturers	CD-25 percent	CD-15 percent
2	Unprinted PVC Sheet, PVC Coated Magstrip	CD-25 percent	CD-15 percent

Table-11**Rationalization of Tariff****(a) Goods on which Customs Duty has been reduced**

Sl. No.	H.S. Code	Description of goods	Existing Rate (%)	Proposed Rate (%)
(1)	(2)	(3)	(4)	(5)
3	2516.90.10	Boulder stone	25	5
4	2517.10.90	Broken or crushed stone	25	5
5	2530.10.00	Vermiculite, perlite and chlorites, unexpanded	10	5
6	2620.99.10	Fly ash	10	5
7	2701.11.00	Anthracite	5	0
8	2701.12.00	Bituminous coal	5	0
9	2707.50.10	Rubber process oil imported by VAT registered tyre & tube manufacturers	10	5
10	2707.99.10	Rubber process oil imported by VAT registered tyre & tube manufacturers	10	5
11	2710.19.21	Lubricating oil, that is oil such as is not ordinarily used for any other purpose than lubrication, excluding, any mineral oil which has its flashing point below 220°F by Abel's close test	25	15
12	2712.10.00	Petroleum jelly	25	15
13	2712.20.00	Paraffin wax containing by weight less than 0.75 percent of oil	25	15
14	3208.90.30	Coating materials imported by VAT registered cookingware manufacturers	25	15
15	3209.90.30	Coating materials imported by VAT registered cookingware manufacturers	25	15
16	3403.99.10	Compressor oil imported by VAT registered compressor manufacturers	10	5
17	3505.10.00	Dextrin and other modified starches	25	15
18	3505.20.00	Glues	25	15
19	3506.10.00	Stripping chemical	25	15
20	3506.99.00	Stripping chemical	25	15
21	3806.10.90	Gum rosin	25	15
22	3806.90.20	Poly salt	25	15
23	3812.30.10	Organotin compounds	25	15
24	3816.00.00	Refractory cements, mortars, concretes and similar compositions, other than products of Heading 38.01.	10	5
25	3909.10.00	Urea resins; thiourea resins	25	15

Sl. No.	H.S. Code	Description of goods	Existing Rate (%)	Proposed Rate (%)
(1)	(2)	(3)	(4)	(5)
26	3919.90.10	Self adhesive tape in rolls exceeding 20cm imported by VAT registered manufacturers	25	15
27	3919.90.30	Scratch off label imported by VAT registered SIM card or Smart card manufacturing industry	25	10
28	3920.49.40	PVC sheet imported by VAT registered SIM card or Smart card manufacturing industry	25	15
29	3920.69.91	Polyester paper/Unit binder tape imported by VAT registered energy efficient electric fan manufacturers	25	15
30	3921.90.92	PVC coated magstrip imported by VAT registered SIM card or Smart card manufacturing industry	25	15
31	3926.90.92	LP gas cylinder capacity below 5000 litres	25	10
32	4001.21.10	Smoked sheets imported by VAT registered tyre and tube manufacturers of a rim size exceeding 16"	10	5
33	4823.90.95	Honeycomb imported by VAT registered fire resistant door manufacturers	25	15
34	5301.10.00	Flax, raw or retted	10	5
35	5301.21.00	Broken or scotched	10	5
36	5301.29.90	Hackled or otherwise processed, but not spun	10	5
37	5305.00.00	Coconut, abaca (Manila hemp or Musa textiles Nee), ramie and other vegetable textile fibres, not elsewhere specified or included, raw or processed but not spun; tow, noils and waste of these fibres (including yarn waste and garnetted stock).	10	5
38	5402.44.00	Elastometric	10	5
39	6903.90.90	Other	25	15
40	7211.19.10	HR steel sheet Imported by VAT registered compressor manufacturers	10	5
41	72.13 (excluding 7213.91.10)	Bars and rods, hotrolled, in irregularly wound coils, of iron or non-alloy steel.	25	5
42	72.14 (excluding 7214.91.10)	Other bars and rods of iron or non-alloy steel, not further worked than forged, hotrolled, hotdrawn or hotextruded, but including those twisted after rolling.	25	5
43	72.15	Other bars and rods of iron or non-alloy steel. Of freecutting steel, not further worked than cold-formed or coldfinished	10	5
44	72.16	Angles, shapes and sections of iron or non-alloy steel.	10,25	5
45	7224.10.00	Ingots and other primary forms	10	0
46	7224.90.00	Other	10	0
47	7308.90.10	Door coordinator imported by VAT Registered fire resistant door manufacturers	25	15
48	7318.15.10	Flush type tower bolt imported by VAT registered fire resistant door manufacturers	25	15
49	7320.90.10	Other spring imported by VAT registered LPG filling plant	25	10
50	7321.89.10	Stove using biomass	25	15
51	7410.21.10	Refined copper foil imported by VAT registered printed circuit manufacturers	10	5
52	7607.20.92	Copolymer coated aluminium tape Imported by VAT registered cable manufacturing industries	25	15
53	8202.91.00	Straight saw blades, for working metal	10	5
54	8204.20.00	Interchangeable spanner sockets, with or without handles	10	5
55	8301.40.10	Lever lock, Mortice lock imported by VAT registered fire resistant door manufacturers	25	15
56	8302.42.10	Magnetic door holder imported by VAT registered fire resistant door manufacturers	25	15

Sl. No.	H.S. Code	Description of goods	Existing Rate (%)	Proposed Rate (%)
(1)	(2)	(3)	(4)	(5)
57	8302.60.10	Automatic door closer imported by VAT registered fire resistant door manufacturers	25	15
58	8414.90.20	Parts of compressor imported by VAT registered compressor manufacturers	10	5
59	8415.83.30	Stability/Humidity chamber imported by pharmaceutical industries	25	1
60	8418.69.95	Special type laboratory refrigerator imported by pharmaceutical industries	25	1
61	8421.39.91	Equipment imported by VAT registered LPG filling plant	25	10
62	8481.30.11	Check valve Imported by LPG filling plant	25	10
63	8504.90.40	UPS case imported by VAT registered UPS manufacturers	25	15
64	8507.20.10	Sealed: for use in UPS (capacity 85 amp or less)	25	15
65	8517.62.50	WiFi/Wimax lan card and access point; Firewall (security hardware)	25	15
66	8536.30.10	Motor protector imported by VAT registered compressor manufacturers	10	5
67	8536.49.10	PTC relay imported by VAT registered compressor manufacturers	10	5
68	8545.11.00	Electrodes of a kind used for furnaces:	10	5
69	8704.22.15	LPG road tanker/Bobtail tanker in CBU	25	1
70	9403.20.10	Furniture specially designed to receive apparatus of heading 84.71 and 85.17	10	5
71	9403.20.30	Cutting table of kind used with cutting machine	25	10
72	9403.60.20	Cutting table of kind used with cutting machine	25	10
73	9405.92.10	LED lamp parts imported by VAT registered LED lamp manufacturing industry	25	0

(b) Goods on which Customs Duty has been increased

Sl. No.	H.S. Code	Description of goods	Existing Rate (%)	Proposed Rate (%)
(1)	(2)	(3)	(4)	(5)
1	0714.90.11	Sago Wrapped/canned upto 2.5 kg	5	10
2	0714.90.19	Other Sago	5	10
3	1006.20.00	Husked (brown) rice	10	25
4	1006.30.10	Fortified rice kernels	10	25
5	1006.30.90	Other	10	25
6	1006.40.00	Broken rice	10	25
7	1102.20.00	Maize (corn) flour	10	25
8	1108.11.00	Wheat starch	10	15
9	1108.12.00	Maize (corn) starch	10	15
10	1108.13.00	Potato starch	10	15
11	1108.20.00	Inulin	5	10
12	1208.10.00	Soya cake of soya beans	5	10
13	1208.90.00	Other	0	5
14	2306.41.00	Of low erucic acid rape or colza	5	10
15	2519.90.00	Other	5	10
16	2526.20.00	Talcum powder crushed or powdered	10	15
17	2836.99.90	Other	5	10
18	2839.90.90	Other	5	10

Sl. No.	H.S. Code	Description of goods	Existing Rate (%)	Proposed Rate (%)
(1)	(2)	(3)	(4)	(5)
19	2845.90.00	Other	5	10
20	2904.90.00	Other	5	10
21	2933.99.00	Other	0	5
22	2941.90.90	Other	0	5
23	3707.10.00	Sensitising emulsions	5	15
24	3707.90.00	Other	5	15
25	3812.30.90	Other	5	10
26	3814.00.00	Organic composite solvents and thinners not elsewhere specified or included; prepared paint or varnish removers.	10	15
27	3919.90.91	Re-seal tape imported by VAT registered sanitary napkin manufacturers	25	15
28	4010.39.90	Other	1	5
29	4011.20.90	Other tyre of a kind used on buses or lorries	10	15
30	4013.90.90	Other inner tubes, of rubber.	10	15
31	4802.55.10	ECG and ultrasonogram recording paper	5	10
32	4812.00.00	Filter blocks, slabs and plates, of paper pulp.	1	10
33	4901.99.20	Text books for primary and secondary education	10	25
34	4903.00.00	Children's picture, drawing or colouring books.	5	10
35	4907.00.90	Other	5	10
36	6903.10.90	Other	10	15
37	6903.20.90	Other	10	15
38	7011.10.00	Glass envelopes for electric lighting	10	15
39	7304.11.10	Tubes, pipes and hollow profiles Exceeding 8 inch inner dia	10	15
40	7304.19.10	Tubes, pipes and hollow profiles Exceeding 8 inch inner dia	10	15
41	7304.22.10	Tubes, pipes and hollow profiles Exceeding 8 inch inner dia	10	15
42	7304.23.10	Tubes, pipes and hollow profiles Exceeding 8 inch inner dia	10	15
43	7304.24.10	Tubes, pipes and hollow profiles Exceeding 8 inch inner dia	10	15
44	7304.29.10	Tubes, pipes and hollow profiles Exceeding 8 inch inner dia	10	15
45	7305.11.00	Tubes, pipes and hollow profiles Longitudinally submerged arc welded	10	15
46	7305.12.00	Other, longitudinally welded Tubes, pipes and hollow profiles	10	15
47	7305.19.00	Other Tubes, pipes and hollow profiles	10	15
48	7305.20.00	Casing of a kind used in drilling for oil or gas	10	15
49	7306.11.10	Tubes, pipes and hollow profiles Exceeding 8 inch inner dia	10	15
50	7306.19.10	Tubes, pipes and hollow profiles Exceeding 8 inch inner dia	10	15
51	7306.21.10	Tubes, pipes and hollow profiles Exceeding 8 inch inner dia	10	15
52	7306.29.10	Tubes, pipes and hollow profiles Exceeding 8 inch inner dia	10	15
53	7316.00.00	Anchors, grapnels and parts thereof, of iron or steel.	10	25
54	7318.14.10	Imported by prefabricated building industry	10	15
55	7318.21.00	Spring washers and other lock washers	1	10
56	7407.10.00	Refined copper wire	10	25
57	7409.11.00	Refined copper plates in coils	10	25
58	7411.10.00	Refined copper tubes	5	15
59	7607.19.00	Other aluminium foil	10	15
60	8450.20.10	Household type washing machine capacity not exceeding 12 kg.	1	25
61	8471.60.10	Finger/Biometric scanner	2	5
62	8478.10.00 8478.90.00	Machinery for preparing or making up tobacco, not specified or included elsewhere in this Chapter.	1	10

Sl. No.	H.S. Code	Description of goods	Existing Rate (%)	Proposed Rate (%)
(1)	(2)	(3)	(4)	(5)
63	8479.60.00	Evaporative air coolers	10	25
64	8504.23.90	Transformer having a power handling capacity 10120 MVA	5	10
65	8504.40.20	UPS/IPS (capacity upto 2,000 VA)	5	10
66	8537.10.19	Other busbar trunking system for a voltage not exceeding 1,000 V	5	10
67	8543.70.90	Other	5	10
68	8544.70.00	Optical fibre cables	10	15
69	9018.19.10	Patient monitor	1	5
70	9018.39.90	Other Instruments and appliances used in medical	5	10
71	9028.90.20	Parts of Prepayment KWH meter; programmable multifunction KWH meter; programmable multitarriff KWH meter	1	10

(c) Goods on which Value Added Tax (VAT) exemption has given

Sl. No.	H.S. Code	Description of goods	Existing VAT rate	Proposed VAT rate
(1)	(2)	(3)	(4)	(5)
1	7201.10.00	Non-alloy pig iron containing by weight 0.5 percent or less of phosphorus	15	0
2	7201.20.00	Non-alloy pig iron containing by weight more than 0.5 percent of phosphorus	15	0
3	7201.50.00	Alloy pig iron; spiegeleisen.	15	0

(d) Goods on which Value Added Tax has been imposed

Sl. No.	H.S. Code	Description of goods	Existing VAT rate	Proposed VAT rate
(1)	(2)	(3)	(4)	(5)
1	7207.11.00	Of rectangular (including square) crosssection, the width measuring less than twice the thickness	0	15
2	7207.12.00	Other, of rectangular (other than square) crosssection	0	15
3	7207.19.00	Other	0	15
4	7207.20.00	Containing by weight 0.25 percent or more of carbon	0	15

(e) Goods on which concession as capital machinery has been given

Sl. No.	H.S. Code	Description of goods
(1)	(2)	(3)
1	3923.29.10	Airtight storage bags with zipper
2	6909.19.10	Ceramic candle for water filter
3	6909.19.90	Other
4	7019.90.11	Biogas digester
5	8415.83.30	Stability/Humidity chamber imported by pharmaceutical industries
6	8418.69.95	Special type laboratory refrigerator imported by pharmaceutical industries
7	8704.22.15	LPG road tanker/Bobtail tanker in CBU

(f) Goods from which capital machinery benefit has been withdrawn

Sl. No.	H.S. Code	Description of goods	Existing S.R.O Rate (%)	Proposed CD Rate (%)
(1)	(2)	(3)	(4)	(5)
1	4010.39.90	Other	1	5
2	4812.00.00	Filter blocks, slabs and plates, of paper pulp.	1	10
3	7318.21.00	Spring washers and other lock washers	1	10
4	8450.20.10	Household type washing machine capacity not exceeding 12 kg	1	25
5	8478.10.00 8478.90.00	Machinery for preparing or making up tobacco, not specified or included elsewhere in this Chapter.	1	10

(g) Item to be transferred from Table-1 to Table-2 of pharmaceutical raw material S.R.O.

Sl. No.	H.S. Code	Description of goods	Existing Rate (%)	Proposed S.R.O Rate (%)
(1)	(2)	(3)	(4)	(5)
1	7607.19.00	Alu/Alu bottom foil	5	10

(h) Goods with specific duty rate

Sl. No.	H.S. Code	Description of goods	Existing Duty	Proposed Duty
(1)	(2)	(3)	(4)	(5)
1	7201.10.00	Non-alloy pig iron containing by weight 0.5 percent or less of phosphorus	0 percent	BDT 1000/per MT
2	7201.20.00	Non-alloy pig iron containing by weight more than 0.5 percent of phosphorus	0 percent	BDT 1000/per MT
3	7201.50.00	Alloy pig iron; spiegeleisen.	0 percent	BDT 1000/per MT

(i) Most of the items mentioned in Chapter 54 and 55 of Bangladesh Customs Tariff (BCT) are being assessed as per 'kg' while some of them are assessed as per square meter(m²) according to the statistical unit (SU) mentioned in BCT. These two types of SU creates problem in assessment. To solve the problem an uniform statistical unit of kilogram (kg) has been fixed for all items of heading 54.07 to 54.08 and heading 55.12 to 55.16.

(j) H.S. Codes against which description has been changed

Sl. No.	H.S. Code	Existing Description	Changed Description
(1)	(2)	(3)	(4)
1	3907.60.10	Polyethylene terephthalate imported by VAT/Excise registered textile yarn manufacturer	Polyethylene terephthalate imported by VAT registered textile yarn manufacturer
2	8507.20.10	Sealed; for use in UPS	Sealed; for use in UPS (capacity 85 amp or less)
3	8517.62.40	Grandmaster clock; modulator; multiplexer; optical fibre platform; network management system	Grandmaster clock; modulator; multiplexer; optical fibre platform;

(k) H.S.Codes that have been merged

Sl. No.	Existing H.S. Code	Merged H.S. Code	Description of goods
1	8544.60.10 8544.60.90	8544.60.00	Other electric conductors, for a voltage exceeding 1,000 V

(l) H.S.Codes that have been Splited

Sl. No.	Existing H.S. Code	Splited H.S. Code	Description of goods
(1)	(2)	(3)	(4)
1	2106.90.40	2106.90.41	Stabilizer for milk imported by VAT registered milk foodstuffs manufacturing and agroprocessing industries
		2106.90.49	Other Stabilizer for milk
2	2707.50.00	2707.50.10	Rubber process oil imported by VAT registered tyre & tube manufacturers
		2707.50.90	Other
3	2707.99.00	2707.99.10	Rubber process oil imported by VAT registered tyre & tube manufacturers
		2707.99.90	Other
4	3403.99.00	3403.99.10	Compressor oil imported by VAT registered compressor manufacturers
		3403.99.90	Other
5	3917.29.90	3917.29.91	Fibre glass imported by VAT registered electric fan manufacturers
		3917.29.99	Other
6	3919.90.90	3919.90.91	Re-seal tape imported by VAT registered sanitary napkin manufacturers
		3919.90.99	Other
7	3920.69.90	3920.69.91	Polyester paper/Unit binder tape imported by VAT registered energy efficient electric fan manufacturers
		3920.69.99	Other
8	4001.21.00	4001.21.10	Smoked sheets imported by VAT registered tyre and tube manufacturers of a rim size exceeding 16"
		4001.21.90	Other
9	6909.19.00	6909.19.10	Ceramic candle for water filter
		6909.19.90	Other
10	7013.99.00	7013.99.10	Opal Glassware
		7013.99.90	Other
11	7211.19.00	7211.19.10	HR steel sheet Imported by VAT registered compressor manufacturers
		7211.19.90	Other
12	7308.90.00	7308.90.10	Door coordinator imported by VAT Registered fire resistant door manufacturers
		7308.90.90	Other
13	7318.15.00	7318.15.10	Flus type tower bolt imported by VAT registered fire resistant door manufacturers
		7318.15.90	Other
14	7320.90.00	7320.90.10	Other spring imported by VAT registered LPG filling plant
		7320.90.90	Other
15	7321.89.00	7321.89.10	Stove using biomass
		7321.89.90	Other
16	7410.21.00	7410.21.10	Refined copper foil imported by VAT registered printed circuit manufacturers
		7410.21.90	Other
17	8301.40.00	8301.40.10	Lever lock, Mortice lock imported by VAT registered fire resistant door manufacturers
		8301.40.90	Other
18	8302.42.00	8302.42.10	Magnatic door holder imported by VAT registered fire resistant door manufacturers
		8302.42.90	Other

Sl. No.	Existing H.S. Code	Splited H.S. Code	Description of goods
(1)	(2)	(3)	(4)
19	8302.49.90	8302.49.91	Trolley bag/suitcase/travel bag accessories
		8302.49.99	Other
20	8302.60.00	8302.60.10	Automatic door closer imported by VAT registered fire resistant door manufacturers
		8302.60.90	Other
21	8421.39.90	8421.39.91	Equipment imported by VAT registered LPG filling plant
		8421.39.99	Other
22	8450.20.00	8450.20.10	Household type washing machine capacity not exceeding 12 kg
		8450.20.90	Other
23	8471.60.00	8471.60.10	Finger/Biometric scanner
		8471.60.90	Other
24	8481.30.10	8481.30.11	Check valve Imported by LPG filling plant
		8481.30.19	Other
25	8536.30.00	8536.30.10	Motor protector imported by VAT registered compressor manufacturers
		8536.30.90	Other
26	8536.49.00	8536.49.10	PTC relay imported by VAT registered compressor manufacturers
		8536.49.90	Other
27	8702.10.40	8702.10.41	Human hauler
		8702.10.49	Other
28	8703.90.30		Hybrid motor cars and other hybrid vehicles, including station wagons and racing cars in CBU
		8703.90.31	Of a cylinder capacity not exceeding 1500 cc
		8703.90.32	Of a cylinder capacity exceeding 1500 cc but not exceeding 2000 cc
		8703.90.33	Of a cylinder capacity exceeding 2000 cc but not exceeding 2750 cc
		8703.90.34	Of a cylinder capacity exceeding 2750 cc but not exceeding 4000 cc
		8703.90.39	Of a cylinder capacity exceeding 4000 cc
29	8703.90.40	8703.90.41	Hybrid microbus in CBU of a cylinder capacity not exceeding 1800 cc
		8703.90.49	Hybrid microbus in CBU of a cylinder capacity exceeding 1800 cc but not exceeding 2000 cc
30	9018.19.00	9018.19.10	Patient monitor
		9018.19.90	Other
31	9405.92.00	9405.92.10	LED lamp parts imported by VAT registered LED lamp manufacturing industry
		9405.92.90	Other

(m) H.S. Codes that have been newly created

Sl. No.	New H.S. Code	Description of goods
(1)	(2)	(3)
1	2106.90.50	Coffee mate in bulk imported by VAT registered milk foodstuffs manufacturers
2	3208.90.30	Coating materials imported by VAT registered cookingware manufacturers
3	3209.90.30	Coating materials imported by VAT registered cookingware manufacturers
4	3806.90.20	Poly salt
5	3919.90.30	Scratch off label imported by VAT registered SIM card or Smart card manufacturing industry
6	3920.49.40	PVC sheet imported by VAT registered SIM card or Smart card manufacturing industry
7	3921.90.92	PVC coated magstrip imported by VAT registered SIM card or Smart card manufacturing industry
8	3926.90.92	LP gas cylinder capacity below 5000 litres
9	4823.90.95	Honeycomb imported by VAT registered fire resistant door manufacturers
10	7019.90.20	LP gas cylinder capacity below 5000 litres

Sl. No.	New H.S. Code	Description of goods
(1)	(2)	(3)
11	7607.20.92	Copolymer coated aluminium tape Imported by VAT registered cable manufacturing industries
12	8414.80.41	Compressore for Industrial type air conditioner
13	8414.80.42	Air conditioner compressore Imported by VAT registered domestic type air conditioner manufacturers
14	8414.80.49	Other
15	8414.90.20	Of compressor imported by VAT registered compressor manufacturers
16	8415.83.30	Stability/Humidity chamber imported by pharmaceutical industries
17	8418.69.94	Mortuary imported VAT registered hospital
18	8418.69.95	Special type laboratory refrigerator imported by pharmaceutical industries
19	8504.90.40	UPS case imported by VAT registered UPS manufacturers
20	8516.79.20	Mosquito/Insect killing bat
21	8517.62.50	Wi-Fi/Wimax LAN card and access point; Firewall (security hardware)
22	8543.70.40	Electric/Electronic access control
23	8703.90.50	Electric battery operated motor car
24	8704.22.15	LPG road tanker/Bobtail tanker in CBU
25	9018.39.17	Blood lancet
26	9028.90.20	Parts of prepayment KWH meter; programmable multifunction KWH meter; programmable multitariff KWH meter
27	9403.20.30	Cutting table of kind used with cutting machine
28	9403.60.20	Cutting table of kind used with cutting machine

Table-12

Tariff Value and Minimum Value

Tariff Value and Minimum Value of some imported items have been fixed to maintain uniformity in assessment at every customs station. In this regards, a new S.R.O. has been issued cancelling the present one.

Table-13

Amendment of Customs Act, 1969

Some sections of Customs Act, 1969 like section 2, 6, 9, 18, 115, 129, 156, 193A, 196A, 219 & 219A have been amended to make the assessment process easier.