



**Towards Building A Happy, Prosperous and  
Caring Bangladesh**

**BUDGET SPEECH  
2011-12**

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## Contents

| Issues  | Page  |
|---|-------|
| <b>Seeking Permission</b>   | 1     |
| <b>Chapter I</b>  |       |
| <b>Introduction and Background</b><br>Tribute, Acknowledgements, Pre-budget Consultations,<br>Vision for prosperous Bangladesh, Expectations vis-à-vis<br>Resource Constraints  | 1-4   |
| <b>Some Important Pledges: Implementation Progress</b><br>Facing Recession, Achievements of Power and Energy<br>Sector, Agriculture Sector, Land, Fisheries and Live<br>Stock, Food Security, Roads and Bridges, Education,<br>Health, Digital Bangladesh, Climate Change, Women and<br>Children Welfare, Social Safety Net Programmes,<br>Employment Generation, Rural Development, Population<br>Census, Industry and Trade, Public Welfare and Good<br>Governance, Immigration and Skill Development,<br>Optimum Utilisation of Public Money | 4-15  |
| <b>Macro-economy and the Global Perspective</b><br>Growth, External Sector, Export, Import, Remittance,<br>Current Account Balance, Foreign Exchange Reserve,<br>Exchange Rate, Monetary Sector, Inflation, Economic<br>Strategy  | 15-22 |
| <b>Revised Budget for FY2010-11</b><br>Revenue Situation, Revenue Mobilisation, ADP<br>Utilisation, Total expenditure, Budget Deficit   | 23-25 |
| <b>Chapter II</b>   |       |
| <b>Some Key Sectors</b>   | 25-98 |
| <b>Power and Energy: Integrated Development</b>   | 26-31 |

| <b>Issues</b>   | <b>Page</b> |
|---|-------------|
| <b>Program</b>  |             |
| <b>Power:</b> Electricity Production Plan, Power Transmission and Distribution Line, Renewable Energy, Power Savings  | 26-29       |
| <b>Energy:</b> Use of Alternative Energy Sources, Gas Production, Exploration of Oil and Gas  | 29-31       |
| <b>Agriculture and Rural Development</b>  | 31-47       |
| <b>Agriculture:</b> Agriculture Subsidy, Seeds, Hybrid Paddy and Small Irrigation, Fair Price for Agricultural Produces, Soil Fertility, Agricultural Credit, Agro-Insurance, Agricultural Research, Agriculture Policy   | 32-35       |
| <b>Fisheries and Livestock:</b> Protecting <i>Jatka</i> and Environment Friendly Shrimp Culture, Preserving the Endangered Local Fish Varieties, Livestock Development, Production and Distribution of Vaccine  | 36-37       |
| <b>Water Resources:</b> Development of Water Resources, Reclaiming the <i>Gorai</i> , River Training and Sustainable River Management, Water Management of the Ganges, Preventing River Erosion and Flood Control, Extending Irrigation Facilities, Reducing Salinity-risk and Land Reclamation, Development of <i>Haor</i> and Wetland, Ensuring Clean Water Flows in the Rivers Surrounding Dhaka | 38-42       |
| <b>Rural Development:</b> Pure and Safe Water Supply, City Dweller's Demand for Water, Enhancing Utilization of Surface Water, Sanitation, Rural Housing, Rural Electrification, Bio-gas and Bio-electricity  | 42-45       |
| <b>Food Security:</b> Food Security Program, Emergency Food Reserve   | 45-47       |
| <b>Communication Sector:</b> Integrated Communication Policy  | 47-56       |
| <b>Roads and Bridges:</b> Road Fund and Road Master Plan, Road Safety and Easing Traffic Congestion, Elevated Express Way, Mass Rapid Transit-MRT, Upgrading  | 48-51       |

| <b>Issues</b>   | <b>Page</b> |
|---|-------------|
| Dhaka-Chittagong Highway into 4 Lanes, Circular Road, Rail and Waterways Surrounding Dhaka, Procurement of CNG Bus, Growth Centres to be connected with District Headquarters.  |             |
| <b>Railways:</b> Modernization and Expansion of Railways, International and Regional Rail Communication.  | 51-52       |
| <b>Water Transportation:</b> Enhancing Waterways Navigability, Capacity Enhancement of Chittagong Port, Modernisation of Mongla Port, Inland Port and Deep Sea-port, Maritime University.   | 53-54       |
| <b>Civil Aviation:</b> Enhancing Capacity of Biman, Development of Airports.  | 55-56       |
| <b>Human Resources Development:</b>   | 56-77       |
| <b>Overall Education Sector:</b> Elimination of Discrimination in Education Sector, Prime Minister's Education Assistance Foundation 2011, Decentralisation of Education, Quality Education, Talent Hunt, MPO, Eliminating Discrimination in Education Sector, ICT, Promotion of Technical Education, National Skill Development Council. | 56-60       |
| <b>Primary and Mass Education:</b> All out effort to ensure enrollment for all, Reducing Teacher Student Ratio, Primary Education, Establishing New Schools, Class V Completion Examination, Junior School Certificate Examination .  | 61-63       |
| <b>Health and Family Welfare:</b> Success of HNPSP, Nutrition and Reproductive Health, Telemedicine, Alternative Healthcare, Policy Formulation, Development of Pharmaceutical Industry, Ratio of Doctor, Nurse and Health Assistant, Skill of Nurses and Paramedics, Establishing New Training Centres                                   | 63-67       |

| <b>Issues</b>   | <b>Page</b> |
|---|-------------|
| <b>Women Empowerment and Children Welfare:</b> National Women Policy, Computer Training for Rural Women, Eliminating Violence against Women and Children, Child Welfare, Day Care Centre  | 68-70       |
| <b>Culture:</b> Conservation of liberal cultural heritage, Development of Indigenous Culture, Culture of Ethnic Minorities, Development of Public Libraries, Preservation of Archeological Artifacts.   | 70-72       |
| <b>Religion:</b> The Hajj, Mosque-based Children and Mass Education Programme, Imam Training.   | 73-74       |
| <b>Minority and Backward Population:</b> Conservation and Development of Culture of Ethnic Population, Improving the Living Standard of Ethnic Minorities.  | 74-76       |
| <b>Youth and Sports Development:</b> Youth Development, Development of Sports Infrastructure.   | 76-77       |
| <b>Digital Bangladesh</b>   | 77-82       |
| <b>Telecommunication:</b> Expansion of Telephone and Internet Coverage.   | 77-78       |
| <b>Digital Infrastructure:</b> 2 <sup>nd</sup> Submarine Cable, Internet.   | 78-80       |
| <b>Information Technology Services:</b> National ICT Policy, Application of ICT in Public Procurement, e-Commerce, Information Infrastructure, Increasing opportunity for Research in Science and Technology.   | 80-82       |
| <b>Industry and Trade</b>   | 82-94       |
| <b>Industrialization:</b> Industrial Policy, Vibrant and Dynamic Private Sector, Supportive Role of Government in Private Sector Development, Effect of Stimulus Package, Environment-friendly Industrialization, Strengthening BSTI, Jute Industry, Taking over the BJMC Liabilities, Development of Tourism Industry, Improve the standard of State Owned Industries, Equity and Entrepreneurship | 82-89       |

| <b>Issues</b>   | <b>Page</b> |
|---|-------------|
| Fund, Establishment of Economic Zone  |             |
| <b>Small and Medium Enterprises:</b> Credit Target in SME sector and Refinancing, Women-friendly SME activities, BSCIC Industrial Estate  | 90-91       |
| <b>Trade:</b> Expansion of Trade, Automation of Trade and Investment Activities, Regional Trade, Ensuring Fair Competition, Strengthening TCB   | 91-94       |
| <b>Climate Change</b>   | 94-98       |
| Capacity Building in Disaster Management, Reducing Air Pollution, Controlling Industrial Pollution and Waste Management, Enacting Essential Laws to Preserve Environment, Maintaining Environmental Balance, Mitigating the Risk of Natural Calamities, Coping with Disaster, Modernizing Forecast and Early Warning System   |             |
| <b>Chapter III</b>  |             |
| <b>Public Welfare and Good Governance</b>   | 99-139      |
| <b>Public Welfare</b>   | 100-114     |
| <b>Poverty Alleviation and Social Security:</b> Old Age Allowance, Widow, Divorced and Distressed Women Allowance Scheme, Allowances for the Insolvent Disabled Programme, Allowances for Poor Lactating Mothers Scheme, Welfare for the Disabled, Acid Burnt Women and Rehabilitation of Physically Disabled and Women, Welfare of Deprived Street Children and Orphans, Child Development Centres, Eradication of Begging Profession, Employments for the Hardcore Poor, Maternal and Child Health, Socio-economic Empowerment of the Poor, NGO Foundation, Palli Karma-Shahayak Foundation (PKSF), Social Development Foundation (SDF), One House, One Farm, Database for Integrating Programmes | 100-107     |

| <b>Issues</b>   | <b>Page</b> |
|---|-------------|
| <b>Employment Generation</b>  | 107-108     |
| <b>Welfare of Freedom Fighters:</b> Rationing Facilities for Freedom Fighters, Increased Allowances for Insolvent Freedom Fighters, Other Facilities for the Freedom Fighters and their Family Members, Preservation of Freedom Fighter's Memorials, Revitalizing Freedom Fighters' Welfare Trust | 109-111     |
| <b>Expatriate Welfare and Overseas Employment</b><br>Expatriate Welfare Bank, Potential New Labour Market, Coordination in Skill Development  | 112-114     |
| <b>Good Governance</b>  | 114-125     |
| <b>Parliamentary Activities:</b> Making Parliament Effective  | 114         |
| <b>Public Administration</b>  | 115         |
| <b>Law and Order and Rule of Law:</b> Improving the Law and Order Situation, Strengthening the Police Force, Law and Justice, Prosecution of Sensational Cases, Rendering Legal Assistance to the Financially Insolvent People  | 115-118     |
| <b>Freedom of Mass Media:</b> Ensuring Free Flow of Information, Improving Quality of Journalism  | 118-119     |
| <b>Combating Corruption:</b> All-out Cooperation in Combating Corruption  | 119-120     |
| <b>Foreign Policy:</b> Restoring the Image of the Country in the International Arena, Successful Diplomatic Initiatives, Regional and Sub-regional Co-operation   | 120-123     |
| <b>Defense:</b> Modernisation of Armed Forces   | 123-124     |
| <b>Local Government</b>   | 124-125     |
| <b>Reform Programmes:</b>   | 125-134     |
| <b>Public Expenditure Management:</b> Computer -based Multi -Module Budget Database, Medium Term Budget Framework (MTBF), Revision of Budget Classification Structure, Transparency and Accountability of Budget, Audit   | 125-128     |
| <b>Ensuring Private Participation in Infrastructure</b>   | 128-130     |

| <b>Issues</b>  | <b>Page</b> |
|--|-------------|
| <b>Development:</b> Public-Private Partnership, PPP Regulatory Framework , Bangladesh Infrastructure Finance Fund, Technical Support and VGF   |             |
| <b>Financial Sector:</b> Sovereign Credit Rating, Reform in Financial Sector, Strengthening Banking System, Anti-money Laundering, Reform in Insurance Sector, Capital Market, Capital Market Reforms, Financial Reporting Act   | 130-134     |
| <b>Land Management Development and Housing</b>   | 134-139     |
| <b>Land Management:</b> Land Management, Ensuring Land Service, Protection of Cultivable Land, Distribution of Khash Land, Vested Property   | 134-137     |
| <b>Housing:</b> Housing for Middle and Low Income Groups, Housing Fund, Planned Urbanisation, Real Estate  | 137-139     |
| <b>Chapter IV</b>  |             |
| <b>2011-12 Fiscal Year Budget Structure</b>  |             |
| <b>Budget Estimation:</b> Revenue Mobilization, Expenditures, Budget Deficit and Financing, Annual Development Program, Overall Expenditure Structure  | 139-147     |
| <b>Chapter V</b>   |             |
| <b>Revenue Mobilization Activities:</b> Tax-policy, Achievements in revenue collection, Reform: policy and administration, Fundamental principles in tax collection, VAT Act and Direct Tax Act, Alternative Dispute Settlement, Social recognition for tax payers, Automation of revenue process, Expansion of tax administration | 147-152     |
| <b>Direct Tax</b>  | 152-157     |
| <b>Income Tax:</b> Simplification of tax payment, Income tax   |             |



| <b>Issues</b>  | <b>Page</b> |
|--|-------------|
| rate, Taxing salary income of Prime Minister, Speaker, Ministers, Speakers, MPs, Judges and Government officials, Taxpayer friendly measures & their recognition, CSR & individual investment, Tax Holiday & EPZ, Share market & investment, Rationalizing rate of tax collected at source, Reform in tax administration & modernisation, New Income Tax law   |             |
| <b>Indirect Tax</b>  | 157-167     |
| <b>Import Duty:</b> Rate of domestic revenue collection at import stage, Continuing zero rate for food items, medicine, raw cotton & fertilizer, Protecting local industry, Support to motor cycle and assembling industries, Support to power & fuel Sector, Reducing duty on chemicals used in ETP, Support to local printing industries, Supporting furniture manufacturing industries, Determination of proper price for new vehicles, Impose/increase/decrease of import tariff and supplementary duties, Support pharmaceutical industry, Application of copyright and intellectual property rights, Expanding renewal limit of bond licenses, Capacity building of the customs department and the duration of the PSI system, Collection of revenue at import stage | 157-163     |
| <b>Value Added Tax:</b> VAT Act, Development of SMEs, Reduction of VAT, Augmentation of VAT collection, Tobacco and Tax Policy, Tobacco Tax Policy Cell, Reduction of pecuniary penalty, Simplification of refunds, Modernization of VAT system, Awareness building on VAT, Reforms of VAT administration  | 163-167     |
| <b>Chapter VI</b>  |             |
| <b>Conclusion</b>  | 167-168     |
| <b>Annexes : A &amp; B</b>   | 169-184     |



*In the name of Allah, Most Gracious, Most Merciful*

## **Chapter I**

**Mr. Speaker**

1. I seek your kind permission to present the Supplementary Budget for the fiscal year 2010-11 and the Budget Estimates for the fiscal year 2011-12 before this august House.

**Permission**

### **Introduction and Background**

2. The history of Bangalees is a history of endless struggle. This nation has fought for thousand years against tyranny and exploitation and built up indomitable resistance against all kinds of domination and conspiracies of vested quarters. Finally, Bangladesh emerged in the world map as an independent nation, through the great war of liberation at the cost of the blood of 3 million martyrs. Bangabandhu Sheikh Mujibur Rahman championed this emergence by providing an uncompromising, resolute and visionary leadership that made him the greatest Bangalee of all times and the Father of the Nation. While presenting the budget for FY 2011-12, I recall his contribution with profound love and respect. I also like to offer my deep gratitude to him. At the same time, I remember with high esteem the contributions of his competent comrades - the four national leaders of Bangladesh; and also the contributions of all the martyrs of language movement and 'Liberation War of 1971' and those, who laid down their lives in the movements against autocratic regimes and fundamentalism in independent Bangladesh. Their supreme sacrifice guides us in our journey and is a constant source of inspiration.

**Tribute**

3. The Hon'ble Prime Minister Sheikh Hasina has presented before the nation the 'Vision 2021' for economic emancipation and the dream of a digital Bangladesh. Our previous two budgets have laid down the foundation for realising this vision. The proposed FY 2011-2012 budget will further strengthen this foundation and guide the nation to move forward with renewed strength. With her prudent opinion and counsel, the Hon'ble Prime Minister has guided me in preparing this budget, as she did in the previous years. I express my deep gratitude to her for having unvarying trust in me.

#### **Acknowledgements**

4. Like previous year, this year I also met with the respectable members of the society, renowned economists, professionals, the Economic Reporters Forum, NGO leaders, journalists and secretaries of all the ministries for pre-budget consultation. They all provided valuable recommendations on budget preparation. I am earnestly obliged to them. You are aware that agriculture and farmers constitute a vital component in the present Government's development vision. It is, therefore, imperative for budget to mirror their expectations. I went to the Barakhudra High School of Jessore to listen to the farmers' views about the problems and prospects of agriculture. I sincerely congratulate the Channel-I for organising this meaningful and splendid pre-budget programme. Besides, I had the privilege to discuss with all the respectable members of four parliamentary standing committees and the chairpersons of ministerial standing committees. I would like to put on record my sincere thanks and gratitude for their valuable suggestions. Finally, I wish to express my sincere appreciation to all the employees of Finance Division and National Board of Revenue for their relentless efforts in successfully completing the

#### **Pre-budget Consultations**

arduous budget formulation process.

5. The grand alliance government was elected with the pledge to usher in change, fulfill the basic demand of people to live like a human being and

**Vision for Prosperous  
Bangladesh**

build a happy, prosperous and caring Bangladesh. In my first budget speech, I mentioned that we want to build a Bangladesh which by 2021 ‘will reach a

trajectory of high performing growth supported by advanced and innovative technology with prices of commodities stabilized, income and human poverty brought to a minimum level, health and education for all secured and capacity building combined with creativity enhanced, social justice established, social disparity reduced, participatory democracy firmly rooted and capacity to tackle the adverse effects of climate change achieved. Information and communication technology will by that time take us to new heights of excellence giving the country a new identity to be branded as Digital Bangladesh’. We are moving towards achieving these goals.

6. You will be happy to note that the ‘**Perspective Plan (2010-21)**’ in line with the ‘**Vision 2021**’ and the ‘**Sixth Five Year Plan**’ to be implemented during 2011 to 2015 have already been prepared. Each of our budgets will be a tool for implementing these plans.

7. In the last two years, we not only successfully tackled the impacts of global recession but also laid the foundation for attaining desired growth and development. The development of the infrastructure sector especially, power and energy, is progressing in full swing. The foundation of rural infrastructure and agricultural development has been strengthened. I shall discuss all these issues in detail in a while.

8. I know people have high expectations from this government which is not irrational. We remain committed, as we were earlier in the last two years, to fulfill the people's rational demands in future. However, we

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| <b>Expectations vis-à-vis<br/>Resource Constraints</b> |
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should also be aware of the resource constraints against the huge demand. Therefore, not being swayed by emotion or ambition, we rather remained

dispassionate in formulating the budget on the basis of the best economic practices and analyses of the ground reality and the demand of our time. I want to assure the Hon'ble Members of the Parliament and the citizens that if we can effectively manage the likely internal and external shocks, we will be able to achieve 7 percent real GDP growth next year which can be increased to 8 percent in 2014-15, Insha Allah.

## **Some Important Pledges: Implementation Progress**

### **Mr. Speaker**

9. At the very beginning, I would like to briefly recount the previous two years' progress and also what remains to be achieved. We have been implementing several policies, strategies, plans, programmes and projects of different tenures since FY 2009-10 to realise the vision and commitments made by us. Many of them have already been implemented. Implementation of some of the programmes is underway; few of them are yet to begin. In this context, we consider the budget for FY 2011-12 as particularly significant, because with this budget we plan to consolidate the results of our accomplished activities and have them firmly rooted. We also plan to bring the on-going activities to their logical ends. Moreover, we want to initiate those activities of national importance, committed by

us but not yet commenced, to ensure their successful beginning within the tenure of this government.

10. First, I would like to broach the way we managed to protect our export sector in the wake of global recession. Two incentive packages

**Facing Recession**

were declared by the Government that included policy supports along with enhanced rate of cash incentives for exporters. Cash incentives were also given for some new export items. Because of the Government's timely intervention, the export sector staged a quick turnaround overcoming the recessionary shocks.

- In FY 2008-09, Bangladesh achieved 5.7 percent real GDP growth against 5 percent negative growth of global economy. This trend continued in FY 2009-10 and 6.1 percent real GDP growth was achieved. We have achieved a provisionally estimated 6.7 percent growth in the current fiscal year.
- Export, import and remittance recorded 10.3, 4.1 and 22.4 percent growth respectively while globally these sectors posted negative growth.
- Surplus on current account balance increased to 3.7 percent of GDP in FY 2009-10 from 2.7 percent of GDP in FY 2008-09.
- During this period, Bangladesh earned credit ratings BB- and Ba3 from internationally reputed agencies namely, Standard and Poor's (S&P) and Moody's respectively. According to these ratings, in terms of capacity to service debts, Bangladesh performed at par with Philippines, Indonesia and Vietnam. We were able to retain the same ratings this year and have performed better than Vietnam in terms of economic stability.

11. Now, I would like to turn to the progress we are making with the implementation of the proposed Road Map for the development of power and energy sector. Starting from the assumption of office by the present

**Achievements of Power  
and Energy Sector**

Government to March 2011, 1,403 MW of electricity has been added to the national grid. Within 2011, a total of 2,194 MW electricity would be added to the national grid from on-going power sector projects. We have established the 'Gas Sector Development Fund' and formulated the 'Renewable Energy Policy' and 'Gas Development Policy'. Hopefully, these initiatives will ensure easy availability of alternative energies and bolster gas and oil exploration initiatives. In the last two years, by raising the productive capacity of existing gas fields, gas production has been stepped up by 284 mncfd.

12. In order to ensure availability of agricultural input and agricultural credit for farmers, government has distributed 1.82 crore agro-input

**Agriculture Sector**

assistance cards among the farmers across the country and made arrangements for them to open a bank account with Tk.10 only. Price of non-urea fertilizers has been lowered by more than 73 percent in three phases.

- Required fertilizers and seeds were distributed free of cost to 3.85 lakh small and marginal farmers affected by flash floods in FY 2009-10 and to 3,46,100 farmers of Haor areas affected with down hill flash flood during the Boro season in FY 2010-11.
- Hybrid rice was cultivated in 7.2 lakh hectares of land in FY 2009-10 and in 6.72 lakh hectares of land up to March 2010-11.

13. For land registration, land price and registration fee have been



made consistent with each other through re-fixing the land price. At the same time, rate of land registration tax, to be deducted at source, has been reduced. In order to tackle the problems related to Balu Mahals and land disputes **'Balu Mahal and Soil Management Act 2010'** has been enacted.

**Land**

14. In order to accomplish the government's commitment made in the election manifesto to implement **'Jal jar, Jola tar'** policy (he who possesses the fishing net, possesses the water body) **'Water bodies (Jalmahal) Management Policy 2009'**, **'Fish Feed Act 2010'**, and **'Hatchery Act 2010'** have been enacted. The poor fishermen are already reaping the benefits of these acts.

**Fisheries and Live Stock**

15. We have updated the **'Food Security Policy'** with a view to ensuring food security for the hard core poor. In order to develop a sustainable food security system, we already have prepared **'Bangladesh Food Security Investment Plan 2010'** in line with the Food Policy Action Plan. In my previous two budget speeches, I made a pledge to raise the storage capacity for additional 4 lakh MT of food grains. We have fulfilled this commitment by enhancing the storage capacity by 15 lakh MT through construction of new godowns and refurbishment of the old ones. Around 12 lakh fair price cards have been distributed among the low and limited income groups to provide them with food support. Besides, Open Market Sales (OMS) operation has been expanded to ensure low priced food grains for the poor. A total of 19.75 lakh MT and 17.75 lakh MT of food grains have been distributed under different poverty reduction support programmes in FY 2009-10 and up to April of FY 2010-11 respectively. Such a massive food distribution programme has never been undertaken before except during disasters.

**Food Security**

16. Among the major infrastructural development projects, the design for 6.15 km long Padma Bridge has been finalized. We are expecting that the construction work will begin by October 2011. I am pleased to inform

**Roads and Bridges**

you that we have received confirmation from the development partners for concessional credit to the tune of US\$

2.35 billion to meet the estimated costs of bridge construction. In the meantime, the Government has signed agreements with the World Bank, the Asian Development Bank, the Government of Japan and Islamic Development Bank. At the same time, the construction work of Kuril-Bishwa road multipurpose flyover and Gulistan-Jatrabari flyover are going on in full swing. In FY 2010-11, we have constructed 366 km new roads. We have also undertaken rehabilitation and maintenance work for 2,708 km roads. In addition, 1,250 metre new bridges and 1,750 metre new culverts have been constructed during this period. In order to improve railway connectivity, 22 km new railways have been constructed and 139 km rehabilitated during this period. With a view to improving the overall communication infrastructure and reducing traffic congestion, 'Third Buriganga Bridge', 48 km long 'Dhaka Bypass Road, 'Ahsanullah Master Flyover' in Tongi, 'Sultana Kamal Bridge' over Shitalakshya river and Hazrat Shah Amanat (RW) bridge over Karnafuli river have been constructed.

17. After the assumption of office, we have been able to present the nation, for the first time, with a modern, science-oriented and time befitting education policy. In addition, we have formulated the Private

**Education**

University Act, 2010. We have distributed books free of cost at the primary and secondary levels. We have provided hundred percent salary subventions to the teachers of registered non-government and community primary schools.

The enrolment rate at the primary level has increased to 99.3 percent while the coverage of stipend programmes at the primary level has been widened from 48.16 lakh to 78.17 lakh beneficiaries during this period.

18. With a view to taking health service to the grass root level, we have re-started 10,723 Community Clinics. In my previous budget speech, I expressed our intention to upgrade in phases all upazila and district level hospitals to 50-bed and 250-bed respectively by 2016. In pursuit of this, already a total of 7,585 additional beds have been added through a number of initiatives, of which 64 percent are in upazila health complexes, 20% in district hospitals and 16% in medical colleges and specialized hospitals. Under the Extended Program for Immunization (EPI), the number of children receiving all vaccinations under the age of one year has increased to 79 percent and to 92 percent for the children below two years. This has resulted in the reduction of child mortality rate from 88 to 65 per one thousand child under 5 years. In recognition of this achievement the Honourable Prime Minister has been honoured with '**MDG 2010**' award in 2010. Our goal is to increase the use of contraceptive to 80 percent by 2021; this rate now has increased to 62 percent from previous 55 percent.

#### Health

19. In order to meet our pledge of building Digital Bangladesh, we have already formulated) rules/regulations/guidelines to introduce digital signature; prepared licensing guidelines, audit guidelines, and CPS (Certificate Practice Statement guidelines and nominated certified agencies and established CCA (Controller of Certifying Authority) to introduce e-commerce. Moreover, in order to introduce e-governance, we have taken steps to bring all the government offices under an integrated IT network.

#### Digital Bangladesh

- a. **Community E-Centers** have already been established in 147 upazilas and **Union Information Service Centres** in 4,501 unions across the country. Solar powered information service centers have been established in 859 upazilas without having electricity connection.
- b. We have established full fledged computer laboratories in 192 educational institutions of 64 districts, cyber centres in 21 public university colleges and computer laboratories in 1610 secondary and higher secondary schools to meet the commitment I made in my previous budget speeches to introduce compulsory computer and technical education at the secondary level by 2013.

20. In order to face the challenges posed by the climate change, we have prepared **Bangladesh Climate Change Strategy and Action Plan, 2009** and **Climate Change Trust Act, 2010** and set up **Climate Change Bangladesh Climate Change Resilience Fund (BCCRF)**. The Government has by now taken up 49 projects under the fund to enhance the capacity for adaptation to the climate change induced consequences.

21. We are committed to establish equal rights for men and women in every sphere of the society and the state and ensure unrestricted opportunity for women in all kinds of activities involving national development, policy making, and political, administrative, economic, social and cultural issues. In order to facilitate the attainment of this goal, we have already formulated **National Women**

**Development Policy, 2011.** Moreover, **Elimination of Family Violence and Protection Act 2010** has been formulated with a view to stopping violence against women. **National Children Policy, 2011** has also been formulated to meet our commitment of making adequate arrangements for upholding children rights and ensuring children welfare. In order to keep our earlier promise of eradicating child labour and preventing them from doing hazardous jobs, we have formulated **National Child Labour Elimination Policy 2010.** 88,000 rural mothers all over the country and 67,500 garment workers are receiving maternity allowances given in benefit of poor pregnant mothers.

22. In addition to broadening the coverage of social safety net programmes, a number of new programmes have also been introduced to improve the social conditions of the poorer section of the society. Some of

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| <b>Social Safety Net Programmes</b> |
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the important programmes are: implementation of One House One Farm Project, introduction

of Returning Home Programme, establishment of Disabled Service and Assistance Centre and Child Development Centre, formulation of a Ration Distribution Policy for freedom fighters and enhancement of their allowances and increased amount of allowance and coverage of the beneficiaries under the safety net programmes.

23. I made a pledge in the previous year's budget speech of giving emphasis on development of rural infrastructure to create additional

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| <b>Employment Generation</b> |
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employment opportunities through increased investment in agriculture and rural development sector. Under the

'Employment Generation for the Ultra-Poor Programme' we created 80 days' employment for 27.30 lakh ultra-poor during the lean seasons.

During FY 2010-11, a total of 1,410 lakh man-days of employment was created by different projects undertaken to develop rural infrastructure in hoar, char, and ‘monga’ prone northern region of the country, out of which 451 lakh man-days were for destitute women.

24. We would like to implement our pledge to strengthen the foundation of participatory democracy. We have by now formulated appropriate legal

#### **Rural Development**

framework and have been incurring around 24 percent of development expenditure on rural development. During the tenure of present government till February 2011, 9,712 km roads and 65,520 meter bridges and culverts have been constructed and 607 growth centers and rural bazars developed. At the same time, we have undertaken programmes to repair and maintain 15,780 km roads and 41,350 meter bridges and culverts. By June 2011, we want to achieve hundred percent birth registrations. Accordingly, by March 2010, we have been able to accomplish 94 percent of birth registration.

25. The Fifth Census took place in Bangladesh in March this year. The data from the census will be utilized to allocate national resources, determine quotas, prepare projections and adopt projected growth supportive policies and strategies to implement our vision. An impartial post-census survey will be conducted by the Bangladesh Institute of

#### **Population Census**

Development Studies (BIDS) within one month of completion of the census to verify the quality of the census. The task of conducting census and the household survey is an enormous and costly national exercise. It is unusual not to commit few mistakes in carrying out such an enormous task. Complaints received during the data collection period of the census have been instantly verified in the field and necessary corrections were made. We

have taken all necessary steps to conduct a sample survey to collect supplementary socio-economic information with the help of foreign and local experts within three months of the main census.

26. We have updated the export-import policy for rapid industrialization and simplification of export-import processes. We have also formulated **Industrial Policy, 2010**. To invigorate the jute sector, the government has

**Industry and Trade**

taken over all the liabilities of Bangladesh Jute Mills Corporation (BJMC). Bangladesh Development Bank Limited has been constituted by merging Bangladesh Silpa Bank and Silpa Rin Sangstha to facilitate industrial financing. I mentioned in my previous year's budget speech about the enactment of 'Consumer Right Protection Act 2009' to protect consumer rights and ensure supply of quality products at a fair price. Under this Act, 'Department for National Consumer Right Protection, and 'National Council for Protection of Consumer Rights' have been established.

27. We have already introduced 'Right to Information Act 2009' and

**Public Welfare and  
Good Governance**

formulated an integrated policy for distribution of books to libraries. We have also implemented the 'National Pay Scale, 2009'. In addition, Machine Readable Passports (MRP) have been also introduced.

28. In addition to exporting manpower to 15 new countries by expanding labor markets, Immigration and Skill Development Fund has been created

**Immigration and Skill  
Development**

to facilitate export of skilled manpower and Expatriate Welfare Bank established to facilitate investment of expatriate

remittances. Under the special instruction of the Hon'ble Prime Minister, we have formulated a policy in FY 2009-2010, to create temporary employments by engaging unemployed youths in nation building activities. According to this policy, National Service has been introduced and its coverage has been widened. Till date, training of 35,852 youths in three districts has been completed and training of another 16,806 youths is going on. Up to now, 35,414 trained youths have been provided with temporary employments.

29. We have enacted the Public Money and Budget Management Act, 2009 with the objective of ensuring the best utilisation of public money.

**Optimum Utilization  
of Public Money**

This Act makes a provision for presenting the budget implementation status before the House. In accordance with this provision, for the very first time in the history of Bangladesh, we have been placing quarterly budget implementation reports before this august House. We have turned the three-year Medium Term Budget Framework (MTBF) into a five-year framework to facilitate the realisation of the dream of 'Vision 2021'. We are making the national budget increasingly gender responsive. We have already formulated PPP policy and strategy to develop individual entrepreneurship through public and private collaboration. Bearing this in mind, we have created a Bangladesh Infrastructure Finance Fund (BIFF).

30. Despite our sincere efforts, we have not yet been able to fulfill some of our commitments or in some instances lagging behind. These are:

- Finalising the national energy and coal policy, reforms in railway sector, development and modernisation of Mongla Port, upgrading the Dhaka-Chittagong Highway to four lanes, integrated water management of the Ganges by constructing a barrage, re-



excavation of the Gorai and making the Buriganga free from pollution;

- Formulating the land use policy, integration of land registration/survey/record/land management and digitisation of land administration;
- Updating the population policy and strengthening the activities of the National Skill Development Council, conducting a survey on beggars and implementation of a programme of eradicating begging as a profession;
- Unification of economic codes and preparation of district budget, reform of the Banking Company and Financial Institutions Act, making PPP framework more transparent and robust and establishing economic zones.

I shall highlight on the progress so far achieved and future plans of action in this regard in my sector-wise discussion.

## **Macro-economy and the Global Perspective**

**Mr. Speaker**

31. Before presenting the budget proposals, I would like to reflect briefly on the global and domestic economic scenario based on which the proposed national budget has been prepared.

32. We are observing that the world economy is broadly recovering at two speeds. On the one hand, advanced economies are recovering at a pace

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| <b>Growth</b> |
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lower than expected while, at the same time, some of these countries have fallen into sovereign debt crisis.

Emerging and developing economies, on the other hand, are experiencing faster recovery but high inflationary pressures.

33. According to the latest outlook, world growth projection for 2011 is estimated at 4.4 percent which in 2012 will slightly expand to 4.5 percent. Over the same period, emerging and developing economies are likely to grow by 6.5 percent. Developing Asian economies are leading the growth performance. For each of the next two years these economies are expected to grow by 8.4 percent. However, the impact of the recent political crisis of North Africa on oil production and supply and the dreadful earthquake and tsunami in Japan are likely to affect the rebuilding process of the world economy in the aftermath of the global recession. This has increased the downside risks of global growth trend.

34. Although Bangladesh is in an advantageous position in relation to world average growth and the growth of emerging and developing economies, it is lagging slightly behind in comparison to the Developing Asian economies. The real GDP growth in FY 2009-10 has been finally computed to be 6.1 percent. According to the provisional estimate, in FY 2010-11, a real GDP growth of 6.7 percent has been achieved. Considering the prospects and potential risks in the context of global and domestic economic perspectives, we have set our real GDP growth target for FY 2011-12 at 7 percent. Even though our growth prospects are unlimited, there are challenges as well.

35. We now turn our attention to the export sector. During the economic

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| <b>External Sector</b> |
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downturn, global export of commodities and services shrank, while our export sector posted a positive growth. In Table-1, the recent trends of some external sector indicators have been briefly outlined:

**Table 1: Recent Trends of Some External Sector Indicators**

| Indicators                     | Unit/Growth Rate                         | 2009-10<br>(Real) | 2010-11<br>(July-April) | 2010-11<br>(Provisional) | 2011-12<br>(Projected) |
|--------------------------------|--|-------------------|-------------------------|--------------------------|------------------------|
| Export                         | Billion US\$<br>Growth (%)               | 16.2<br>(4.1)     | 18.2<br>(40.9)          | 22.4<br>(38.0)           | 25.7<br>(14.5)         |
| Import                         | Billion US\$<br>Growth (%)               | 23.7<br>(5.5)     | 27.5<br>(41.4)          | 31.0<br>(45.0)           | 35.4<br>(14.0)         |
| Remittance                     | Billion US\$<br>Growth (%)               | 11.0<br>(13.3)    | 10.6*<br>(5.1)          | 11.5<br>(5.0)            | 12.7<br>(10.0)         |
| Current<br>Account<br>Balance  | Billion US\$<br>As % of GDP              | 3.7<br>(3.7)      | 0.7**<br>(0.6)          | -0.3<br>(0.3)            | -0.2<br>(0.2)          |
| Foreign<br>Exchange<br>Reserve | Billion US\$<br>(In months of<br>import) | 10.7<br>(5.1)     | 10.4***<br>(4.0)        | 10.7<br>(3.6)            | 11.6<br>(3.4)          |
| Average<br>Exchange Rate       | Taka/US\$<br>Depreciation (%)            | 69.2<br>(0.60)    | 70.7<br>(2.3)           | 72.0<br>(4.1)            | -<br>-                 |

**Note:** Growth compared to the same period of previous year.\* up to July-May, 20011,

\*\*Up to July-March' 2011 \*\*\* Balance on 31 May 2011

On reviewing the current status of the above external sector indicators, it appears that most of them have a satisfactory position.

- With the rebound in global trade, Bangladesh's export is growing increasingly

**Export**

- During the July-April period of FY 2010-11, our export stood at US\$ 18.2 billion which is 40.9 percent higher over the same period of the last fiscal
- Efforts are underway to explore new markets and diversify exportable commodities. It is expected that export will exceed US\$22.4 billion in the current fiscal and this trend will continue in the next fiscal year as well

- Global imports of goods and services have also bounced back from the negative growth in the aftermath of the recession

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| <b>Import</b> |
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- In FY 009-10, our import payments posted a growth of 5.5 percent. During the July-April period of the current fiscal, import picked up and grew by 41.4 percent
- Around 80 percent of our imports are essential industrial commodities
- On the basis of Letter of Credit settlement, over the July-April period of the current fiscal, imports of capital machinery and industrial raw materials recorded a growth of 43.1 and 49.8 percent respectively
- Growth of imports of capital machinery and industrial raw materials reflects the robustness in investment and the momentum created in our economy.

- Bangladesh set a unique example in terms of remittance inflow amid the global recession. Among the highest remittance recipients of the world, Bangladesh ranked 12<sup>th</sup> in 2008, 8<sup>th</sup> in 2009 and 7<sup>th</sup> in 2010. During the first ten months of the current fiscal, the remittance flow stood at US\$ 10.6 billion which is 5.1 percent higher than that of the corresponding period of the last fiscal.

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| <b>Remittance</b> |
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- The impact of global recession and recent North African and Middle East political crisis, is having a negative effect on manpower exports
- To overcome this situation, the Government has taken various steps to explore potential labour markets and train its manpower in line with the demand of the host countries.
- Efforts are continuing to fully resume manpower exports to

Africa, East Europe and Latin America along with diplomatic initiatives for increasing manpower export to these countries

- Even though the remittance growth in the current fiscal will be only 5.0 percent, it is likely to accelerate and is estimated to reach US\$ 12.7 billion in FY 2011-12.

- During the July-March period of current fiscal, current account surplus stood at US\$ 0.7 billion against US\$ 2.6 billion over the same period of the last fiscal

**Current Account  
Balance**

- We have taken up a range of massive initiatives in infrastructure sector including power to improve the investment situation. Consequent upon the import of machinery for new power plants and the oil price hike coupled with the increased import of oil for power plants, current account surplus is declining
- However, we assume that this situation will be short-lived. Because, improved infrastructure and streamlined power sector will be conducive to domestic and foreign investments. This will reduce trade deficit by increasing export.

- Despite increasing trade deficit and declining remittance inflows, the foreign exchange reserve remains broadly stable

**Foreign Exchange  
Reserve**

- The Government continues its efforts to increase foreign direct investment and mobilise soft-term foreign loans
- This will further improve the balance of payment situation and as a result our foreign exchange reserve will reach US\$ 11.6 billion mark at the end of the next fiscal

- Because of price hike of commodities in international market and higher import bills coupled with decline in

**Exchange Rate**

remittance inflow, the demand for US dollar increased in the money market. This has created a slight pressure on the exchange rate between US\$ and Taka. As a result, during July-April period of FY 2010-11, the average exchange rate of Taka against US\$ depreciated by 2.3 percent compared to that over the same period of previous fiscal.

36. Now, I would like to reflect on monetary sector developments. Our Monetary Policy focuses on a level of money and credit supply that is

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| <b>Monetary Sector</b> |
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supportive of faster inclusive economic growth while keeping inflation within a tolerable limit. Alongside, giving emphasis on

the supply of credit to agriculture and SME (small and medium enterprise) through Monetary Policy, we are engaging large masses of people in the economic activities to foster economic growth. In the backdrop of global economic recession, Bangladesh Bank, in the past, took necessary steps to maintain adequate liquidity by easing the credit flows to the money market. As a result, the supply of money and credit started picking up from the second half of the last fiscal. In March 2011, monetary growth stood at 23.5 percent on annualised basis. During the same period, private sector credit grew by 29.1 percent. The high private sector credit growth speaks of the increasing improvement in the domestic investment climate. Nevertheless, I would also like to mention that it came to our notice that a portion of the private sector credit, particularly, the industrial term loan and SME loan was diverted to real estate and capital market investment. Bangladesh Bank has already taken necessary steps to prevent diversion of these types of loans. We expect that in future, industrial term and SME loans will be used for the purposes they were meant.

37. Let me now turn to the issue of inflation. At present, commodity price situation is a widely discussed issue across the globe. According to the latest forecast, the rate of inflation, although low in developed economies, may rise to 6.9 percent in 2011 from 6.2 percent in 2010 in emerging and developing economies. The unusual price hike of different goods including primary commodities and oil in the international market

#### **Inflation**

has mainly created the inflationary pressures. Towards the middle of 2008, prices of food commodities as well as oil prices reached at their peak and started declining at the beginning of the recession. Declining to the lowest level in the first half of 2009, inflation experienced an upward trend from the second half of the same year as the world economic recovery began. We can say, for instance, average spot price of crude oil was about US\$ 133 per barrel in June 2008, which plummeted to US\$ 42 per barrel in February 2009. It started picking up again and reached to US\$ 90 per barrel in December 2010 and rose to US\$ 115 per barrel in April 2011. Similar trend has been noticed in the case of other commodities as well.

38. A number of factors have triggered the food price inflation. There

#### **Economic Policies and Strategies**

were production short-falls in many food producing countries due to inclement weather. Rapid economic growth also pushed up the global demand for food. Some of the countries put ban on food export to ensure internal food security. Investment in agriculture sector has declined. Alongside, continued rally in oil price has also increased the cost of production adversely impacting inflation. Oil price may go up further fuelled by the ongoing crisis in the North Africa and the Middle East. We all should be prepared for facing the impact of oil price hike. We may have to take some unpopular decisions like: (1) reducing discretionary public spending including subsidy, (2) observing

austerity measures if needed, (3) augmenting revenues, (4) reducing money supply and private sector credit and (5) exchange rate alignment.

39. We are aware that the rural poor are more vulnerable to inflation. Therefore, we remain alert in this regard and keep on working to ensure an unhindered supply of food grains. We have arranged to build adequate food security stock including open market sale of rice. The price of coarse rice has fallen by Tk. 3-5 during March-May 2011 and stood in the range of Tk. 30-34 with the good harvest of '*Boro*'. I hope the rice price situation will further improve and inflation rate will fall.

40. We can see from inflation data that the average inflation in FY 2009-10 was 7.3 percent. On a point to point basis, it went up to 10.7 percent in April 2011. On the basis of ten months' average, it was 8.5 percent in FY 2010-11. In April 2011, the rate of inflation was 8.7 percent in India and 13.0 percent in Pakistan.

41. Alongside adopting various administrative and structural measures to contain inflation, we are watchful about the money supply so that excess liquidity can not create further inflationary pressures. To this end, Bangladesh Bank raised the Cash Reserve Requirement and Statutory Liquidity Ratio of scheduled banks by 50 basis points once in May 2010 and again by another 50 basis points in December 2010. In addition, repo and reverse repo rates were also adjusted to keep the money supply at the appropriate level. We presume that these steps will play a significant role in reducing inflation in the long-run though their immediate impact is not discernible.



## Revised Budget for FY 2010-11

**Mr. Speaker**

42. I have already presented two quarterly reports before this august House on budget implementation status in this fiscal year. In my 2<sup>nd</sup> quarterly report, I gave an outline of the likely revised budget framework for FY 2010-11. In continuation of this, I am presenting the proposed revised budget for FY 2010-11 in the following table:

### Revenue Situation

Table 2: The Original and Revised Budget for FY 2010-11

| Heads                                 | 2010-11<br>(Original Budget) |          | 2010-11<br>(Revised Budget) |          |
|---------------------------------------|------------------------------|----------|-----------------------------|----------|
|                                       | Tk. in crore                 | % of GDP | Tk. in crore                | % of GDP |
| <b>Revenue Earnings</b>               | 92,847                       | 11.9     | 95,187                      | 12.1     |
| <b>Public Expenditure</b>             | 1,32,170                     | 16.9     | 1,30,011                    | 16.5     |
| Non-development and other expenditure | 93,670                       | 12.0     | 94,131                      | 12.0     |
| Annual Development Programme          | 38,500                       | 4.9      | 35,880                      | 4.6      |
| <b>Budget deficit</b>                 | 39,323                       | 5.0      | 34,824                      | 4.4      |
| <b>Financing</b>                      |                              |          |                             |          |
| Domestic Sources                      | 23,680                       | 3.0      | 24,817                      | 3.1      |
| External Sources                      | 15,643                       | 2.0      | 10,007                      | 1.3      |

- In FY 2010-11 original budget, the target for revenue mobilisation was Tk. 92,847 crore (11.9 percent of GDP). Over the first nine months of the fiscal, overall revenue growth was 22.7 percent. This is why in the revised budget, we have scaled up our revenue target to Tk. 95,187 crore (12 percent of GDP)

### Revenue Mobilisation

- We want to achieve real GDP growth of 8 percent by 2014 and raise it to 10 percent by 2017 and sustain it thereafter. A significant portion of the huge investment needed to fulfill this goal should directly come from increased domestic revenue mobilisation. We will be able to augment government's revenue income by 1.2 percent of GDP in current fiscal in terms of the actual mobilisation of previous fiscal.
  - We will continue our efforts to further invigorate the revenue mobilisation activities. I shall present our plans and programs in this regard before this august House in the tax-revenue mobilisation part of my speech
  
- I mentioned in my previous year's budget speech that implementation of ADP is a major challenge for us. We have undertaken a number of steps to enhance the ADP utilization rate
 

**ADP Utilisation**

  - As part of this, ADP implementation status of two ministries/divisions is being placed in each ECNEC meeting for review
  - A Taskforce has been formed to closely oversee the ADP implementation status of 10 large ministries/divisions
  - A list of 50 largest foreign aided projects has been drawn up and their implementation progress is being reviewed
  - Planning Commission will soon circulate guidelines in order to make the activities of formulation, processing, implementation and evaluation of development projects more efficient and effective.

- In the current year's original budget, the total expenditure estimate was Tk. 1,32,170 crore (16.9 percent of GDP). In the revised budget, this has decreased to Tk. 1,30,011 crore (16.5 percent of GDP).

**Total Expenditure**

- ADP has been slightly reduced as project aid was not utilised as expected
- On the other hand, there has been an increasing trend in fuel and essential commodity prices in the international market for quite some time. In these circumstances, subsidies for agricultural inputs, food grains and power and energy sector have been increased

- In the original budget, the budget deficit was estimated at 5 percent of GDP. However, in the revised budget it has been reduced to around 4.4 percent of GDP

**Budget Deficit**

- Out of this, 1.3 percent of GDP will be financed from foreign sources and the remaining 3.1 percent from domestic sources.

## **Chapter II**

### **Some Key Sectors**

**Mr. Speaker**

43. Now, I would like to place sequentially before this august House, the sector-wise programmes for the next fiscal year, our future plans and proposed allocations for various key sectors.

## Power and Energy

44. I mentioned three main reasons of power crisis in the previous budget. I stated that around one-third of our power plants is exceedingly old, supply of natural gas is inadequate, and transmission and distribution

system is defective. We have been trying to reduce in phases the existing gap

### **Integrated Development Program**

between the demand and supply of power by implementing integrated development programmes in the power and energy sector through close coordination between public and private sectors. I have just mentioned about our successes in this regard. Now, I will place our ongoing programmes and future plans before you. In addition, I am presenting a report titled 'Roadmap for the Development of Power and Energy Sector: An Update' before this august House. This report will provide a clear idea about the action plans taken for the improvement of power and energy sector, their up-to-date status, future steps to be taken and possible challenges.

## Power

45. I stated in my previous budget speech that our government wants

### **Power Generation Plan**

to find an acceptable solution to power crisis within its tenure. We have, therefore, worked out a plan to produce an

additional 7,800 MW electricity by 2013. Presently, 29 power plants, with a capacity to produce around 2,547 MW, are under construction in the public and private sectors. Moreover, the bidding process for installing 31

power plants with the capacity to produce 4,166 MW is now underway.

46. Under the new action plan, considering the crisis of natural gas, we have taken steps to build coal, diesel and furnace oil, dual fuel and renewable energy based power plants to reduce the power deficit in addition to installing gas fired power plants. For increasing power generation, we have a plan to use Liquefied Natural Gas (LNG) to resume the operations of those plants shutdown previously due to lack of gas supply. We have, therefore, taken steps to import LNG and install LNG terminals. A pre-feasibility study has been carried out for installation of coal fired power plants in Bangladesh. Accordingly, we have finalized a plan to install coal fired power plants after 2014. Steps have been taken to produce 700-800 MW additional power by enhancing the capacity of old power plants through BMRE. We hope that we will be able to add 1,769 MW electricity by December, 2011 and an additional 2,157 MW by December, 2012 in addition to 1,556 MW which has already been added to the national grid.

Table 3: Revised Target for Power Generation during 2011-2015

| <b>Year</b> | <b>Initial Target<br/>(Megawatt)</b> | <b>Revised Target<br/>(Megawatt)</b> |
|-------------|--------------------------------------|--------------------------------------|
| 2011        | 920                                  | 2194                                 |
| 2012        | 2269                                 | 2157                                 |
| 2013        | 1675                                 | 2674                                 |
| 2014        | 1170                                 | 2323                                 |
| 2015        | 2600                                 | 2350                                 |

47. Now, I would like to draw your attention to the fact that use of alternative sources of energy, according to the new action plan, will raise

the unit cost of power generation. We propose to meet the additional funding through a combination of subsidy and price adjustments.

48. I mentioned in my previous budget speech about our plans to ensure uninterrupted transmission and distribution system besides enhancing the electricity generation. According to this plan, we have been implementing 10 projects to develop and augment the transmission system and 28 projects to develop and extend the distribution system.

**Power Transmission  
and Distribution Line**

**Mr. Speaker**

49. We have already prepared the Renewable Energy Policy in order to generate environment-friendly power from renewable energy sources.

**Renewable Energy**

Various action plans have already been prepared with the target to generate 5 percent and 10 percent of total power production by 2015 and 2020 respectively from renewable energy sources. I also pledged to set up a Sustainable Energy Development Authority (SEDA) in the previous budget. Accordingly, we have been working to finalise the **Sustainable Energy Development Authority Act, 2011**. Two wind-powered power plants with 1 MW capacity each have been built to supply electricity to coastal belts of Kutubdia and Feni. Solar panels have already been installed in various public and private organisations including the Prime Minister's Office. Steps have been taken to set up 10-15 MW solar-energy based power stations at 4 different places in the country. A 100 MW (offshore) windmill power plant will be installed at Anwara, Chittagong. 40 solar-based irrigation pumps are going to be set up and more will be installed gradually. Initially, solar bulbs will be installed in

some of the streets of Dhaka City Corporation area. This program will be rolled out to all the City Corporations subsequently.

50. Steps have been taken to replace 28 million incandescent bulbs with Compact Fluorescent Lamp (CFL) bulbs to ensure savings and proper use

**Power Savings**

of power. In FY2010-11, we have been able to save almost 250 MW by distributing 10.5 million of Compact Fluorescent Lamp (CFL) bulbs free of cost. We are encouraging the factories producing incandescent bulbs to switch over to CFL bulbs production gradually. In addition, we are going to start special programmes (Energy Star Labeling Program) to encourage people to save energy.

51. We plan to implement different power sector development programmes under a Power Sector Master Plan which is at the final approval stage and is expected to be approved within the shortest possible time.

## **Energy**

52. Natural gas is one of the primary sources of energy in our country. As natural gas is environment-friendly and less expensive, both its use and

**Use of Alternative Energy Sources**

demand have been increasing over time creating a vulnerable situation. I have just mentioned that we are paying special attention to the use of Liquefied Natural Gas (LNG), diesel, furnace oil, and coal as the alternative sources of power generation. We have taken steps to import 500 cft of LNG per day from Qatar by December 2012. Besides, steps have been taken for the

installation of a single point mooring to unload imported crude oil and diesel within a very short time and to avoid waste while unloading takes place.

53. Now, we are producing 2,000 mncft of natural gas from 23 gas fields. In the last budget, I placed an elaborate list of short, medium and long term initiatives we have taken to meet up the gas crisis. Accordingly, in order to strengthen the only state-owned oil and gas exploration company - BAPEX , the present Government has procured modern seismic survey equipment and a deep drilling rig with a capacity to drill 7000 metre. Moreover, a contract has been awarded to procure a work-over rig for the work-over of the existing gas wells.

#### **Gas Production**

54. The drilling of wells in the newly discovered gas structure 'SUNETRO' at the conjunction point of Sunamganj and Netrokona will begin very soon. Moreover, the signing of the PSC (Production Sharing Contracts) for exploration of oil and gas from the 2 blocks in the undisputed deep sea area is at the final stage. However, it should be remembered that the gas reserve is not unlimited. Therefore, it may not be possible to give household gas connections in all areas. We will also have to reduce the use of fuel-wood and kerosene for the sake of environment. For this purpose, steps have been taken to make Liquefied Petroleum Gas (LPG) available. I will discuss in a little while in my tax proposals, the steps being contemplated to reduce the price of LPG cylinders.

#### **Exploration of Oil and Gas**

55. In my previous two budget speeches, I gave an indication about finalising a pragmatic energy and coal policy. According to my pledge, we



are updating the **National Energy Policy** and working to prepare the final draft of the **Coal Policy**. In addition, '**The Mine and Mineral Resources Rules (Amendment), 2010**' has been framed.

56. I propose to allocate Tk. 8,311 crore for power and energy sector, development and non-development budget combined, for the next financial year. This allocation is 15 percent higher than the revised budget of the current fiscal year.

## **Agriculture and Rural Development**

### **Mr. Speaker**

57. We believe that, our economy is dependent on agriculture as well as farmers. We, therefore, have laid particular emphasis on mitigating sufferings of the farmers in our election manifesto. This has been duly reflected in the allocation of resources in the previous two budgets. We do not perceive agriculture as a separate sector from rural development. Rather, we have treated rural non-farm sector, development of rural physical infrastructure, rural electrification, rural housing and sanitation, use of land and water resources, and expansion of small and medium scale industries as an integral part of agriculture. We have, therefore, allocated resources for this sector under an integrated plan. I have already discussed the results of our various agriculture-friendly programmes. Now, I am placing before you our ongoing and future action plans in this regard.

## Agriculture

58. Our aim is to achieve self-sufficiency in food by 2013. With this end in view, we have taken a number of steps for the expansion of small irrigation facilities, removal of water logging, draining out water in *Haor* areas, production of improved quality and high yielding varieties of seeds and their preservation and distribution and development and expansion of the varieties of crops suitable for the weather and environment of a particular region. We are attaching highest priority to enhancing the production of domestic food grains to meet the demand for food of the large population of our country.

59. Our government has continued with granting of subsidies in the agriculture sector to increase food production by ensuring the supply of agriculture inputs at a reasonable price. After assumption of office, we have reduced the prices of TSP, MOP and DAP fertilizers thrice and in October, 2010 we have re-fixed the prices of TSP at Tk. 22 per kg, MOP at Tk. 15 per kg and DAP at Tk. 27 per kg. In FY2009-10, we granted subsidy to the tune of Tk. 4,892 crore in agriculture. In FY2010-11, an allocation of Tk. 5,700 crore has been earmarked for granting subsidy. I propose an allocation of Tk. 4,500 crore for agriculture subsidy in FY 2011-12 budget.

### Agriculture Subsidy

60. Another important input for increasing the production of agriculture is high yielding variety seeds. Under the programme of supplying high yielding variety seeds to the farmers, BADC is distributing a total of 1,30,937 MT of seeds of various crops including 1,07,404 MT of pea-grain seeds in current fiscal year, which is 58 percent

### Seeds

of the total national requirement. In the FY2011-12, a target has been fixed to produce 1,54,213 MT of seeds.

61. The cultivation of salinity-resistant Bina-8 and Bri-47 paddy has begun. Besides salinity-resistant Bri-53 and Bri-54, Bri-51 and Bri-52 paddy for the flood prone area have been invented. In FY 2009-10, steps

**Hybrid Paddy and Small Irrigation**

were taken to produce an additional 6,73,290 MT of food grains by extending the

cultivable land to 2,46,448 hectares. This will be done through expansion of irrigation facilities in the southern region of the country by utilising surface water, mitigating water logging problems in the south-west region and draining out water in the *Haor* areas.

62. I mentioned in my previous budget speech that we were going to organize ‘Farmers Marketing Group’ and ‘Farmers Club’ throughout

**Fair Price for Agricultural Produces**

the country in order to ensure that the farmers get fair prices for their

produces. I also mentioned that we were building one wholesale market infrastructure in 15 districts and growers’ market infrastructure in 16 districts of the northern region. I am pleased to inform this House that we have already formed 490 ‘Farmers Marketing Group’ and 16,677 ‘Farmers Club’. Side by side, we have built 15 wholesale market infrastructure and 60 growers’ markets. One central market at Gabtoli of Dhaka has been built which has begun functioning to establish linkage with those markets. We will form an additional 600 ‘Farmers Marketing Group’, 6,200 ‘Farmers Club’ and establish 4 agro-products processing centres.

63. The fertility of soil has been degrading gradually for continuous use of fertilizers. I informed the House in my previous budget speech that we were taking steps to produce crops suitable for a particular kind of land with the help of soil survey that facilitates analysis of soil quality, identification of land resources and assessment of land fertility. A programme has already been undertaken to use ‘*Guti*’ (granular) urea and leaf colour chart to introduce austerity in the use of urea. Up to 30 percent of urea can be saved by using ‘*Guti*’ urea and it increases crop production by 15 percent. On the other hand, the use of leaf colour chart helps determine the appropriate time and quantity required for use of urea fertilizer. Moreover, a pilot programme has begun in 30 upazilas to introduce use of urea by analysing the soil fertility digitally. Commencement of the program in further 120 upazilas is underway.

**Soil Quality**

64. In the current fiscal year, up to April 2011, 81.5 percent of agricultural credit has been disbursed against a target of Tk. 12,617 crore. This is 14.9 percent higher than that of the corresponding period of the last year. In the next fiscal year, I propose to raise the target of agricultural credit disbursement to Tk. 13,800 crore.

**Agricultural Credit**

65. I mentioned in my previous budget speech about the initiative to introduce an ‘Agricultural Insurance’ scheme to provide the small and medium farmers with crop price support in the event of crop failure due to natural disasters. The only state-owned insurance corporation, Sadharan Bima Corporation has drawn up a pilot project to introduce ‘Crop Insurance’ in one Upazila. The ‘Crop Insurance’ scheme is expected to be introduced on a pilot basis in the next fiscal year.

**Agro-Insurance**

66. The Government has been allocating funds for agricultural research institutions on a regular basis. The agricultural research fund that was created with an allocation of Tk. 350 crore, has now grown to Tk. 450

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| <b>Agricultural Research</b> |
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crore including profit. The public/private agricultural research institutes have already begun research programmes with the profit generated from the fund. All kinds of agricultural research programmes on jute, tea and others crops will be brought under this fund. Our epoch-making achievement in the agricultural research is the successful decoding of genome sequencing of jute. This crucial discovery has opened up a new vista for further invention of new high yielding species of jute, which will be salinity-resistant and tolerant to drought, insects and diseases. To avail of this opportunity, the Government has taken up an initiative to establish a research outfit. We will soon enact the 'Bangladesh Agricultural Research Council Act, 2011' to strengthen the agricultural research programmes.

67. With a view to developing the agricultural sector as a whole, the '**National Agriculture Policy 2011**' will be finalised in the first half of the next fiscal year after making necessary amendments to the existing National Agriculture Policy 1999 focusing on crop production, seeds, fertilizer, small irrigation, integrated pests management, mechanisation of agriculture, agricultural extension, agricultural marketing, use of land, agricultural education and training, agricultural credit, women's participation in agriculture sector and agricultural research.

68. I propose to allocate Tk. 7,411 crore, for the development and non-development combined, for the Ministry of Agriculture in the budget for FY 2011-12.

## Fisheries and Livestock

**Mr. Speaker**

69. In the previous two years' budget speeches, we promised to raise the production of fish, meat, milk and egg to meet the demand for animal protein as part of attaining food autarky. This year, I want to reaffirm this pledge of the Government.

70. The production of Hilsha fish has increased several times this year by involving the social elites, various social organisations and local fishermen in a programme for preventing the netting of '*Jatka*' (undersized *Hilsha*). In FY2010-11, we announced to take steps to tackle the environmental degradation caused by shrimp culture. Accordingly, we are working on a draft **Shrimp Policy**. To promote environment-friendly shrimp cultivation, a total of 22,175 shrimp farmers have been trained and 188 demonstration firms have been set up. As part of enforcing quality control at each stage, starting from production to consumption, as many as 1,80,000 production firms have been registered. At the same time, steps have been taken to maintain the availability of fish-feed to continue the cultivation of fish and other aquatic animals.

**Protecting *Jatka*  
and Environment  
Friendly Shrimp**

71. In order to conserve the endangered local fish varieties, we are continuing to release fish fries in open water bodies. As part of this effort, a total of 222 MT of fish fries has been released in FY2010-11. In

**Preserving the Endangered Local  
Fish Varieties**

addition, 137 MT of fish fries have been released in Pabna, Jessore, Faridpur, greater Haor

area and Kaptai lake under various projects and programmes that has helped to raise the per capita fish availability to 23.7 grams per day.

72. As proposed in the previous year's budget, activities are underway to increase the production of meat and milk by developing improved variety of livestock through artificial insemination, increased production of semen and artificial foetus transfer technology. In FY2011-12, there is a plan to construct 200 artificial insemination points and one semen production lab, set up bull stations and provide training to farmers and volunteers.

**Livestock Development**

73. Up to February of FY2010-11, in an effort to prevent various diseases of livestock and poultry, 14.88 crore doses of vaccine have been distributed. There also exists a stock of 1.91 crore doses of vaccine. In addition, the Government-owned poultry firms have successfully produced and distributed 13.18 lakh chicks in up to February of FY2010-11. As the production is less than the target, steps have been taken to modernise these firms. Here, we need to mention that by taking quick decisive actions, we have successfully controlled the impact of Anthrax and Avian Influenza within a short time through wider publicity and preventive programmes. Alongside the ongoing activities, we are implementing additional research programmes and mass awareness schemes to prevent Anthrax, Foot and Mouth Disease and Avian Influenza.

**Production and Distribution of Vaccine**

74. To continue the programmes we have taken up, I am proposing to allocate Tk. 947 crore for the fisheries and livestock sector.

## Water Resources

Mr. Speaker

75. The optimum use of water is essential for the development of an agro-based economy. We have already drafted the **‘Bangladesh Water Act, 2010’** and have taken initiatives to amend the **‘Water Resources Planning Act, 1992’**.

### Development of Water Resources

In my previous budget speech, I stated our initiatives to undertake large projects for flood control, irrigation, controlling river erosion, protection against salinity, improvement of delta and land reclamation, dredging of the *Gorai* and construction of the *Ganges* barrage in line with the commitment of our election manifesto. Now, I will discuss the status of implementation of these initiatives and our future action plans.

76. In my previous budget speech, I informed you of our initiatives with regard to reclamation of the *Gorai*. The second phase of the **‘River Gorai Reclamation Project’** has already begun. Along with excavation

### Reclaiming the *Gorai*

programme, we are conducting bathymetric survey to determine the depth of the river. However, we have to acknowledge that we have not been as successful in this effort as expected. In particular, we have not been able to resolve the compensation claims lodged by the private agricultural landowners on whose property dug up earth has been deposited. I am hopeful that the *Gorai* reclamation project will be implemented quickly as soon as this issue is resolved.



77. Capital dredging is very urgently needed to address the adverse effects of climate change like rise of sea level, river erosion, river siltation and water-logging. To address these problems, we have adopted a 15-year

**River Training and Sustainable  
River Management**

strategy titled ‘**Capital Dredging and River Management Strategy of Bangladesh**’ costing Tk. 50,015 crore under the directives of the

Hon’ble Prime Minister. Under this initiative, capital dredging and river management activities will be implemented in the Ganges-Padma, Brahmaputra-Jamuna and Meghna rivers. Procurement of dredgers and related equipment under the project titled ‘Capital Dredging on River System in Bangladesh’ is already underway.

78. We have taken an initiative to construct the Ganges Barrage in the south-western region of Bangladesh, to ensure integrated water

**Water Management of  
the Ganges**

management of the Ganges for the region’s economic growth, poverty alleviation and environmental conservation. To this end, a feasibility

study has been undertaken. I am hopeful that the study will be concluded within two years’ time and upon finalization of the design of the main barrage, the implementation of the project will be undertaken.

79. We have implemented many projects and taken up other new projects to protect our landmass, various towns and municipalities and

**Preventing River Erosion and  
Flood Control**

important sites of historical interest. With our relentless efforts, we have been able to protect 20 cities, 70

upazila towns and 500 important historical sites from river erosion. To further this effort, improvement of flood control and drainage system is

urgently needed. Consistent with this, a five-year plan starting from FY2011-12 has been taken up to construct 1,760 km and repair 16,870 km of embankments, construct and repair 9,000 flood control structures and construct 285 km new and repair 405 km existing river bank protection structures.

80. Self-sufficiency in food by 2012 as expected can only be attained through extension of irrigation facilities to the flood-free zones of the country for higher agricultural production. In continuation of the

**Extending Irrigation  
Facilities**

programme for extension of irrigation, a plan has been drawn up to free 1,35,000 hectares of land from floods in the next 5 years. In addition, projects will be taken up for excavating 195 km and re-excavating 3,770 km irrigation canals, excavating and re-excavating 2,990 km of drainage canals, building additional 117 and repairing 510 old irrigation structures. Construction work of 3 rubber dams has already been completed and another one will be built soon. I am hopeful that these efforts will reduce our dependence on food import and we will soon attain self-sufficiency in food.

81. Consistent with our election pledge, we have taken steps to free

**Reducing Salinity-risk  
and Land Reclamation**

newly surfaced *Chars* of the coastal region from illegal occupancy and distribute the land among the landless people for their permanent settlement. As total of 15,903 acres of land have already been allotted to 11,298 families and we plan to rehabilitate additional 9,586 families after evicting illegal occupants from 5,550 hectares of land in the next five years. We will reclaim 20,000 hectares of land in the coastal areas by constructing cross-dam and rehabilitate 16,000 poor families in 11,055 hectares of land. In

addition, we expect to protect 13.47 lakh hectares of land from the risk of salinity out of 26.37 lakh hectares of land currently under salinity risk.

82. People of the north-eastern *Haor* region are poorer than the people of other regions. Their crops are often destroyed by early flash floods

**Development of *Haor*  
and Wetland**

coming from the nearby highlands and mountains. To protect the crops of the *Haor* region and bring about its broader socio-economic development, a pre-

feasibility study for preparing an integrated master plan is nearly complete. This master plan will be built on the evaluation of historic and current status of the *Haors* and wetlands. It will at the same time develop appropriate and sustainable strategies for the development of greater *Haor* region. We have taken steps to intensify the activities of already formed *Haor Board*. Side by side, we have taken up initiatives to construct embankments, roads and schools consistent with the geo-physical traits of the *Haor* region.

83. In my previous year's budget speech, I mentioned that we would complete the work of developing the river systems surrounding Dhaka by

**Ensuring Clean Water Flows in  
the Rivers Surrounding Dhaka**

2013 ensuring free flow of clean waters by improving environment, removing unauthorized structures

and restoring navigability. We have not yet been able to achieve the targeted navigability in the rivers *Buriganga*, *Turag*, *Pungli* and *Dhaleshwari* due to technical difficulties. We have decided to go for re-tendering as most of the contractors failed to meet the conditions as stipulated in the tender documents. I am hopeful of beginning the work in next fiscal year in full swing and be able to finish it within the tenure of our Government. In addition, we are planning to commence a project in

next fiscal year for developing the flood control and drainage system of 124 square km of land area in the eastern part of Dhaka city.

84. For the next fiscal year, I propose an allocation of Tk. 2,228 crore, development and non-development budget combined, for the water resources sector.

## **Rural Development**

### **Mr. Speaker**

85. I discussed earlier the status of employment generation through investment in rural sector. Now, let me take a look at the other programmes undertaken for rural development.

86. We are committed to provide pure and safe drinking water for all. Up to March 2011, 6,463 water sources have been set up by the Government and a plan has been worked out to set up an additional 2 lakh water sources by FY2012-13. Out of 309 municipalities, water supply system has been installed in 130 municipalities up to March 2011. At the same time, 11 production tubewells and 71 km distribution lines have been installed and repaired. In addition, a feasibility study is underway for installing water supply lines in 155 municipalities. In the next fiscal year, another 40 municipalities will be brought under the coverage of safe running water. In order to ensure arsenic-free water supply in the rural areas as it has been done in the urban areas, we shall adopt a policy to re-excavate and protect at least one water body in each village. We expect that the local government institutions will

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| <b>Pure and Safe Water Supply</b> |
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come forward to take over this responsibility.

87. For the 1.3 crore city dwellers of Dhaka, daily 200 crore litres of water is supplied against the demand for 220 crore litres per day. It is estimated that the daily demand for water will rise to 244 crore litres in

**City Dweller's  
Demand for Water**

FY2011-12 due to ever increasing influx of population to the capital city. To address this problem on a priority basis, steps have been taken to set up well-fields in Savar and

Singair of Manikganj designed to produce additional 30 crore litres of water daily. At the same time, there is a target to establish a water treatment plant with a capacity of 22.5 crore litres per day, install 30 and replace 55 deep tubewells and install 30 km and replace 20 km water distribution lines in Dhaka city. For Chittagong City Corporation, there is an initiative to install 4 deep tube wells in the coming fiscal.

88. I declared a plan in my previous budget speech to reduce dependency on underground water. We want to bring down the dependency ratio of using ground and

**Enhancing Utilization of  
Surface Water**

surface water from 87:13 to 50:50. Accordingly, the Syedabad Water Treatment Plant Project (2nd phase) is

being implemented to supply 22.5 crore litres of water per day. We have a plan to install Padma Water Treatment Plant to supply 45 crore litres of water per day. Moreover, a feasibility study on Khilkhet Water Treatment Plant is underway that will supply 50 crore litres of water daily.

89. Use of sanitary latrines is inextricably linked to health and living standards of the people across the country. At present, 90.6 percent families in the country are using sanitary latrines. We are determined to

**Sanitation**

ensure sanitation for all by 2013. I mentioned in the previous budget speech about the commencement of production and installation of 5 lakh sanitary latrines to achieve this target. Accordingly, as many as 1.58 lakh sanitary latrines have been produced and installed up to March, 2011.

**Rural Housing**

90. The issue of rural housing is completely different from that of urban housing. We have to be prudent in planning land utilisation. According to our election manifesto and the commitment we made in the previous budget, we are going to take a number of steps to complete land-zoning and set up *Palli-Nibash* (rural housing area) in union and upazilla growth centres. We have to ensure that the development of rural housing in no way hinders the agricultural production. Therefore, we have taken steps to prepare a policy framework for integrated land use and housing to ensure the optimum use of land.

91. I propose an allocation of Tk. 11,714 crore for the rural development and local government divisions, development and non-development budget combined, for the coming fiscal year. This allocation is 18 percent higher than the revised allocation for FY2010-11.

**Rural Electrification**

92. We have been working diligently to deliver the benefits of electricity to the doorsteps of the rural people. Till February 2011, as many as 48,725 villages out of a total of 87,372 villages of Bangladesh have been brought under rural electrification coverage. According to our master plan, we will need to construct 3,26,263 km of transmission lines in order to cover each and every village of the country.

Until June 2000, a total of 1,16,576 km of distribution lines were installed and afterwards up to March 2011, an additional 1,03,491 km lines have been installed. In the areas out of the reach of the national grid, a total of 14,408 home solar systems have been installed under the supervision of Rural Electrification Board. According to the master plan adopted by the Government to mitigate power shortages, installation of a 245 MW power plant is underway on Built, Own, Operate (BOO) basis with public-private joint investment under the supervision of the Rural Electrification Board. In addition, IDCOL (Infrastructure Development Company Limited) has installed solar power systems with a capacity to generate 45 MW electricity in more than 9 lakh households and business enterprises till April, 2011. The company has planned to install 25 lakh solar power systems with a capacity to produce 125 MW of electricity by 2014.

93. The IDCOL has installed bio-gas plants in 20,000 households and fixed the target to install an additional 1,50,000 bio-gas plants by 2016 under the National Household Bio-gas and Fertilizer Program. There is ample scope for Bangladesh to produce 400 MW of power from the husks of paddy only. IDCOL has taken up several projects in order to make this technology popular. Moreover, steps have been taken to produce bio-gas and bio-electricity on commercial basis in the poultry and dairy firms.

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| <p><b>Bio-gas and<br/>Bio-electricity</b></p> |
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## **Food Security**

### **Mr. Speaker**

94. While we have achieved record success in food production in previous years, the huge pressure of population and climate change have

made ensuring food security very challenging. For this reason, one of the overriding priorities of the Governments is to ensure food security for the citizens of Bangladesh.

95. During the present tenure of our Government, poverty alleviation programmes have been expanded and consolidated. In order to meet the food demand of the hard core poor, the coverage of the VGF, VGD, and GR programmes have been widened. In this context, I propose to allocate 4.70 lakh MT of food grains as VGF, 4 lakh MT as food for work, 2.65

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| <b>Food Security Program</b> |
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lakh MT as VGD, 4.10 Lakh MT as Test Relief (TR), and 80,000 MT as GR.

Here, I like to draw your attention to the fact that the main purpose of food security programme is to create employment and provide incentive for production. In this connection, I mentioned in my previous budget speech that care should be taken to ensure that these programmes do not make the marginalized working people idle and keep them away from work. Meanwhile, upon analysing the policy of these programmes, steps have been taken to involve the hardcore poor in the development activities by providing them with temporary employment. In tandem, we would like to build a system of food supply at fair price to ensure food security. Currently, rationing system, Open Market Sale of food grains and other distribution mechanisms are in place. However, these arrangements need to be rationalised. As part of this, food grains should be distributed to the RMG and textile workers at a reduced price as it has been done in the case of silk industry and tea-garden workers. Above all, by reducing the use of edible oil and changing the food habit we can ensure food security.

96. Besides acting as a catalyst for influencing market prices, the emergency food reserve helps face crisis situation. We are, therefore,



continuing our efforts to build up a buffer stock by procuring food grains.

#### **Emergency Food Reserve**

Here, I would like to mention that in order to incentivise farmers for successful food production, it should

be ensured that they receive fair price for their produces. As the current market price ensures fair price, the Government has given a drive to procure food grains from overseas to build up stock instead of locally procuring the *Aman* and wheat from the farmers. We want to continue this programme in the next fiscal year too. I hope that it will help maintain high level production by the farmers and at the same time, build up a safe food reserve through import. In this context, our efforts to build up a food reserve will result in an end stock of 11 lakh MT in the current fiscal year and 13 lakh MT in the next fiscal year, Insha Allah.

## **Communication Sector**

### **Mr. Speaker**

97. In my previous budget speech, I gave importance to the integrated development of communication sector. While a lot of expansion took place in the roads and highways sector, development in the railway and water ways were little. We are determined to remove this gap and bring

#### **Integrated Communication Policy**

about overall development in the communication sector. For this, an integrated Multi-Modal Transport Policy has been

drafted. I expect that this policy will be finalised by the next fiscal year. Beside this, in order to strengthen the coordination and the regulatory arrangements of road transportation '**Dhaka Transport Coordination**

**Authority Act 2011'** has been approved in principle by the Cabinet. Under this Act, Dhaka Transport Coordination Board (DTCB) will be transformed into Dhaka Transport Coordination Authority (DTCA) that will play a more effective role in the coordination of capital's transportation system. I have already recounted our achievements in the communication sector. Now, I would like to mention about some other successes in this sector. For example: the projects of Roads and Highways Directorate are being implemented and monitored through the computerized Project Monitoring System (PMS) and e-tender system in four road divisions will be introduced soon. We have already introduced the mobile facility for purchase of Railway ticket. Now, I would like to update you about our current activities and future plans.

## **Roads and Bridges**

### **Mr. Speaker**

98. In order to create a safe and quality road communication system, we have adopted a 20-year Road Master Plan and undertaken several programmes to implement the plan. You will agree with me that road density in Bangladesh is probably the highest in the world. We have a road

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| <b>Road Fund and<br/>Road Master Plan</b> |
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network of 2,079 km per 1000 sq. km in the country. We, therefore, are giving more emphasis on regular and qualitative maintenance of existing roads than on constructing new ones. Considering this, steps have been taken to create a special fund named '**Road Fund**'. I hope that this initiative will be implemented soon through inter-ministerial coordination.

99. In the previous two budgets, I made a commitment to take effective steps to mitigate traffic congestion including establishing an environment-friendly mass transportation system. Replacing the existing Motor Vehicle Ordinance, formulation of a new and time befitting **‘Road Transport and Traffic Act’** and a **‘National Road Safety Strategic Action Plan’** are at the final stage to ensure discipline in road transport sector, reduce road accidents and ease traffic congestion.

**Road Safety and Easing  
Traffic Congestion**

100. The feasibility study on the introduction of Bus Rapid Transit (BRT) system is also going on. In addition, we have already started the construction work of a 26 km long Elevated Expressway linking Hazrat Shajalal (R) International Airport and Kutub Khali on the Dhaka-Chittagong highway. I strongly believe that this project will be completed within the tenure of our Government.

**Elevated Express Way**

101. The feasibility study on the Mass Rapid Transit (MRT) line-6 will be completed soon. In addition, we have been rapidly implementing the projects of ‘Mayor Mohammad Hanif Flyover’ from Gulistan to Jatrabari, another flyover from Mirpur to Airport Road and the other at Kuril Intersection and over passes at Banani and Jurain rail crossings. I believe that on implementation of these initiatives, a discernible improvement will be achieved in terms of reduction of traffic congestion in Dhaka city.

**Mass Rapid Transit-MRT**

102. Due to a number of legal complications, expected momentum could

**Upgrading Dhaka-Chittagong  
Highway into 4 lanes**

not be gained in the upgradation of Dhaka Chittagong Highway into 4 lanes. However, we have started a joint survey and

physical work of the project in full swing since December 2010. I would like to assure you that the work of this project will be completed on priority basis by FY2013-14.

**Circular Road, Rail and  
Waterways Surrounding Dhaka**

also have undertaken a feasibility study for establishing circular railways. Besides, with a view to resolving the water transport

bottlenecks around the city and reducing pressure on roads, a total of 8 lakh cubic metre of dredging and 40,000 cubic metre excavation have been completed in FY 2010-11. This will help introduce circular waterways around the city. The dredging and excavation work for the circular waterways around the capital is underway. A landing station has been set up at Kanchpur. The construction of a terminal in the Tongi River will be completed soon.

**Procurement of  
CNG Bus**

104. BRTC has already procured 275 CNG driven buses to provide environment-friendly passenger service. Within a short period, 255 buses will be added to existing BRTC bus fleet. Alongside, we have a plan to procure 300 more double decker buses. I expect that addition of these buses will help make public transportation system

environment-friendly and reduce the existing problems in this sector to a great extent.

105. In my first budget speech, I stated that each growth centre will be connected with the district headquarters. With a view to strengthening our

**Growth Centres to be connected  
with District Headquarters**

rural economy by developing the communication system, we have already completed the development work of 28,086 km

out of 37,763 km of upazilla roads. Steps have been taken to construct the remaining upazilla roads in phases. Special emphasis is also being given on road maintenance.

## **Railways**

### **Mr. Speaker**

106. According to the Government's election pledge, several steps have been taken to expand railways, modernise rail communication and improve service delivery. We have set up a separate Railway Division under the Ministry of Communication as part of reforming the railway

**Modernization and  
Expansion of Railways**

sector. In the next stage, we will complete the transformation of Bangladesh Railway into a corporate organisation. Moreover, we expect to

finalise the 20-year Master Plan for Railway very soon. Under the Railway Sector Improvement Project, the construction of double line rail track along Tongi – Vairabbazar section has begun. We have started construction of about 326 km new broad-gauge line. We have taken

initiatives to procure new locomotives and passenger coaches to improve the compliance with train-timings and customer service delivery of railways. Under these initiatives, 9 meter-gauge locomotives will be procured by 2011. After assumption of office, the present Government has introduced 7 new train services. Among these, ‘Turag Express’ in Narayanganj-Jaydevpur, ‘Dhumketu Express’ in Rajshahi-Dhaka and ‘Chattala Express’ in Dhaka-Chittagong routes have been introduced. We have undertaken 4 separate projects to upgrade the Dhaka-Chittagong railway corridor into double-line rail track. Moreover, we have plans to introduce commuter trains in some of the routes of Dhaka and Chittagong cities and Rangpur division.

107. In order to be connected with Trans-Asian Railway Network, we have taken initiatives to construct new railway track of about 128 km from

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| <p><b>International and Regional<br/>Rail Connectivity</b></p> |
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Dohazari to Cox’s Bazar via Ramu and from Ramu to Gundum. Around 53 km new rail lines from Khulna to Mongla port will be constructed to

ensure greater utilisation of Mongla sea-port. Moreover, steps have been taken to conduct 6 detailed surveys to set up international, regional and sub-regional railway networks.

108. For the next financial year, I propose an allocation of Tk. 9,798 crore, development and non-development budget combined, for Roads and Railway Division and Bridges Division, which is 29 percent higher than the revised budget of the last fiscal year.

## Water Transportation

### Mr. Speaker

109. I mentioned in the last budget about taking steps to develop river ports along with enhancing the navigability of waterways, in order to improve the inland transportation system of this riverine country. As part

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| <b>Enhancing Waterways<br/>Navigability</b> |
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of these integrated efforts, 35 lakh cubic metre dredging has been completed in 53 waterways and to take this activity forward 3 new dredgers have been procured after

long 36 years. Besides, a project for collecting 10 more new dredgers has been approved. In addition, the process of procuring 7 dredgers in underway and existing 2 old dredgers have been repaired. At present, there are 15 dredgers in the private sectors. These are also being used.

110. I made another commitment that we would enhance the capacity of Chittagong sea port considered as the golden gate for international trade and commerce and make the Mongla sea port more efficient. Accordingly,

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| <b>Capacity Enhancement<br/>of Chittagong Port</b> |
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we have completed the process of automation for rendering port services. Moreover, the construction of New Mooring Container Terminal has been completed at a

cost of Tk. 500 crore. Besides, with a view to removing container jam at the Chittagong port and transporting container goods via inland waterways, the construction of the first inland container river port at Pangaon – not far from Dhaka, with 1,60,000 TEU handling capacity, will be completed within June, 2011.

111. Besides modernisation of Chittagong port, we have taken steps to modernise the Mongla port. As part of this, 2 straddle carriers, 2 container trailers, 2 terminal tractors and 6 fork-lift trucks have already been procured. The Port Authority has completed 62,000 cubic meter dredging at several points of Poshur channel with its own fund.

**Modernisation of  
Mongla Port**

112. Under the programme for establishing 12 land ports on Build, Operate and Transfer (BOT) basis, 4 have started functioning at Sona Masjid, Teknaf, Hili and Bibir Bazar. Moreover, operators have been appointed for Tamabil, Akhaura, Vomra and Haluaghat land ports. In addition, I spoke about the establishment of a deep sea port at Sonadia. For this purpose, a draft of ‘Deep Sea-Port Authority Act’ has been prepared. Because of huge financial involvement, we are mulling over the effective way of implementing this initiative.

**Inland Port and  
Deep Sea-port**

113. Since 1962, Bangladesh Marine Academy has been providing training to the Merchant Marine Cadets and officers to equip them with appropriate skills for their engagement in international maritime trade. Recently, the Hon’ble Prime Minister has unveiled the foundation plaque of ‘Sheikh Mujib Maritime University’ which will help create large number of skilled professionals in this sector.

**Maritime University**

114. I propose an allocation of Tk. 653 crore, development and non-development budget combined, for water-transportation sector for the next FY2011-12.



## Civil Aviation

### Mr. Speaker

115. Bangladesh Biman became an unprofitable organisation in the past with few old generation aircrafts, high operation and maintenance costs, failures to take commercially prudent decisions, financial irregularities and wastages in several areas. I announced to take effective steps to

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| <b>Enhancing Capacity<br/>of Biman</b> |
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overcome the situation in my previous budget speech. We have already taken steps to establish close monitoring and strict administrative discipline including simplification of service delivery system. Because of our sincere initiatives, Bangladesh Biman was able to carry 45,000 Hajj pilgrims in a proper and safe manner during the last Hajj season in 2010, despite facing many obstacles. Besides, as part of introducing modern technology in Bangladesh Biman, online ticket booking system has started functioning since February 2011. Under the contract for buying 10 new generation aircrafts from the Boeing Company, 2 aircrafts will be delivered by the end of this year. Moreover, 2 aircrafts will be delivered in 2013, 2 in 2015 and the remaining 4 in 2020.

116. In the previous budget speech, I mentioned about the expansion and modernisation of Hazrat Shahjalal International Airport. We expect to

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| <b>Development of<br/>Airports</b> |
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complete this modernisation work by FY2012-13. We are continuing our efforts to upgrade this airport to category-1 through mechanical, infrastructural and system improvement. In order to boost up our tourism sector, we have taken

initiatives to make Cox's Bazar Airport suitable for landing of spacious aircrafts by expanding its runways. In order to ensure quick communication between the southern and the other parts of the country and to facilitate the task of disaster management, we are going to develop both Barisal and Bagerhat Khan Jahan Ali airport.

## **Human Resources Development**

### **Mr. Speaker**

117. We are aware that well educated and skilled human resource is the main driving force for an economy. Human resource development is, therefore, an integral part of our overall development plan. We believe that without skilled manpower achieving sustainable economic development as set out in the 'Vision 2021' will not be possible. I propose a total allocation of Tk. 34,150 crore for human resource development in FY2011-12.

## **Overall Education Sector**

### **Mr. Speaker**

118. Education is the fundamental right of all human beings and the key to socio-economic development. We have already outlined the success of our programmes adopted for creating skilled and competent human resources by improving the quality of education and eliminating discriminations that exist in the education sector. Now, I would like to dwell upon several other initiatives on education.

119. In South Asia, Bangladesh stands next to Sri Lanka in achieving gender parity in the primary and secondary levels of education. It is a rare achievement among the least developed countries. To encourage the poor

**Elimination of  
Discrimination  
in Education Sector**

and meritorious students, especially the females students, the present Government is providing stipends, tuition fees and examination fees in all upazilas of the country to 40 percent of students, of which 30 percent are girls and 10 percent are boys. Provision of stipends and supports for purchase of books for girls is continuing at the higher secondary level. Besides, implementation of a programme for providing stipends to female students of the undergraduate level is underway.

120. At the behest of the Hon'ble Prime Minister, a Foundation is going to be established to provide scholarship and full-free studentship to the poor and meritorious students studying in class six to undergraduate level

**Prime Minister's Education  
Assistance Foundation**

in the Government and non-government educational institutions across the country. A fund will be created under this foundation titled '**Prime Minister's Education Assistance Foundation**' with public-private financing, where government will provide a portion of the seed money. The rest of the financing will come from the private enterprises under corporate social responsibility framework. In this regard, both a policy and a draft act have already been formulated. I propose an allocation of Tk. 1000 crore for the proposed fund from the next fiscal year.

121. In to order to remove the disparity between rural and urban educational systems, we are transforming one school to a model school in each of 307 upazilas. As part of modernising the infrastructure of

**Decentralisation of  
Education**

educational institutions, the academic buildings of 3000 non-government schools are being constructed. Steps have been taken to modernise the madrasa education

system by establishing 30 model madrasas and introducing honours course at 31 madrasas. In addition, 1000 madrasa buildings are being constructed. The teacher's training system is also being strengthened by removing discrimination that exists among the teachers. Side by side, we will take initiative to establish directorates of education at the district level in order to decentralise education administration.

**Quality Education**

122. We are laying particular emphasis on quality of education in tandem with infrastructural development of educational institutions. We believe that by using traditional methods of teaching, we can only increase the rate of literacy, but cannot ensure its quality.

Our education system is basically city-centric. In rural areas and in some cases even in the cities, there is a dearth of skilled Mathematics, Science and English teachers. This urgently calls for an integrated plan.

**Talent Hunt**

123. I feel that it is not possible to find out extraordinarily creative talents through traditional scholarship award system. We are, therefore, going to launch a special talent hunt programme across the country.

Under this programme, we will search talents in language and literature, mathematics and science and IT through a competition starting from the grass root level. We are expecting to find a band of national icons who will inspire the new generation and provide strong leadership in nation building in the 21<sup>st</sup> century.

124. After lapse of several years, 1,624 educational institutions have been brought under MPO system in FY 2009-10 on the basis of a transparent policy. An additional 1,000 schools and madrasas will be brought under MPO coverage based on certain criteria. However, I would like to point out that the number of schools and madrasas at the secondary level under different boards stand at 26,037 of which, only 317 are government institutions and 21,484 are government aided under MPO system. A number of colleges providing higher education are also under the MPO coverage. Taking the advantage of the loopholes of the MPO system, a number of incompetent educational institutions have come up. Corruption of varying degrees has taken root and undermined the entitlement criteria established through a survey. This warrants revisiting the whole system. We plan to take actions accordingly this year.

**MPO**

125. As I mentioned in my previous budget speech, the work for establishing universities at Barisal, Gopalganj and Rangamati intended to reduce regional disparity is now in progress. Academic activities in the two universities established at Pabna and Rangpur have already begun. **Private Universities Act 2010** has been made effective from 18 June 2010.

**Eliminating Discrimination  
in Education Sector**

126. As many as 20,500 educational institutions of the country have been brought under the coverage of a ICT teaching programme aimed at ensuring ICT application in education sector. Under this initiative lap tops, multimedia projectors and internet modems will be provided to each of those educational institutions.

**ICT**

127. The present Government has been laying emphasis on producing and exporting skilled and creative workforce to the international markets by promoting vocational and technical education facilities. As part of this initiative, 11 modern language training centres in 6 divisions have been

**Promotion of Technical  
Education**

established to teach English, Arabic, Korean and Malayan language to the physicians, nurses and unemployed youths who intend to take up overseas

employment. Beside this, in order to expand technical and vocational education, a project is being set up to establish technical schools at every upazila.

128. The Hon'ble Prime Minister has already given directives to activate and strengthen National Skill Development Council for development of human resource as well as for building up social capital. In the light of the

**National Skill  
Development Council**

directives, a draft policy titled 'Bangladesh Skill Development Policy' has been finalised to revive the National Skill Development Council. An Executive

Committee is there for the execution of the decisions of the National Skill Development Council. Installation of a Central Data Bank on necessary technical and vocational training information is nearing completion. Currently, 22 ministries/divisions are providing technical training. In taking the agenda inherent in these programmes forward and ensuring effective coordination, public private partnership (PPP) would be an effective model.

## Primary and Mass Education

### Mr. Speaker

129. We promised that we would ensure 100 percent enrolment of all children at the primary level by 2010. We are pleased to inform you that,

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| <b>All out effort to Ensure<br/>Enrollment for all Children</b> |
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we have ensured 100 percent (99.3%) enrolment by 2011, though we could not achieve the target by 2010 as promised earlier. We are aiming to

eradicate illiteracy by 2014. In order to ensure education for all, we have created facilities for education of 9.16 lakh children in 26,646 learning centres in 89 selected upazilas and 6 divisional cities to bring the underprivileged and dropout children of 7-14 years age group under the coverage of primary schooling. In addition, as an incentive to complete primary education, 2 lakh school children are being provided with tiffin in the severely poverty stricken and food deficit areas. Besides, 3 programmes have been taken up to give basic literacy to 3.73 crore illiterate people within the age range of 11-45 years.

130. The reduction of teacher-student ratio from 1:50 to 1:40 by FY2011-

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| <b>Reducing Teacher Student<br/>Ratio</b> |
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12 was one of our declared promises. Even though the persistent increase in student enrolment rate will make any reduction in this ratio quite difficult, we

are approaching the target by recruiting 1,852 headmasters and 51,289 assistant teachers in the past two years. We have constructed 38,762 new classrooms against a target of 40,000 to promote and improve quality of primary education. Besides, construction of 375 Upazila Resource Centres

has been completed against the target of 397.

131. Against the target of constructing 398 primary school-cum-cyclone shelters in Sidr affected areas, construction of 3 has been completed and that of the other 72 are at the final stage of completion. Under the 2<sup>nd</sup> phase of Primary Education Development Programme (PEDP-II),

**Primary Education  
Development Program**

construction of 40,000 classrooms and recruitment of 45,000 teachers are underway. After completion of PEDP-II by June 2011, we will begin

implementation of another programme called PEDP-III with much wider coverage from FY2011-12. With a view to ensuring quality education, training has been imparted to 80 percent of existing teachers on Certificate in Education (C-in-Ed). We are actively considering upgradation of this training course to a diploma course.

132. From this fiscal year, we have commenced the process of establishing 1,500 primary schools across the country in the areas where no school exists. The construction work of residential buildings in 10 primary

**Establishing New  
Schools**

schools located in the Chittagong Hill Tracts and other backward areas is nearing completion. Besides, construction work for establishing PTI (Primary Teachers' Training

Institutes) in 12 districts having no PTI are scheduled to be started from this year with a view to enhancing the quality of teachers and increasing the number of teachers' training institutes. In addition, construction of specially designed school buildings and child-friendly teaching centres at haor/baor, remote and backward areas (char areas, tea garden etc.) are planned to be started.



133. The Junior School Certificate Examination has been introduced from 2010 following the introduction of Class V Completion Examination at the primary level since 2009. With a view to ensure qualitative improvements in the education system, structured creative questions for Bangla and Religions Studies have been introduced in the SSC examination in 2010. Teachers are now being trained to improve their skills in Mathematics and English. We are taking steps to decentralise the education system.

134. I propose an allocation of Tk. 19,837 crore for FY2011-12, development and non-development budget combined, for the education and primary and mass education sectors.

## **Health and Family Welfare**

### **Mr. Speaker**

135. We are working sincerely and with dedication to meet our pledge for ensuring quality health services for all. I discussed earlier the successes that we achieved by implementing different programmes in this sector. Now, let me discuss a few more programmes and future plans for this sector.

136. We undertook Health, Nutrition and Population Sector Programme (HNPSPP) having a special focus on poverty alleviation. Through this intervention, we have achieved enviable success in health, nutrition and

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| <b>Success of<br/>HNPSPP</b> |
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population related targets of Millennium Development Goals (MDGs). As I mentioned earlier, the Hon'ble Prime Minister has been honoured with the United Nations MDG in 2010 Award for reducing child mortality rate significantly, compared to the other countries. We

have also succeeded in reducing the maternal mortality at child birth from 348 (per lakh alive) in 2008 to 194 in 2010. Having said that, we must admit, we could not make much headway in terms of nutrition related targets of MDG. The total fertility rate (TFR) has dropped from 6.3 in 1970-75 to 2.15 in 2009. We want to quickly complete the formulation of a time befitting Population Policy to strengthen the family planning programmes as was pledged in our election manifesto. Besides making contraceptives easily available, we have taken initiatives to create public awareness and revive the home visit system for delivering family planning and mother and child healthcare related services. The current phase of the on-going Health, Nutrition and Population Sector Programme (HNPSP) will come to an end in June, 2011. It was evident from the mid-term review of HNPSP that the program had succeeded reasonably in strengthening the health service delivery system and achieving its overall objectives. We are, therefore, poised to take up the next Health, Nutrition, Population Sector Program (HNPSP) at a cost of Tk 23,000 crore for the period of 2011-16. We expect that this will add a new dimension to the success we have achieved in health, nutrition and population sector.

137. You might recall that I mentioned about widening the coverage of Maternal Health Voucher Scheme in my previous speech. This programme

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| <p><b>Nutrition and<br/>Reproductive Health</b></p> |
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has already been introduced in 46 upazilas. We have taken an initiative to further strengthen National Nutrition Program and roll it out to more upazilas to ensure that the minimum nutrition requirement of 2122 kilo calories per day for the ultra-poor is met. Also, there is an initiative to strengthen Bangladesh Breast Feeding Foundation to revitalize the breast feeding programme. Above all, we have now extended the scope of our services covering mother, child, reproductive health and family planning through 97 mother and child care

centres at district, upazila and union levels, and 3,900 Union Health and Family Planning Centres and 30,000 Satellite Clinics.

138. We want to reach the healthcare services to the doorsteps of the rural communities. We have been, therefore, establishing upazila health complexes including clinics and health and family welfare centres at the union level. To this we have now added community clinics. However, we know that doctors do not stay at their rural work stations. Even medicine and other medical appliances are not available in the rural health centres.

#### **Telemedicine**

In order to bring qualitative changes in the rural healthcare system, we are planning to engage professional medical practitioners in the rural areas.

Besides, by taking advantage of ICT, we have started promoting telemedicine. Each upazila health complex has been provided with a cell phone. In parallel, some of the private mobile phone operators are also providing similar services. Alongside the use of mobile phones, patients are being given medical advice through video-conferencing and e-mails. Meanwhile, mobile medical teams are providing health care services in the inaccessible areas like *char* and islands. Extending this facility is one of our cardinal objectives.

139. In order to make alternative healthcare system more popular, we

#### **Alternative Healthcare**

plan to employ one Homeopathic, Unani and Ayurvedic practitioners at the

district and upazila levels. There is an ongoing process to create a Registration Council for alternative healthcare system to upgrade and modernise the alternative treatment methods. We have also planned for the plantation of indigenous trees and creation of herbs garden in districts and upazilas.

140. According to our pledge, we have formulated the **‘User Fee Collection Policy’** and the **‘Patient Welfare Fund Policy’** is being formulated. The National Health Policy has been approved by the Cabinet on 1 May 2011 and the Population Policy has been posted in the website for public comments. We expect to finalise this policy by the next fiscal year.

**Policy Formulation**

141. The Drug Administration Office has been upgraded to a Directorate according to the promise made in my previous budget speech. **‘National Drug Policy 2005’** has been updated and **‘Drug Control Ordinance 1982’** amended as required. The list of essential drugs has been updated according to World Health Organisation’s latest model and requirement. In addition, the process of establishing the Active Pharmaceutical Ingredient (API) Park to improve the quality of medicines and turn pharmaceuticals to an important export-oriented sector is in progress.

**Development of  
Pharmaceutical Industry**

142. We would like to ensure quality healthcare services for the citizens of this country. The doctor, nurse and health assistant ratio need to be upgraded to 1:3:5 in different health centres and hospitals to meet this goal. Here, I would like to mention that a total of 5,812 physicians pass out of public and private medical colleges completing their education every year. On the other hand, only 4,535 nurses and 6,975 health assistants pass out from different institutions every year. We have, therefore, no other alternative than to produce trained nurses and health assistants at an increased rate every year to raise the doctor, nurse and health assistant ratio to the desired level.

**Ratio of Doctor, Nurse and  
Health Assistant**

143. As many as 1,747 nurses/senior nurses have been recruited and 537 new posts for nurses have been created. As part of the skill development

**Skill of Nurses and  
Paramedics**

initiative, 187 nurses have been sent abroad for training. Facilities have been created for 360 nurses to pursue their studies in 12 Nursing Institutes and for 120 nurses in the

Post Basic Nursing College. In addition, we have a plan to establish 1 new Nursing College and 10 new Nursing Institutes and upgrade 9 Nursing Institutes to Nursing Colleges. As part of our plan to increase the numbers of health workers, 6,391 health assistants and 400 health technologists have been recruited. In addition, recruitment of 1,000 family welfare visitors is under way. Health workers working at different levels including 8,245 paramedics are being trained to improve the quality of health service delivery.

144. Out of 7 Medical Assistant Training Schools (MATs), 4 have been upgraded to Medical Assistant Training Institutes. In addition, 1 Family

**Establishing New  
Training Centres**

Welfare Visitor Training Institute (FWVTI) and 3 Institutes of Health Technology at Khulna, Mymensing and Sylhet have been established. As a preventive measure against contagious diseases, National Tuberculosis

Programme is being implemented through 800 centres and 35 External Quality Assurance Centres.

145. I propose an allocation of Tk. 8,889 crore for FY2011-12, development and non-development budget combined, for the Ministry of Health and Family Welfare.

## **Women Empowerment and Children Welfare**

### **Mr. Speaker**

146. Establishing equal rights in all spheres of the state and society and elimination of discriminations altogether are constitutional obligations of the Government. To meet this obligation, we are persistent in the pursuit

#### **National Women Policy**

of establishing the rights of women and children, ensuring their empowerment and integrating them in the mainstream of all developmental efforts. Consistent with

this, we have, therefore, formulated the National Women Development Policy 2011

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147. In my previous budget speech, I gave an indication about a plan for taking up new activities to enhance participation of women in all

#### **Computer Training for Rural Women**

economic activities. As part of this plan, computer training programmes for rural women have been introduced in 34 districts. In addition, online e-service has

been introduced for the women living in the remote parts of the country to make all the information about the services provided by the Government quickly available to them.

148. Special training programmes have now been introduced for women

#### **Women Participation in Workforce**

on different new trades like housekeeping, mobile servicing and English language. A special program for marketing the products of women entrepreneurs at the grass root level

has been taken under the initiative of public-private partnership. I expect these programmes will play a positive role in involving women more in economic activities.

149. We want total elimination of violence against women and children from the country for ever. To prevent violence against women and children we enacted relevant laws. As I mentioned at the outset of my speech, the Family Violence (Prevention and Protection) Act 2010 has

**Eliminating Violence against  
Women and Children**

been enacted to achieve this objective. As part of the programme for preventing violence against women, National Forensic (DNA)

Screening Laboratory with modern technology has been established in 6 divisional medical college hospitals including Dhaka Medical College. This program will be extended throughout the country from next year.

150. We have taken a wide range of programmes to ensure child welfare and child rights. *Shishu Bikash Centre* to rehabilitate street children has

**Child Welfare**

been made operational in Chittagong, Khulna and Rajshahi Divisions. We have taken an initiative to take forward the computer training programme adopted last year for 30 districts, to more districts this year with an aim to build a new generation equipped with the knowledge of ICT. The programmes on the rehabilitation of children and juveniles living in Sidr and Aila affected areas and Integrated Development Programme for Girl Child will be implemented from next fiscal year.

151. One of the major goals of the present Government is to expand the scope for employment for women. This calls for creation of women-friendly environment for working mothers. To attain this objective, we

have taken an initiative to increase the number of Child Day Care Centres.

#### **Day Care Centre**

7 such new centres became operational last year. Opening of additional 3 centres are at the final stage. We plan to take this programme well beyond its current remit. In the meantime, a number of RMG and textile entrepreneurs have established day care centres and maternity clinics for the welfare of their women workers. We expect that before long, each of the enterprises included in the BGMEA (Bangladesh Garment Manufacturers and Exporters Association), BKMEA (Bangladesh Knitwear Manufacturers and Exporters Association) and BTMA (Bangladesh Textiles Mills Association) will set up similar outfit for employees in return for their contribution for the development of these organisations as well as for the welfare of the country.

152. I propose an allocation of Tk. 1,237 crore, development and non-development budget combined, for the Ministry of Women and Children Affairs.

## **Culture**

### **Mr. Speaker**

153. The culture of a nation represents its history, civilisation and living pattern. At the same time, the culture mirrors both the national character

#### **Preservation of Liberal Cultural Heritage**

and identity. One of the major commitments of the present government is, therefore, to develop and nurture our national cultural heritage enriched over a period of thousand years. We are also proud to protect our glorious secular cultural heritage



by putting up resistance against fundamentalism, racism, parochialism, superstition and terrorism.

154. In my previous budget speech, I proposed for an allocation of Tk. 100 crore to the programmes for the development of our indigenous culture. Our intent was to revive our neglected cultural heritage and to motivate people to acquire a liberal and compassionate attitude. A number of

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| <b>Development of<br/>Indigenous Culture</b> |
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activities have already been undertaken under these programmes. Included among them are promoting our nearly extinct folk-culture; practicing, collecting, preserving and developing of *Bangla* language, literature and culture; exploration and conservation of archaeological sites; developing aboriginal and tribal culture; celebrating *Rabindra-Nazrul* birthday anniversaries; and organising season-bound cultural fairs in 64 districts. This year, on 25<sup>th</sup> of *Boishakh*, Bangladesh and India jointly celebrated the 150<sup>th</sup> birth anniversary of poet *Rabindranath Tagore* in both the countries. Besides, we have taken steps to establish National Cultural Council in the country and Cultural Centres in abroad (Kolkata, London, New York) to develop indigenous culture. An initiative to construct the National Art Gallery in the premises of Shilpakala Academy will be taken up next year.

155. In a similar fashion, last year we established cultural institutes for the small tribal groups living in Rangamati, Khagrachari, Cox's Bazar, Rajshahi, Moulvibazar and at Birishiri in Netrokona and a Rakhain

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| <b>Culture of Ethnic Minorities</b> |
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Cultural Institute at Ramu in Cox's Bazar for the revival and development of tribal culture. Construction of National Art Gallery, Hasan Raja Academy, Pallikobi Jashim Uddin Archive and repair, expansion and renovation work of

Shilpokala Academy in 20 districts have been completed.

156. In my two previous budget speeches, I laid emphasis on establishment of libraries as well as providing them with books. In order to promote reading habit, steps have been taken to establish public libraries and to provide the primary schools with books in addition to equipping them with modern information technology and musical instruments. Besides, construction of public libraries in 45 districts is underway, out of which construction of 28 such libraries has been completed. An action-plan is under active consideration for establishing libraries at the premises of primary schools and union parishads by 2014 with a view to creating reading habit at the grassroots level.

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| <b>Development of Public Libraries</b> |
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157. The programme that began in FY2010-11 for excavation and preservation of archeological sites for the purpose of preserving artifacts will come to an end in 2014. Besides, starting from FY2011-12, we are going to undertake special programmes for renovation and maintenance of Lalbagh Fort and set up a Light and Sound Show therein, maintenance and preservation of Mahasthangarh and surrounding ancient structures, construction of National Archives Bhaban and preservation of valuable documents, establishment of Nazrul Institute Centre in Comilla and development of Bangladesh Folk Art and Crafts Foundation.

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| <b>Preservation of Archeological Artifacts</b> |
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158. I propose a total allocation of Taka 237 crore, development and non-development combined, for FY2011-12 for the implementation of the new programmes in addition to those undertaken in FY2010-11 under the

revenue budget.

## **Religion**

### **Mr. Speaker**

159. Religious tolerance and harmony are the binding elements in a liberal and democratic framework of a state. Our Government has always been whole-hearted in building a society which offers unhindered freedom in practicing religion and fosters respect and tolerance for individual religious beliefs.

160. You are aware that we could bring to an end a longstanding malpractice and anarchy in the management of Holy Hajj. We are now following the 'Hajj Policy', formulated during the term of our government, to improve Hajj management. The office of the Hajj Counsellor has been relocated from Jeddah to Makkah in order to better serve the Hajj pilgrims. Supervision of Hajj agencies, efficient handling of Hajj flights and above all, an improvement in Hajj management made it possible for 90,696 pilgrims to perform Hajj in FY2010-11, which is the highest number as of now. We expect that the number will surpass the 100,000 mark next year.

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| <b>Hajj<br/>Management</b> |
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161. Imparting religious and primary education under mosque-based children and mass education programme is well underway. This year, pre-primary education to 12.60 lakh students, mass education to

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| <b>Mosque-based Children and<br/>Mass Education Programme</b> |
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38,000 adults and Qur'an learning for 8.40 lakh boys and girls was organised through 42,028 centres.

162. I believe, religious leaders can play a very important role against religious bigotry, terrorism and social decadence. We have, therefore, strengthened the *Imam* training programme. Under which, 3,200 *Imams*

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| <b>Imam Training</b> |
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have been trained. The Government is ensuring a congenial environment for the followers of all religions in observing their own religious rites

and ceremonies.

163. Steps have been taken to scale up the fund for Christian Religious Welfare Trust from Tk. 1 crore to Tk. 5 crore by amending the relevant law.

## **Minority and Backward Population**

### **Mr. Speaker**

164. In Bangladesh, there is no aboriginal tribe as such. In fact, this is a hybrid nation created by the outsiders and the indigenous people living on this alluvial plane. However, the ethnic minorities came here and settled down keeping their own cultural traits intact. The *Chakmas*, *Garos*, *Saontals* and *Rajbangshis* are the ethnic minorities in this land. They are contributing greatly to the enrichment of our national culture and traits. It is, therefore, our responsibility to preserve and develop their cultural heritage. It is also important to integrate them in the mainstream of our society by enhancing education and employment opportunities. Our Government extends continued support for this disadvantaged segment of

the society.

165. We have undertaken specific programmes for preservation and development of heritage of ethnic minorities according to the region. In an

**Conservation and Development of  
Culture of Ethnic Population**

attempt to conserve and nurture the traditional culture of tribal groups, implementation of special development

programmes and projects is underway in 4 districts of the hill tracts region. Besides, another 4 development programmes have been undertaken under revenue budget for preservation and development of life conditions, customs and culture of ethnic groups living in the plane lands.

166. Our Government attaches equal importance to the development of all regions. We want to reinforce the mood of peaceful coexistence among various tribes of Chittagong Hill Tracts region that was created after the Hill Tracts Peace

**Improving the Living  
Standard of Ethnic**

Accord had been signed. We are about to begin the work of 2<sup>nd</sup> phase of Chittagong Hill Tracts Development Project in our pursuit to improve the living standard of ethnic minorities in hilly areas. In order to make the communication system with the inaccessible hilly areas smooth, projects have been undertaken to build small bridges and culverts. We hope that the benefits of the development activities undertaken for the hilly regions will ensure complete welfare of the disadvantaged population of these areas. Besides, as promised in the previous budget, various types of assets have been distributed among 1,400 Garos at 6 upazilas in 4 districts to upgrade their standard of living. The Dhangar community is one of the most neglected segments of our society even though their role is important in maintaining good living conditions for us. I propose an allocation of Tk.

10 crore for the construction of a colony for this community to address their housing problem.

## **Youth and Sports Development**

### **Mr. Speaker**

167. Youths are creative and full of indomitable strength of mind. It is them who could be the key driving force for our development efforts. It is, therefore, our overriding priority to turn them into a skilled workforce.

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| <b>Youth Development</b> |
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Realising the importance, we have undertaken skill enhancement training programme for 7,36,600 youths, male and female, with a view to enhancing the capacity to access the domestic as well as overseas labour markets. At the same time, arrangements have been made to provide micro-credit on easy terms to encourage the trained youths to be self-employed.

168. I have already informed this august House of our National Service Programme. We have a plan to extend the coverage of this programme, already introduced, to create temporary employment opportunities for the educated youths. In FY2011-12, we will implement this programme in selected upazilas of all districts under Rangpur Division, except the district of Kurigram.

169. You are aware that the International Cricket Council (ICC) elected Bangladesh as a co-host with the responsibility to arrange 8 matches in 2 venues including the opening ceremony of the Cricket World Cup 2011. In order to upgrade the cricket stadiums in Dhaka, Chittagong and

Narayanganj to international standard, all kinds of infrastructural facilities were ensured with extensive support from our Government. As a result,

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| <b>Development of Sports<br/>Infrastructure</b> |
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we could complete this grand event with brilliant success which was highly acclaimed by the world community. We

intend to sustain these achievements and share the benefits we derived with every corner of our sport arena. In order to develop football in parallel with cricket, Sylhet BKSP (Bangladesh Krira Shiksha Protisthan) has been brought under the Bangladesh Football Federation. They are focusing on the promotion and development of the game including the creation of a football academy.

## **Digital Bangladesh**

### **Mr. Speaker**

170. I presented a list of various programmes we undertook in the pursuit of establishing a Digital Bangladesh before this august House when I placed the budget last year. I also presented before you a run-down of our successes a while ago. Now I would like to discuss the other programmes we plan to implement in this sector. At the same time, I am presenting a report titled 'Progressing Towards Digital Bangladesh' before this august House. This report will apprise the nation about our various programmes, their progress and future plans to build Digital Bangladesh that we have pledged.

### **Telecommunication**

171. In my previous two budget speeches, I promised that we would

**Expansion of Telephone  
and Internet Coverage**

expand the coverage of telephone and internet services and reduce the rate for these services. I am pleased to inform this august House that call

charge has now been reduced to 30 paisa per minute across the country. International incoming call rate has been reduced from 4 cent to 3 cent a minute. Based on availability, internet service has been provided free of cost outside Dhaka. As a result, in the last two years, teledensity has increased from 32 percent to 35 percent and internet density from 3.2 percent to 7 percent.

**Digital Infrastructure**

172. We are moving forward with the agenda of building digital infrastructure across the country. We have made a considerable progress

**2<sup>nd</sup> Submarine Cable**

in terms of connecting Bangladesh with the second submarine cable. Policy guidelines, in this regard, have almost been finalised

through a wider consultative process. We are contemplating to involve private sector with this activity. All the Upzilas of the country are, by now, under the coverage of mobile internet. The number of ISPs (Internet Service Provider) across the country has increased to 282.

173. Through dial-up internet, we have brought 475 out of 482 upazilas

**Internet**

under internet facility. At the same time, building of necessary infrastructure for providing broadband internet to 56 districts and 57 upazilas under 7 divisions

is going to be completed this year. Also, 1000 unions have been brought under optical fibre network. The work for installation of 1,450 kilometer of optical fibre is in progress across the country. As of now, installation of



470 kilometer of optical fibre has been completed. Once the installation of optical fibre is completed, the speed of internet communication across the country will be enhanced. The optical fibre network of Power Grid Company of Bangladesh (PGCB) has been connected with the existing optical fibre link. Bandwidth capacity has increased from 7.5 Gbps (Gigabyte per second) to 44.6 Gbps and we have a plan to increase it to 140 Gbps gradually. Beyond divisional towns, a number of district towns have also been brought under high speed internet service (Asymmetric Digital Subscriber Line, ADSL). So far, 23,500 high speed internet service lines have been activated.

174. In parallel, we are taking forward the agenda for development of WiMAX (Worldwide Interoperability Microwave Access) which will greatly complement our initiative for extending wireless broadband facilities up to rural areas. In addition to union parishads, a programme for establishing e-centres in 8,000 rural post-offices has been undertaken. According to the findings of a research undertaking, by 2020, 32 percent of households in Bangladesh will use internet. Job opportunities for 13 million people will be created. And the sector's contribution to GDP will stand at 2.6 percent.

175. Telecommunication network in Bangladesh has grown over the years with the nexus between public and private sectors. The number of PSTN (Public Switch Telephone Network) based service providers have now increased to 12, while the number of mobile phone operators is 6. Service providers having access to International Gateway (IGW), Interconnection Exchange (ICX) and International Internet Gateway (IIG) are now engaged in the task of dealing with submarine cable and satellite-based exchange of information across the world. A total number of 7 companies including Government owned Bangladesh Telecommunication

Company Limited (BTCL) have been given licenses to operate these international gateways and interconnection exchanges. Two companies namely, Fibre At Home and Summit Telecommunication Limited are working to expand fibre-optic connections.

## **Information Technology Services**

### **Mr. Speaker**

176. Following our pledge, we have prepared the National ICT Policy. As many as 306 action items have been identified under this policy to be

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| <b>National ICT</b> |
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implemented over short, medium and long-term time horizons. Monitoring and evaluation of progress of these action items is taking place regularly. On this basis of the results of evaluation, the actions are being updated.

177. We want to ensure optimum use of ICT in government-sector operations. To this end, a programme is being implemented to connect all public offices under one network. Initially, action on introducing e-GP

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| <b>Application of ICT in Public Procurement</b> |
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(Electronic Government Procurement) in the government procurement of Local Government Engineering Department (LGED), Roads and Highways Department (RHD), Bangladesh water Development Board (BWDB) and Rural Electrification Board (REB) is going on at a fast pace. Building the web portal for the e-GP system has already been done. Gradually, we will bring all public offices under e-GP by introducing the system of e-Tendering by 2011. It may be pertinent to mention here that, we have taken measures for procurement compliance monitoring by using web based Procurement

Management Information System (PROMIS). In order to implement these initiatives, we have installed hardware and software in nearly 308 locations of 64 districts and provided them with internet connectivity.

178. Apart from these initiatives, video conferencing system is going to be introduced in Prime Minister's Office, Cabinet Division, offices of Divisional and Deputy Commissioners in order to bring dynamism in field administration. So far, cable installation has been done and procurement of equipment is underway. Unicode software is being used in ministries to promote the use of Bangla. Besides, all the ministries will be asked to carry out the content development of their respective websites in Bangla.

179. As per our declaration, I hope, we will be able to start e-Commerce by 2012. On this count, I have already mentioned about our achievements.

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| <b>E-Commerce</b> |
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Formulation of necessary legal and regulatory framework for introduction of digital e-Commerce has been completed. 6 private-sector organisations have been awarded certified authority licenses.

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| <b>Information<br/>Infrastructure</b> |
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180. The establishment of the ICT Incubator is underway. Steps have been taken for establishing technology parks in divisional cities including Dhaka. Besides, the Hi-Tech Park Authority has started functioning. Steps have been taken to employ a developer for the Kaliakoir Hi-Tech Park. Special incentive packages for the potential investors for this Park have already been announced. Work is in progress for having access to the South Asia Sub-regional Economic Cooperation (SASEC) Information Highway.

181. In 71 public/private universities of the country, undergraduate and post-graduate courses on computer science have been introduced to produce computer engineers and scientists. 9,400 students are receiving graduation and post-graduation degrees each year from these universities. Computer laboratories have been established in 1,400 educational institutions. Steps have been taken to impart intensive training to Government officials, teachers and others under 6 divisional training centres run by the Bangladesh Computer Council. The training activities are going on in full swing under the National ICT Internship Programme.

**Science and Technology  
Research**

## **Industry and Trade**

### **Industrialisation**

**Mr. Speaker**

182. As I mentioned in my previous budget speech, by 2021 which coincides with the 50<sup>th</sup> anniversary of our independence, we aim to build a modern and vibrant industrial sector. The contribution of this sector to GDP will be raised to 40 percent and the level of absorption of labour force will be raised to 25 percent. Following our commitment, we have already

**National Industrial Policy**

formulated the '**National Industrial Policy, 2010**'. This new industrial policy aims to modernise, structurally transform and diversify the economic base, achieve rapid economic growth by enhancing productivity and technological progress, enhance income and improve the standard of living

by expanding the small and medium enterprise sector and generating employment.

183. Under the new industrial policy, we have identified the thrust sectors. Steps have been taken to provide special incentives and support from risk fund in the form of exemption from duty/tax, exemption from double taxation, imposition of tax at a lower rate and cash incentives for industries like agro processing, readymade garments and knitwear, shipbuilding and expansion of Bangladesh's own merchant fleet, light engineering, pharmaceuticals, jute and leather goods and toys and furniture. Meanwhile, 10, 20 and 15 percent cash incentives are being given from public exchequer to support export of jute, agro-processed and leather goods respectively.

184. We hope that a vibrant and dynamic private sector will be the driving force for Bangladesh's industrial sector. Government will pursue a supportive and regulatory role to develop and sustain an efficient and dynamic private sector. Public-private partnership will feature prominently in continued industrial growth.

**Vibrant and Dynamic  
Private Sector**

185. Referring to my previous budget speech, let me reiterate that we are continuing the process of establishing new industries and restructuring the existing ones by injecting working capital and industrial term loans through bank and financial institutions. Up to 31st March 2011, the amount of industrial loans disbursed and recovered are 27 percent and 33 percent higher respectively compared to that over the same period of the previous year.

**Supportive Role of Government  
in Private Sector Development**

186. As I mentioned before in this august House, during global economic crisis, the Government provided a wide range of policy incentives for the export sector under the stimulus packages. The present Government's successful intervention boosted up investment in the industrial sector. This

**Impact of Stimulus  
Package**

upward trend in investment in production sector is still continuing. By this time, our export oriented industries have also consolidated their position. Up to 31st March 2011, distribution of industrial term loan posted 30 percent growth. The import of capital machinery and industrial raw materials also recorded significant growth (54 percent of total Import). During July-April of FY2010-11, export of readymade garments, raw jute and jute goods, leather and leather goods, frozen foods, electronics, petroleum and engineering products have grown by more than 40 percent. Our textile sector, particularly the yarn and clothing sub-sector linked with garments industries, is facing some problems. We are maintaining strict vigilance in this area and determined to take appropriate action to address them. Potato is also coming up as a new export product in Bangladesh. In the current fiscal year, we have provided 10 percent cash incentive to the potato exporters. I propose to raise this incentive to 20 percent in the next fiscal year.

187. As I mentioned in my previous budget speech, the activities relating to installation of the Central Effluent Treatment Plant (CETP), central

**Environment-friendly  
Industrialization**

water supply plant and creating a dumping yard are well underway at the Leather Industrial City being constructed on the bank of *Dhaleshwari* at *Savar - Keranigonj* upazila to shift all the tannery factories spread all over the country including *Hajaribagh* of Dhaka city. Hopefully, the establishment of Leather Industrial City will be completed by June, 2012. All the plots have

already been allocated to 154 industrial units/organisations. A Pharmaceuticals Industrial Park is being built at *Gazaria*, Munshigonj. The project will be completed in the FY 2011-12.

#### Strengthening BSTI

188. As per our commitment, we have modernised the laboratories of BSTI (Bangladesh Standards and Testing Institution). After Sylhet and Barisal Division, the Government has taken steps to expand the activities of BSTI all over the country. In the first phase, a project has been taken to set up fully equipped offices in 5 districts namely Faridpur, Comilla, Rangpur, Cox's-Bazar, and Mymensingh.

#### Mr. Speaker

#### Jute Sector Development

189. Jute Industry has been playing a significant role in national economic development. Jute, the golden fibre of Bangladesh, brought smiles on the faces of farmers in the past. Jute and jute goods experienced a decline in demand over the past few decades as the low cost artificial fibre and synthetic materials emerged as a substitute of jute. As the artificial fibres and synthetic materials are not environment-friendly, the demand for jute and jute goods is increasing consistently. Raw jute and jute goods have been exported to Syria, Sudan and Turkey for the first time this year. Besides, we have formulated **Compulsory Use of Jute for Packaging Commodities Act, 2010**. Proper enforcement of this Act will raise the use of environment-friendly jute goods.

190. In the current fiscal year, Bangladesh Jute Mills Corporation (BJMC) has adopted an agreed Business Plan to revitalize the jute sector. In this

connection, the Government has decided to take over the liability of BJMC's all past debts and obligations of Tk. 2,396 crore. An amount of Tk. 200 crore has been allocated to buy raw jute and Tk. 500 crore for

#### **Taking over the BJMC Liabilities**

refinancing. It has been decided to turn BJMC into a profitable organisation by

turning it into a holding company. An amount of Tk. 105.30 crore has been allocated to put previously closed the Kawmi and the Peoples' Jute Mills into operation under new names under PPP. Up to June, 2010, for the running and closed mills of BJMC, Government has agreed to pay a total of Tk. 364.83 crore from public exchequer to cover the arrears of bills for jute, wages, financial benefits of retired employees and liabilities of storage, power and gas. I hope that BJMC will be operating in compliance with the Business Plan. Hopefully, it will prevail over past losses and emerge as a profitable organisation. The jute sector will also regain its lost reputation.

191. We think that Tourism Industry can unlock the door of immense potential for the economy of Bangladesh. A law titled **Bangladesh Tourism Board Act, 2010** has already been enacted to facilitate overall

#### **Development of Tourism Industry**

development, operation and promotion of the tourism industry and services. Under this Act, we have established a statutory organisation named

**Bangladesh Tourism Board** under the Ministry

of Civil Aviation and Tourism. This newly created organisation has already undertaken various steps to widely publicise the tourist attractions in Bangladesh.

192. A law titled '**The Bangladesh Conservation and Preservation of Tourism Area and Exclusive Tourist Zone Ordinance, 2010**' has been



enacted to identify and preserve prospective tourist spots, declare exclusive tourist zones, invite domestic and foreign investments in these zones and control the erection of unplanned structures and activities in the reserve areas. We took the initiative to update the National Tourism Policy of 1992 and have already issued the **Bangladesh Tourism Policy, 2010**. Besides, we have taken steps to celebrate 2011 as **Tourism Year** and organise SAARC Tourism Mart in January, 2012 to promote and expand the Tourism industry. In continuation of building new tourist attractions, we have already taken steps to establish a Tourism Centre of international standard on the premises of Bangabandhu Mausoleum at Tungipara.

193. With reference to my previous budget speech, let me reiterate that we are continuing our activities to raise the standard of the State-owned industries. Under the free market economy, in any sector, new firms will enter the market and the old ones which fail to survive the competition

**Improve the Standard of  
State Owned Industries**

will exit. However, in developing countries like Bangladesh, firms become sick for various reasons out of their control in the face of uneven competition.

Bearing this in mind, we have given an allocation of Tk. 2,590 crore to write off loans, repay bank liabilities, exempt interest or as interest subsidy to 1,585 sick industries especially in the frozen foods, RMG and textile sectors. But, we must also bear in mind that this sort of assistance is laden with the risk of adverse selection and moral hazards. For this reason, we are now taking steps to build a legal framework to solve the problem of sick industry for ever. At the same time, I must mention that our private is too much dependent on government supports. They should bear in mind that in the fast changing world it is extremely important to be innovative, efficient and capable of making rapid changes in the production process to meet the emerging demands. Seeking assistance in all cases does not

always bring results and it is not appropriate either.

194. Under the reform programme for enhancing productivity of running industries, 4 factories of Bangladesh Chemical Industries Corporation (BCIC) are passing through the process of Balancing, Modernisation, Rehabilitation and Expansion (BMRE). As a result, along with reduction in environmental pollution, production capacity will enhance, cost of production will go down and the life span of the industrial units will increase. Besides, we have taken steps to install medium category industrial units under public-private partnership in the BCIC-owned idle properties.

195. In the national budget of FY2000-01, EEF (Equity and Entrepreneurship Fund) was created initially with an allocation of Tk. 100 crore to encourage investment in risky but potential software and food

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| <b>Equity and Entrepreneurship<br/>Fund</b> |
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processing industries. So far, an amount of Tk. 2,100 crore has been allocated to EEF in different fiscal years and Tk. 1,225 crore has been

disbursed. The projects established under EEF have been making significant contributions to the agriculture and industrial sector of the country. The projects of EEF have generated 16,000 permanent and seasonal employments. So far under EEF, as many as 687 projects in agriculture sector and 47 projects in ICT sector have been approved. The amount disbursed from EEF to these projects is Tk. 1,402 crore. Out of this grant, up to 13 April 2011, an amount of Tk. 580 crore has been distributed to 248 projects in agriculture sector and 36 projects under the ICT sector. The silk, flowers and herbs and plants industries will also be brought under EEF in the next fiscal year.

196. Consistent with the pledge made in the election manifesto, the Government has taken an initiative to create Special Economic Zones (SEZ) for both export and local market oriented industries. In these zones, in addition to taking steps for the protection of domestic industries, the

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| <b>Establishment of<br/>Economic Zone</b> |
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local entrepreneurs and non-resident Bangladeshis will be encouraged to invest. Meanwhile, **Bangladesh Economic Zone Act, 2010** has been enacted. The organisational structure of the Economic Zone Authority has been finalised and framing of relevant rules and regulations is underway. Economic zones are expected to trigger the development of backward regions as well as the growth of industry and agriculture in the industrially potential areas. Establishment of Economic Zones, EPZs and BSCIC Industrial Estates/Parks simultaneously are contrary to the concept of harmonized development. For this reason, from now onwards only Economic Zones will be established under **Bangladesh Economic Zone Act, 2010**. In line with that view, development of physical infrastructure, communication, power and energy supply have to be ensured in the Economic Zones. The demarcation of areas will be done shortly. Special emphasis is being given on this initiative for land-use planning. The development of earmarked sites will be carried out incrementally. The existing EPZ and BSCIC Industrial Estate will continue for the time being. However, in order to continue receiving all the facilities currently provided, all production units participating in these areas must commence production within a specified period.

## Small and Medium Enterprises

### Mr. Speaker

197. In my previous budget speech, I mentioned that considering the SME sector as one of the main agenda of economic development, for the first time in 2010, we had fixed a target of Tk. 23,995 crore to be disbursed by the banks and financial institutions as SME loan. The banks and financial institutions have continued to disburse loans to SME and women entrepreneurs in accordance with the target. Under the SME refinancing scheme managed by Bangladesh Bank, an amount of Tk. 1,806 crore has been refinanced from three funds to various banking and non-banking financial institutions up to 30 April 2011. The number of beneficiaries stands at 19,339. Out of the three funds for refinancing, one fund of Tk. 120 crore is earmarked for women entrepreneurs. An amount of Tk. 183 crore has been refinanced from this fund to 2,554 beneficiaries.

#### SME sector

198. SME foundation has introduced Credit Wholesaling Programme to disburse loans on easier terms and at low interest rates. A special credit package programme named ‘*Gunabati*’ has begun at the initiative of the SME Foundation exclusively for the women entrepreneurs. SME foundation provided special assistance to set up a total of 71 Helpline Centres across the country with at least one centre for one district. We have taken initiatives to modernise the strategies of SME in the light of new Industrial Policy, 2010.

#### Women-friendly SME activities

199. Bangladesh Small and Cottage Industries Corporation, BSCIC has so far established 74 industrial estates across the country to provide infrastructural facilities to private entrepreneurs in setting up small and medium industries. Up to now, employment has been generated for 3,93,000 individuals in 3,986 industrial units of the industrial estates established in different parts of the country. Among these industrial units, 774 are export-oriented. In FY2009-10, goods worth Tk. 27,361 crore were manufactured by the industrial units established in these Estates, of which, goods worth Tk. 15,204 crore were exported.

**BSCIC Industrial  
Estate**

## **Trade**

### **Mr. Speaker**

200. In my previous budget speech, I mentioned our plan to reduce the cost of doing business for expansion of trade. In this regard, we have taken some steps attaching special priority to (1) Modernization and automation

**Expansion of Trade**

of land registration process on a pilot basis; (2) Introduction of digital procedures for land survey, record and preservation and registration processes; (3) Settlement of trade related disputes and establishment of dedicated benches in the High Court to dispose off the outstanding cases of defaulting loans of National Board of Revenue; (4) Use of modern technology in every unit of customs department to initiate automated estimation of duties and levies for advance declaration and cargo clearance; (5) Introduction of automation in the judiciary; (6) Establishment of One-stop Service Centre to facilitate the issuance of different clearance certificates from one place for construction activities;

and (7) Collection of all sorts of government receipts through mobile phones and online system instead of treasury *Chalans*. We are hopeful that the business process will become much easier and cost of doing business will be reduced significantly after implementation of all these reforms.

201. In order to make all sorts of information on trade and investment available in a single website, the programme for development of a

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| <b>Automation of Trade and Investment Activities</b> |
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**National Trade Portal** is underway. Apart from this, a link has been established between Bangladesh Tariff

Commission and Reuter to collect daily data on different goods and commodities from domestic and international markets. Further, the programme for bringing activities on **Generalized System of Preference**, (GSP) under automation is in progress. As part of building Digital Bangladesh announced by our Government, the office of the Registrar of Joint Stock Companies and Firms under the Ministry of Commerce has emerged as a fully digitized office and all activities of this office have been automated. At present, complete registration of a company is taking only four hours.

202. During recent times, the volume of trade of Bangladesh with different countries is on the increase following signing of trade accords at regional and bilateral levels. The developing countries under South Asian

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| <b>Regional Trade</b> |
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Free Trade Agreement (SAFTA) have reduced the custom duties down to 0-5 percent for all the goods except those in the sensitive list. SAARC Agreement on Trade in Services (SATIS) has been signed to strengthen the economic cooperation in the SAARC region. Under Asia-Pacific Trade Agreement (APTA), China has reduced 100 percent customs duties for 83 goods for the Least Developing Countries (LDC) including Bangladesh, whereas South Korea has reduced

100 percent customs duties for 139 goods. Besides, China, in accordance with the decision of the World Trade Organization (WTO), has allowed duty free access for 4,721 goods for all the Least Developing Countries (LDC) including Bangladesh. A framework agreement has been signed under Bay of Bengal Initiative for Multisectoral Technical and Economic Cooperation (BIMSTEC) to form BIMSTEC Free Trade Area. Moreover, a Preferential Trade Agreement has been signed under D-8 initiatives to introduce preferential trade arrangements. We are at the final stage of introducing border markets (*Shimanto haat*) with India. We have already signed bilateral trade agreements with Bhutan and Nepal. A policy-guideline to conclude bilateral free trade agreement with different countries has been formulated.

203. We are at the final stage of formulating **The Competition Act, 2010** with a view to ensuring fair competition in the free market economy and

**Ensuring Fair Competition**

preventing all forms of anti-competition arrangements. A Competition Commission will be

formed and its terms of reference will be determined under this Act.

204. We have taken all steps for comprehensive reorganisation of state-owned commercial organisation Trading Corporation of Bangladesh (TCB) as part of strengthening it. In a bid to modernise ‘The Trading

**Strengthening TCB**

Corporation of Bangladesh Order, 1972’, a draft has been prepared to bring necessary amendments. As part of administrative

reform, steps to increase the number of manpower of TCB have been taken and its board of directors has been reorganised. We have planned to build emergency stock of daily essential items worth Tk. 2,500 crore through TCB in the current fiscal year. A total number of 1,909 dealers

have been appointed throughout the country to sell 5 categories of daily essential items like sugar, soybean oil, chick-peas, red lentil and onion imported by TCB.

## **Climate Change**

### **Mr. Speaker**

205. Climate change is one of the topical issues of the present time. Flood, drought, heavy downpour, rising temperatures, rising sea-level due to climate change have created unprecedented threats to the existence of the lives of huge population of Bangladesh. I mentioned in my previous budget speech that we had been relentlessly working to mitigate the negative impact of climate change and environmental disaster. I have already discussed the successes of different programmes taken up by our Government to address these issues in the first part of my speech. Now, I am going to present the whole range of ongoing activities before this august House.

206. In order to mitigate the effects of disasters and natural calamities through capacity building, I pledged to create a Bangladesh Climate Change Trust Fund (BCCTF) through government financing in my previous budget speech. A total of Tk. 1,400 core has been allocated for this fund over the last two fiscal years. A total of 60 projects at a cost of Tk.719.61 crore has been undertaken with the support of this Fund. The major focus of these projects includes afforestation, tree plantation, utilisation of solar energy, mitigating health hazards, construction of embankments, sustainable crop

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| <b>Capacity Building in<br/>Disaster Management</b> |
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management and building houses in the affected areas. In order to utilise the resources of Climate Change Trust Fund in an effective and suitable manner, the Climate Change Trust Act, 2010 has already been enacted. Another Tk. 700 crore will be allocated to this fund for FY 2011-12. We have also created another fund titled 'Bangladesh Climate Change Resilience Fund (BCCRF)' with an amount of US\$ 113.5 million with financial support from different development partners. A total of 3 projects resourced from this fund has been undertaken to establish cyclone centres, carry out afforestation and ensure food security.

207. In my previous budget speech, I announced to take different steps to reduce the level of air and industrial pollution. Accordingly, a timeline has been set for the brickfields primarily located at the adjoining areas of

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| <p><b>Reducing Air Pollution<br/>Management</b></p> |
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Dhaka city to transform their existing technology into a developed technology that saves energy. Efforts are underway to encourage the owners of the brickfields having 120 feet high permanent chimney to use zigzag kiln as well as reliable developed technology. Besides, steps have been taken to make the use of concrete-mix and concrete blocks compulsory for the public construction works in order to encourage environment-friendly construction activities. It is expected that this will generate interest in using concrete construction materials among the private sector entrepreneurs also. Aside from this, export of bricks is going to be banned. Moreover, we have undertaken a special project titled **Clean Air and Sustainable Environment** in order to identify the sources of air pollution and work out necessary action plans to reduce the pollution level in the capital city Dhaka.

208. In a bid to prevent the industrial pollution as well as to monitor whether the industries are complying with the terms and conditions set out

in the environmental clearance certificate, a Monitoring and Enforcement Section has been set up in the Department of Environment. Environmental clearance certificates for the industries that create severe pollutions are

**Controlling Industrial Pollution  
and Waste Management**

issued subject to fulfillment of the condition for installing Effluent Treatment Plant. IDCOL has

recently provided funds for the installation of Central Effluent Treatment Plant in Chittagong Export Processing Zone (CEPZ) and Dhaka. We will also ensure installation of incinerator in the big public hospitals for improving management of waste disposal. Further, in order to manage the solid waste, ship breaking waste and hazardous waste in an environmentally and hygienically acceptable manner, two rules, namely, **the Solid Waste Management Rules, 2011** and **the Hazardous Waste and Ship Breaking Waste Management Rules, 2011** will be enacted by the next fiscal year.

209. We have taken necessary steps to update the existing laws, rules and regulations meant for preservation of environment to make them more relevant and pragmatic. **Bangladesh Environment Preservation (Amendment) Act, 2010** has been enacted imposing restrictions on

**Enacting Essential Laws to  
Preserve Environment**

pollution, generating, stockpiling and transportation of hazardous waste as well as making provision for the

aggrieved persons, groups or communities to sue directly in the environment court. Moreover, **Bangladesh Environment Court Act, 2010** has been enacted making provision to establish Environment Courts and Special Magistrate Courts in all the districts. Considering the importance of biological resources to maintain ecological and environmental balance, we have already formulated **National Action Plan 2020**. At the same time, we have formulated the **Wildlife Protection Act,**

**2010** which will be finalised soon.

210. In my previous budget speech, I shared with you an expectation to bring 20 percent of the land of the country under afforestation programme by the year 2015 to maintain environmental balance and to attain self-

**Maintaining Environmental Balance**

reliance in forest resources. Apart from afforestation programme in the government-owned forests, efforts are being made to bring the land in rural

areas, new *char* land in the coastal areas and all marginal land under afforestation programme to achieve this target. In FY2011-12, a target has been set to create block gardens in 16,088 hectares of land, strip forests covering 3,530 kilometres of land and to distribute 34.33 lakh plants.

211. Apart from strengthening the concerned institutions to mitigate the risks of natural calamities, we have taken steps for creating peoples' awareness and imparting proper training. These also include coping with the possible consequences of earthquake, using modern information

**Mitigating the Risk of Natural Calamities**

technology, modernising the system of weather forecasting and building up physical infrastructure. Accordingly, we have started

implementing the second phase of **Comprehensive Disaster Management Project**. Revised edition of the **Standing Order on Disaster** and **National Disaster Management Plan, 2010-15** have already been approved. Tsunami and earthquake have been included in list of disasters set out in the **Standing Order on Disaster**.

212. As part of disaster management strategy, a total number of 74 flood rehabilitation centres have been constructed. In addition, construction of another 178 flood rehabilitation centres and 100 cyclone centres are well

in progress. Necessary equipments for post-earthquake rescue operation have been distributed among Bangladesh Fire Service and Civil Defense, Armed Forces Division, and different City Corporations. Moreover, in order to purchase necessary equipments required for rescue and recovery, a project is in the process of finalisation. To respond primarily to the consequences of earthquake, implementation of another programme is underway to raise 62,000 volunteers in earthquake-prone cities.

#### **Coping with Disaster**

213. In my previous budget speech, I mentioned about our plans to modernise the forecasting and warning system for climate change effects. A pilot operation program for transmitting early warning of disaster through cell phone networks of Grameen Phone and Teletalk in the cyclone-prone Cox's Bazar district and flood-prone Siranganj district is in

#### **Modernizing Forecast and Early Warning System**

progress. This will be expanded gradually throughout the country. Besides, efforts have been made to expand the internet-based information technology infrastructures at the field level outfits of Department of Relief and Rehabilitation (DRR) for exchanging information about distribution of relief.

## Chapter III

### Public Welfare and Good Governance

#### Mr. Speaker

214. As a caring government, we are quite sensitive towards the expectations and problems of the people. We have, therefore, taken up the public welfare and good governance as one of the priority agenda. I believe that it is one of the most important aspects of public welfare. As part of establishing good governance, we are taking steps to bring about improvement of living standards of the people, ensure security for lives and properties, continue fiscal and administrative reforms and strengthen local government institutions and combat corruption. The cardinal objective of these activities is to reduce poverty and create employment opportunities and ensure public welfare. According to the **Household Income and Expenditure Survey 2010 (HIES 2010)**, population living below the poverty line decreased by 8.5 percent over the last five years bringing down the poverty head count ratio to 31.5 percent. During this time, poverty gap reduced significantly while income inequality ratio (Gini Coefficient) decreased moderately. This implies that we have been able to extend the benefits of developmental activities to the rich and poor alike. Now, I would like to present the various steps taken for public welfare.

## Public Welfare

### Poverty Alleviation and Social Security

#### Mr. Speaker

215. Poverty reduction through acceleration of economic growth has been the principal focus of discussions that I have made on various sectors. I think there is no immediate solution to the reduction of poverty. We want to achieve our target following specific procedures. Social safety net is one of the effective ways to reduce poverty. Social safety net framework for poverty reduction is divided into four major categories.

- Provision of special allowances so that the hardcore poor can face the incidence of poverty to a certain extent.
- Employment generation for the hardcore poor through micro credit and different funds/schemes.
- Ensuring food security for hardcore poor by providing food free of cost or at fair price.
- Providing support to the hardcore poor in the areas of education, health and training to face the incidence of poverty.

216. I am confident that through this process the targets for reduction of social deprivation and establishing social justice as envisaged in **Vision 2021** will be ensured. In order to realize the vision, I am now proposing various allowance schemes for FY 2011-12:

- Under the coverage of **Old Age Allowance**, I propose to provide allowance of Tk.891 crore to 24,75,000 beneficiaries.

- I propose to allocate Tk.331.20 core to support 9,20,000 women under **Widow, Divorced and Distressed Women Allowance Scheme**.
- In order to ensure welfare of the underprivileged disabled section of the society, I propose an allocation of Tk. 102.96 crore for 2,86,000 beneficiaries under the **Allowances for the Insolvent Disabled Programme** for FY 2011-12.

217. We have planned to expand two ongoing programmes aimed at ensuring health, nutrition and safe motherhood for the ultra-poor mothers.

I propose to allocate Tk. 42.50 crore under the **Maternity Allowances for**

**Maternity Allowances**

**Poor Working Mothers Schemes** and

widen the beneficiary coverage from 80,000 to 92,000 for the poor mothers

of low income group in the rural areas. Moreover, we would like to expand the activities of **Maternity Allowances for Poor Working Mothers Scheme** in the urban areas. For this purpose, I propose to allocate Tk. 32.60 crore and increase the number of beneficiaries from 67,000 to 77,600.

218. Our Government is committed to ensure education, employment, rehabilitation and overall welfare of the disabled section of the society. To this end, we have taken initiatives to expand the coverage of the ongoing programmes. In the ensuing fiscal year, we have therefore, a plan to

**Welfare for the Disabled**

increase the number of **Disabled Service and Assistance Centres**

from 15 to 25 to provide medicare

and therapy facilities to the disabled. Further, we will enhance the stipends to the disabled students and grants for the schools dedicated for the disabled. I would like to mention in this connection that the initiatives

aimed at providing welfare to the disabled are not gaining success in the absence of correct statistics of disabled population. However, they have organised themselves through their own efforts. There are as many as 329 organisations working for the welfare of the disabled people. In 2005, all these organisations have come under the umbrella of an organisation titled National Alliance of Disabled Peoples' Organisation (NADPO) and they have been delivering services to the intended beneficiaries. They are also making arrangements for production of aid equipments. We are thinking of supporting them in this initiative. As a preliminary step, we are going to begin a **Programme for Survey** of the disabled population in the next fiscal year. We expect that we would be able to identify the visible and invisible disabilities, in particular, the autistic and mentally retarded individuals through this survey and deliver a more targeted programme for their welfare. As a result, this will allow an opportunity for the disabled people to contribute to the national economy. Generally, a disabled person limits the enterprises of three able persons which lead to wastage of resources and that needs to be checked. I propose to allocate Tk. 21.86 crore in the next fiscal year for the overall welfare of the disabled community.

219. It will require an amount of Tk. 1.50 core for **Acid Burnt Women and Rehabilitation of Physically Disabled and Women Self-employment Fund** for FY2010-11. To encourage the welfare activities of

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| <p><b>Rehabilitation of Acid Burnt Women and Physically Disabled</b></p> |
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various social and voluntary organisations, we are planning to increase the amount of grants provided to

social voluntary organisations under Social Welfare Council. For this purpose, I propose to allocate Tk. 11.95 crore.



220. In FY2011-12, we would like to enhance the allocation for Programme for the Welfare of Deprived Street Children and Orphans. For this purpose, I propose to allocate Tk. 28.65 crore for the public orphanages and Tk. 63 crore for the private orphanages. Moreover, I propose to allocate Tk. 3 crore in the next fiscal year for Child Development Centres to provide support in the areas of education, training and rehabilitation for the street children.

221. **Eradication of begging** as a profession is our election pledge. Despite allocating fund for this purpose, we have not yet achieved desired success for certain reasons that include legal issues as well. However,

**Eradication of Begging Profession**

there is no alternative to rehabilitation of the beggars to protect them from this

disgraceful profession. In order to eradicate the begging profession, we have therefore, taken up steps to implement the programme effectively. I hope, we will be able to reap the benefits of this programme in the next year. I propose to allocate an amount of Tk. 7 crore in the budget for FY2011-12 for this programme.

222. In a bid to bring positive impact on the rural economy and to mitigate seasonal and regional poverty by creating temporary employment, we

**Employments for the Hardcore Poor**

started a special programme titled **Employment Generation for the Hardcore Poor**. The results from this programme in the last two years are highly encouraging. This programme

has been playing a pivotal role in coping with prolonged *Monga* in the northern region. I, therefore, plan to continue this programme and propose to allocate an amount of Tk. 1,000 crore for this programme in FY2011-12. This will create temporary employment opportunities for 15 lakh

people in the rural areas.

223. One of the priorities of our Government is to reduce significantly the maternal and child mortality rate. To address this priority, effective measures have been adopted through various projects taken under Annual

**Maternal and Child Health**

Development Programme (ADP). For this purpose, **Maternal Health Voucher Scheme** and **National**

**Nutrition Programme** have been included in the **Health, Population and Nutrition Sector Development Programme** to be implemented from the next fiscal year. I propose an allocation of Tk. 271 crore for these development programmes.

224. I propose to allocate a total of Tk. 4,233 crore for various projects targeted for poverty reduction. These include Tk. 134 crore for **Rural**

**Socio-economic Empowerment of the Poor**

**Employment and Road Maintenance Program**, Tk. 38 crore for **Protection of Government Assets Project**, Tk.

115.7 crore for the projects namely, **Creating Employment for the Hardcore Poor of Monga areas** and **Economic Empowerment of the Poor**. I hope that successful implementation of these programmes will play an effective role in reducing poverty.

225. In my previous budget speech, I announced to expand the *Ghore Fera* (Returning Home) programme as part of ensuring social safety and addressing human poverty. We have already rehabilitated 1,245 slum dwellers under this programme.

226. Micro credit programme has been playing a pivotal role in empowering poor sections of the population by creating employment

opportunities for them and raising their income level. Efforts have been made to enhance the government ownership of the private initiatives in micro-credit programmes. For this purpose, the **NGO Foundation** Government allocated about a total of Tk. 152 core up to FY2009-10 to the Endowment Fund of NGO Foundation. A total number of 51 lakh people from 10 lakh families are being benefited from the activities of the Foundation. 30 lakh of these beneficiaries are women. We plan to strengthen the activities of the NGO Foundation. To this end, we will restructure the administrative and legal framework of this organisation.

227. As of now, a total of Tk. 10,191 core has been disbursed among 80.60 lakh poor beneficiaries by the Palli Karma-Shahayak Foundation (PKSF) under training and micro-credit programmes for raising income level of the poor section of the community, rearing cattle and poultry, ensuring food security and raising income level of the small and marginal farmers, of which 92 percent are women. A total of Tk. 60,794 core has been disbursed by 265 associate organisations of PKSF through a revolving fund. So far, PKSF has imparted training to as many as 18 lakh beneficiaries on income generating activities relating to crop and non-crop, livestock and other social activities. Apart from these programmes, the government is implementing a project titled Insurance Sector Development Project for the poor through PKSF. Further, a coordinated programme titled **One Union One Associate Organization (Samriddhi)** has been undertaken.

228. A programme titled **Social Investment Program Project (SIPP)** of **Social Development Foundation (SDF)** is in operation. The project aims at building small infrastructures and providing social assistance in 1,400

villages of 11 districts of the country. As of today, financial assistance has been provided in the form of grants to 15,030 vulnerable families under this programme, which resulted in creating employment opportunities for 23,600 individuals. In the project areas, 2,518 culverts have been constructed, 1,930 tube wells have been sunk and 1,929 kilometre rural roads have been developed. The total number of beneficiaries of the activities of SDF in the areas of reconstructing affected infrastructures by flood and *Sidr*, providing grants to the youths, improving livelihood, distributing village development fund is 26,12,000, of which about 60 percent are women. The amount disbursed so far is around Tk. 363 crore. Besides, initiative will be taken to widen the coverage of a special programme titled **New Life**.

**Social Development  
Foundation**

229. **One House, One farm** is another successful initiative of our government in reducing poverty. Under this project, imparting training to the beneficiaries and transferring post-training financial benefits and assets are underway. This project has been implemented in 9,640 villages of 482 *upazilas*. However, we have planned to expand this program in all villages of 482 *upazilas*, which will require a total of Tk. 5,925 crore. I hope this will bring qualitative changes in the rural economy.

**One House, One Farm**

230. In order to avoid duplication of social safety net programmes and to integrate the various programmes, a **Monitoring Committee** has been formed. We have taken steps to develop a database of the beneficiaries of social safety net programmes. A pilot program has already been undertaken at *Shibalay upazila* of *Manikganj* district. On successful completion of this programme, we will take an initiative to collect data

from across the country. In my previous budget speech, I mentioned about introduction of a **Pension Insurance Scheme** for the welfare of the deprived and low-income group by using the database facility. I would like to let you know, we will begin this scheme on an experimental basis from the next fiscal year. I propose to allocate Tk. 11.5 crore to implement the scheme in the *sadar* upazila of Nilphamari district. I think we will be able to establish a sustainable social safety net system by adopting these programmes.

**Database for Integrating Programmes**

## **Employment Generation**

**Mr. Speaker**

231. We need to create sufficient employment opportunities in order to make the poverty reduction initiatives successful through social empowerment. Expanding employment opportunities has been one of the main election pledges of our government. To meet this pledge, we are following a specific line of policy and strategy.

232. In my previous two budget speeches, I mentioned about the line of policies and strategies that include - generating employment opportunities in agriculture and rural sector, organizing special training programmes for sending the workers abroad, providing greater facilities for development of small and medium enterprises, integrating them with larger industries and helping them to create sub-contracting relationship, strengthening self-employment opportunities through micro-credit programmes, and

generating employment opportunities for the hardcore and ultra poor. I have already recounted our plans and progress on the policies and strategies while giving my reflections on various sectors. In this connection, I would like to inform this august House that it has been possible to generate significant number of employment opportunities for the unemployed during the last two fiscal years. I would also like to inform in this connection that recruitment for a total of 1,40,000 posts in the public sector which remained vacant for a long time has been completed.

233. According to the latest **Labour Force Survey 2010** released by Bangladesh Bureau of Statistics (BBS), there are 9.45 crore people in the age group of 15 and above in the country, of which 5.62 crore are economically active. At present, 5.37 crore people are employed. In tandem with the increase of employment opportunities in the public sector in the last few years, the private sector also witnessed similar increase. Despite this, presently the number of unemployed is about 25 lakh. According to the latest survey, there is a declining trend in the reduction of unemployed population. Continuing with this trend, we are trying to widen the employment opportunities.

234. In FY2010-11, through various programme interventions, we have created employment opportunities equivalent to 621.56 lakh man months. We want to reduce the number of unemployed population by expanding these programmes. Under the various programmes of non-development and development budget of FY2011-12, creation of an estimated total of 656.26 lakh man months of employment is targeted.

## Welfare of Freedom Fighters

**Mr. Speaker**

235. Independence is the glorious achievement of our nation. We are greatly inspired by the invaluable contributions of the freedom fighters-the heroes of the nation. In the previous two budget speeches, we expressed our strong commitment to take specific programmes for the overall welfare of the freedom fighters as well as for preserving the history and memories of our great liberation war. I am now sharing with the august House the steps and plans we have taken to fulfill this commitment.

236. The honoraria of the freedom fighters who received the national award of honour for their invaluable contributions in the great liberation war have been enhanced by 20 percent in the last two years. To continue this programme, I propose an allocation of Tk. 68,45,12,000 for the next

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| <b>Rationing Facilities for<br/>Freedom Fighters</b> |
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fiscal year. Providing rationing facilities to families of martyred freedom fighters and to those who were wounded is another initiative of our government which has been

in operation under specific policy guidelines. In order to provide rationing facilities to 25,000 beneficiaries under this programme, I propose to allocate Tk. 25 crore in the next fiscal year.

237. It is one of the main responsibilities of the state to provide financial assistance to the distressed and insolvent freedom fighters. As we

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| <b>Increased Allowances for<br/>Insolvent Freedom</b> |
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remain conscious of this responsibility, we are committed to continue the allowances programme for the freedom fighters at a

reasonable level. Our goal is to accommodate all distressed freedom fighters in this programme. I hope, very soon, we will be able to include all insolvent freedom fighters within the fold of regular allowance system after a quick scrutiny. Now, I am proposing a total allocation of Tk. 360 crore for this purpose in the next fiscal year. Financial assistance could be given to 1.50 lakh freedom fighters through this fund.

238. We made a pledge in the last budget speech to increase the amount of grant to the family members of the martyred freedom fighters, to

**Other Facilities for the  
Freedom Fighters and their  
Family Members**

provide overseas medical treatment to the wounded freedom fighters and to take initiatives to upgrade the status and facilities granted to the freedom fighters.

Let me inform this august House that we already have taken steps to increase the rate of grant to the members of the martyred freedom fighters by 20 percent. A policy guidelines on providing overseas medical treatment to the wounded freedom fighters of Liberation War has already been finalised. Specific programmes and activities have also been undertaken to upgrade the social status and other facilities granted to the freedom fighters.

239. Our government has been putting in its best effort to preserve the glorious history, values and culture of our great Liberation War. After

**Preservation of the  
Liberation War  
Memorials**

completion of the first phase of construction of “Swadhinotar Stambho” at Suhrawardy Udyan in Dhaka, the 2<sup>nd</sup> phase of construction of Crystal Tower is going on. I hope that we will be able to complete the construction work of

*Swadhinatar Stambho* by next year for which we have been waiting for so long. I would like to draw your attention to the fact that we have the



responsibilities to disseminate a correct and complete history of Liberation War to our posterity. Therefore, we have to bring momentum to our initiatives to preserve the memorials of Liberation War. Parallel to the government initiative, I invite private entrepreneurs as well to come forward.

240. Moreover, we have taken up a number of development programmes to build Liberation War Complex in every district as well as in every upazilla, to preserve the fields of genocide, to build cultural centres and to provide residential facilities to the landless and insolvent freedom fighters. I hope these projects together will significantly facilitate the process of preserving the values and culture of Liberation War as well as ensure welfare of the freedom fighters.

241. You are, perhaps, aware of the steps that we have already taken to revitalize the Freedom Fighters' Welfare Trust. Besides, allocating an amount of Tk. 17.18 crore as financial support, in order to turn the Trust into an effective institution in the next three years, I am proposing to allocate Tk. 80.25 lakh within the scope of financial assistance given for rescuing the institution. I hope, by 2014 the trust will turn out to be a profitable organisation and will make positive contribution to the welfare of the freedom fighters.

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| <b>Revitalizing<br/>Freedom Fighters'</b> |
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## Expatriate Welfare and Overseas Employment

**Mr. Speaker**

242. Considering manpower export a priority sector, I made a commitment in my previous budget speech to take steps for the improvement of this sector. At the beginning of this budget speech, I mentioned that according to our commitment we have established

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| <b>Expatriate Welfare<br/>Bank</b> |
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**‘Expatriate Welfare Bank’** which has started functioning for the overall welfare of the expatriates by providing loans to those who are interested to go abroad and working out simpler procedures for them to remit their earnings to Bangladesh.

243. We always stood beside the expatriate workers whenever they met any crisis and we will do so in future as well. In the context of recent unstable political situation in Libya, we could bring back home more than 40,000 Bangladeshi workers from Libya, with the help of International Organisation for Migration (IOM), United Nations High Commissioner for Refugees (UNHCR), and International Red-Cross. Moreover, we have taken steps to reimburse the expatriate workers who returned home from Libya the money they spent as airfare to come back home and an approximate amount of Tk. 50,000 per head for rehabilitation.

244. It is worth mentioning that due to current crisis in the Middle-east and global economic recession, manpower export to our traditional labour markets has declined compared to that of earlier times. It is encouraging to note that the Hon’ble Prime Minister herself has taken a number of initiatives to keep manpower export unhindered. Besides, as many as five

teams consisting of representatives from the Ministry of Expatriate Welfare and Overseas Employment, Ministry of Foreign Affairs, Bureau of Manpower, Employment and Training (BMET) and Bangladesh Association of International Recruiting Agencies (BAIRA) have been working to explore new markets. As a result, manpower export to Botswana, Jordan, Congo, Mauritius and Sweden has begun. We are taking up steps to expand export and labour markets in different countries of the world including the continents of North America and Africa. Furthermore, we have taken steps to establish new labour wings in the missions of 7 countries where the concentration of Bangladeshi workers is high.

**Potential New Labour Markets**

245. We believe that there is no alternative to exporting skilled manpower for survival in the highly competitive labour markets. We have created 'Immigration and Skill Development Fund' for skill development of workers. We already have allocated Tk.140 crore to this fund. A number of skill development programmes have already been taken up within the remit of this fund. In my previous budget speech, I mentioned about the initiatives of establishing 30 new Technical Training Centres and 5 new Marine Technology Institutes in 35 districts. Under this initiative, two projects are already in operation. Because of these initiatives, I believe, very soon we will witness a significant development in manpower export sector.

**Coordination in Skill Development**

246. For the purpose of upgrading laws and regulations relating to emigration, we have taken steps to reform **The Emigration Ordinance, 1982, Emigration Rules, 2002, Recruiting Agents' Conduct and License Rules, 2002, and Wage Earners' Welfare Fund Rules, 2002.**

Moreover, steps have been taken to bring the activities relating to work permits online.

## **Good Governance**

### **Parliamentary Activities**

#### **Mr. Speaker**

247. It is our National Parliament that turns the hopes and aspirations of our people into reality by enacting laws and monitoring government activities. We are, therefore, exerting our efforts from the very beginning

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| <b>Making Parliament<br/>Effective</b> |
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of our tenure to make the Parliament a strong institution in all respects. In order to institutionalise the parliamentary

democracy, the present Ninth Parliament has been working relentlessly since its inception to make each session meaningful and more effective. By this time, 136 new laws have been enacted in order to establish a sustainable democratic system and the rule of laws.

248. We aim to achieve higher growth, reduce poverty and ensure safety in public life by improving law and order situation of the country. As achievement of all these goals hinges on enhanced accountability and transparency of all activities of the government, 48 Standing Committees have been formed in the first session of the present Ninth Parliament. Till date, 915 meetings have been held and about 4,324 proposals/recommendations/decisions have been made in these meetings. These recommendations have been sent to the concerned ministries/divisions for implementation.

## Public Administration

### Mr. Speaker

249. To implement the charter for change, we need to have a modern, efficient, corruption-free and service-oriented public administration. We have, therefore, taken up a range of reform programmes. In order to ensure proper evaluation of performance and accountability of the government officials in their respective fields, a database has been created to introduce **'Performance Based Evaluation System'**. The draft of **Civil Service Act** is in the process of finalization. Very soon, we are going to finalize the **National Training Policy (Amendment)** in accordance with the demand of time with a view to enhance the efficiency of government officials. Moreover, to follow the movement of files and letters within different ministries and divisions, a programme for introducing Digital File Tracking System has already been introduced on test. To save public money and to accelerate efficiency, we have issued 'Interest Free Special Advance and **'Encashment of Car Facilities Policy, 2011'** for the entitled government officials.

## Law and Order and Rule of Law

### Mr. Speaker

250. We are firmly committed to ensure safety of the public properties and to establish rule of law and justice. For this purpose, we have taken a firm

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| <b>Improving the Law and<br/>Order Situation</b> |
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stance against the communalism, militancy and extremism, and also against crimes like eve-teasing along with crimes relating to narcotics,

terrorism and corrupt bidding practices. Side by side, we have been trying to expedite judicial execution process by creating opportunities for conducting efficient investigation. During the last two years of this Government, law and order situation of the country has remarkably improved.

251. 'Marine Police', 'Community Police' and 'Industrial Police' have been formed in order to strengthen the police force of the country. Steps are being taken to form 'Tourism Police'. The manpower of police force has been increased. The recruitment of 36,000 new employees in police

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| <b>Strengthening<br/>the Police Force</b> |
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force is underway. 17,000 have already been recruited. In addition, steps have been taken to procure necessary vehicles, modern telecommunication and security equipments to strengthen the policing activities. However, I believe that besides providing increased budgetary allocations, emphasis should also be given on decentralisation of police administration for improving law and order situation. The traditional procedures of issuing passport and visa have been simplified and made consistent and time befitting. Since April, 2010, issuance of Machine Readable Passport has begun. Steps are being taken to issue Machine Readable Passport (MRP) and Machine Readable Visa (MRV) from 34 centres within the country and 65 missions abroad. Moreover, steps are underway to establish Fire Service and Civil Defense Stations in 46 important upazilla sadar/places to protect lives and properties of people and to assist them during disasters.

252. To establish rule of law and ensure good governance, the present Government has been working hard to enact new laws and amend and enhance the quality of existing laws. By enacting The Code of Criminal Procedure (Amendment) Act, 2009, the separation of judiciary has been

given a permanent shape. Moreover, in order to bring more dynamism in judicial process, expediting the disposal of disputes, removing backlog of cases and amending the civil and criminal procedures and to reduce unwarranted public harassment in the court premises, the issue of compulsory application of Alternative Dispute Resolution (ADR) along with present judicial process is under active consideration. At the same time, arrangements have been made to provide people with information of disposal dates and brief results of the lawsuits through display board, Short Message Service (SMS) and internet. To bring the judicial system under automation along with updating Arbitration Act by next year, the programmes to establish a Data Centre in the Supreme Court have already begun. This will result in reduction of public harassments and costs.

**Law and Justice**

253. We have begun the trial of War Criminals by establishing International Tribunal for Crimes Against Humanity, establishing an organisation of investigation and forming a prosecution team. Apart from this, the trials of all murder cases including the four national leaders, grenade attack of 21<sup>st</sup> August, 10 trucks of weapon case of Chittagong, and BDR revolt cases are under way.

**Trial of Sensational Cases**

254. According to the Constitution of Bangladesh, all citizens are equal in the eyes of law and have equal rights to the refuge of law. In order to guarantee this constitutional right, an organisation called 'National Legal Aid Organisation' has been set up under 'Legal Aid Services Act 2000'. Through this organisation, during 2009 and 2010, a total of 20,426 persons have been provided with legal aid services at government's the

**Rendering Legal Assistance to the Financially Insolvent People**

cost and as many as 9,030 cases have already been disposed off.

## Freedom of Mass Media

### Mr. Speaker

255. The present democratic Government is firmly committed to ensure freedom of speech and the right to information. After assumption of

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| <b>Ensuring Free Flow of<br/>Information</b> |
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office, we have been trying our best to establish transparency and accountability in all spheres by ensuring free flow of information. We have enacted '**Right to Information Act, 2009**' in the first session of present Parliament. By this time, Independent Information Commission has started functioning. Besides, an act titled '**Release of Information in the Public Interest (Protection) Act 2010**' has been approved by the cabinet in order to give protection to the people releasing information to the public. It is expected that once this law is enacted, the individuals who will be disclosing information for the public interests will get all kinds of administrative and legal protections. This will bring to an end of our long-standing culture of secrecy and will begin a new era of accountable and transparent administration. We are equally aware of the necessity of a powerful mass media as a medium of free flow of information along with ensuring right to information. As part of realising the dreams enshrined in **Vision'2021** for establishing **Digital Bangladesh**, drastic changes have been introduced in the overall activities and broadcasting plans of Bangladesh Television, the main mass media of the country. Efforts are going on to digitalise all units of Bangladesh Betar along with Bangladesh Television. I hope once freedom of mass media as well as free flow of information is ensured, corruption will be reduced,



good governance will be established and transparency and accountability will be enhanced everywhere.

256. In my previous budget speech, emphasizing the importance of providing training to the apprentice journalists, I proposed to allocate Tk. 3.08 crore for the Press Institute. I would like to inform the House that the

**Improving Quality of Journalism**

Press Institute has taken up activities to improve the quality of professional knowledge,

efficiency and morality of journalists, info-active persons and workers of mass communication through education, training, seminar and symposium. To establish dormitory and cafeteria for the journalists and to maintain digital record of papers, the **Expansion and Modernization of PIB Complex** project is being implemented. Moreover, steps have also been taken under Access to Information (A2I) project to enhance the efficiency of journalists of Bangladesh Sangbad Sanstha (BSS).

## **Combating Corruption**

**Mr. Speaker**

257. Corruption is one of the main impediments to development. Good governance cannot be ensured without rooting out corruption. In order to play an effective role in combating corruption, we have finalised the **Anti-**

**All-out Cooperation in  
Combating Corruption**

**corruption Commission (Amendment) Act, 2010** and submitted it to the Parliament for approval. We remain ever

vigilant of the fact that enforcement of this law does in no way violate fundamental human rights. We have also taken into consideration the

independence and accountability of Anti-corruption Commission (ACC). Specially, the independence of ACC in conducting inquiries and prosecutions is being considered with due importance.

## **Foreign Policy**

### **Mr. Speaker**

258. In my previous budget speech, I pronounced that steps have been taken to enhance our diplomatic skills and efficiency to keep pace with the fundamental changes in the arena of 21<sup>st</sup> century global diplomacy. This has resulted in wider acceptability of Bangladesh to the world community.

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| <b>Restoring the Image of the<br/>Country in the International<br/>Arena</b> |
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Its consent and co-operation to all international initiatives to establish worldwide democracy, human rights, peace and safety and to control terrorism have been widely acclaimed.

In the international arena, Bangladesh has been elected chairperson of Executive Board of UNICEF, members of Board of Director of UNFPA and UNDP, vice president and member of Executive Committee of Economic and Social Council (ECOSOC) and members of Council of International Maritime Organization (IMO), United Nations Environment Programme (UNEP), Executive Board of UN Women, World Health Organization (WHO), International Telecommunication Union (ITU), Committee on the Elimination of Discrimination of against Women (CEDAW), and Board of UNESCO. Apart from these, recently a decision has been taken to establish BIMSTEC Secretariat in Dhaka.

259. Successful diplomatic efforts under the leadership of the Hon'ble Prime Minister, have consolidated the interests of the country and

**Successful Diplomatic  
Initiatives**

established the country as a responsible, active and effective state in the world. In 2010, the Hon'ble Prime Minister attended

the MDG conference held in New York in September-October and the UN General Assembly session. In May 2011, she played a leading role in the 4<sup>th</sup> UN Conference on LDCs held in Istanbul. In these events, the Hon'ble Prime Minister herself and the members of the delegation under her leadership played a very effective role. Besides, she was invited as a keynote speaker by 3 international organisations in May 2011. In the World Meteorological Congress held in Geneva, she made a special speech on environment and information technology. She also presented a keynote speech on health and population planning in a conference of World Health Organisation held in Geneva. A few days later, she again gave a keynote speech in UNESCO, Paris on women advancement and education. Her abiding interests in all these pertinent issues and extraordinary leadership have drawn the attention of the world community. Now, the image of Bangladesh in the comity of nations is widely accepted. In the international arena, Bangladesh is looked upon as a **Model for the Programmes of the Developing Countries** and a **Star for Women Empowerment**.

260. In continuation of the successes of the last year, in this year as well Bangladesh has added a positive dimension to the bilateral diplomatic relationship with Muslim and friendly countries and ensured effective participation in the regional and international organisations. Through diplomatic efforts, the bilateral relations of Bangladesh with Middle-East, Europe and America have become stronger. Bangladesh has made a remarkable progress in the field of Energy Security by signing a MOU

with Russia during our Hon'ble Prime Minister's participation in "World Tiger Summit" to establish a Nuclear Power Plant at Rooppur. Moreover, the relationship with Belgium, UK and United Arab Emirates has become stronger following her visit to these countries.

261. In my previous two budget speeches, I mentioned that according to our foreign policy designed in the light of our election pledge, we have already identified the areas of cooperation with neighboring countries in order to strengthen diplomatic ties with them. On that basis, we have

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| <b>Regional and Sub-regional<br/>Cooperation</b> |
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placed special emphasis on regional and sub-regional cooperation to augment trade and investment. Under the dynamic leadership of our Hon'ble

Prime Minister, we have extended the scope of regional and sub-regional cooperation up to China and Myanmar along with India, Nepal and Bhutan. There is an ongoing discussion on the issue of identifying the unresolved land border demarcation between India and Bangladesh, exchanging enclaves, identifying illegal occupation of land and sharing the water of the river Teesta. Moreover, I have already mentioned the progress we made in developing land and sea ports to expand trade and commerce under regional transit. Here, I would like to discuss a couple of issues on transit.

262. Bangladesh is strategically located to provide transit. Transit through river routes and railways on a limited scale has been in existence for a long time. According to the existing protocol, transshipment expenses are charged in addition to lump-sum transit fees. With the development of a network of roads and bridges, a scope for road transit has been created. In January 1971, Bangabandhu expressed his desire to build Bangladesh as Switzerland of Asia. We are aware that Switzerland

has been a land of transit from time immemorial. We want to see Bangladesh open for providing transit facilities. Of course, in order to derive benefits from these arrangements, we will have to come to terms with the neighbouring countries such as India, Nepal, Bhutan and Myanmar. Even in the near future, we may have to make similar arrangements with China and Thailand. We might become an **Economic Hub** in South and South East Asia because of these transit facilities. Even though this calls for creating appropriate infrastructural facilities, we will be receiving fees at reasonable rate for providing transit facilities. We have made much progress in this regard and taken a decision to upgrade our two seaports capable of providing transit related services. We have assigned a taskforce with the responsibility to formulate transit related policies and regulations and fix rates of transit fee. I hope that we will be able to frame the transit related regulations soon.

263. Under the leadership of our the Hon'ble Prime Minister, the image of Bangladesh as a secular, democratic, progressive and responsible state is getting brighter in the international arena. If this progress continues, Bangladesh will become a middle income country much earlier than the Golden Jubilee of its independence and the role of Bangladesh will be more consolidated in the field of regional and international diplomacy.

## **Defense**

### **Mr. Speaker**

264. There is no alternative to augment the defense capacity of the country through modernisation of the armed forces. As part of our initiative to modernize the defense system, we have taken steps to provide

### **Modernisation of Armed Forces**

training to three forces to enhance their operational capacity and efficiency. Side by side, we have been trying to procure modern equipment and modern technology-based military hardware and to enhance other benefits for the defense forces. At present, approximately a total of 9,000 members of three forces are working in peace keeping missions of the United Nations. We cannot but admit that by occupying the top position in the list of the countries which send soldiers to the UN Peace Keeping Mission, our armed forces have not only glorified the image of Bangladesh but also made significant contribution to the economy. We believe that they will continue to leave their mark in the international arena in the similar fashion as they are doing now.

265. Considering our country's defense and the glorious role of our armed forces all over the world, I propose a total budget allocation of Tk. 12,134 crore for the FY 2011-12 which is higher than the budget for the FY 2010-11 by Tk. 1, 216 crore.

## **Local Government**

### **Mr. Speaker**

266. Our election pledge is to strengthen union, upazila and zila Parishads through decentralisation of power. In my previous budget

### **Legal Reforms**

speech, I mentioned about people's engagement in a strong local government structure in a decentralised governance system. With this end in view, we have formulated **the Local Government (Union Parishad) Act 2009**, the

**Local Government (Paurashava) (Amendment) Act 2010** and **Local Government (City Corporation) Act 2009**. To make the Upazilla Parishad Act 1998 more effective, we have issued 6 (six) set of rules under this Act. Training has been imparted to Upazilla Parishad Chairpersons and Vice Chairpersons as part of strengthening local government institutions. Audit was conducted by the non-government audit firms in 3370 Union Parishads in FY 2009-10 and 4485 Union Parishads in FY 2010-11 to ensure transparency and accountability in the functions of the Union Parishads. The present Government has so far constructed 652 Union Parishad Complexes in its tenure. New elections are being held in phases in the Union Parishads whose tenure is over.

267. Steps have been taken to restructure zila parishads. Besides, necessary measures have been taken to formulate/ amend laws to further strengthen paurashavas and city corporations. The election of 254 paurashavas was held in FY 2010-11. Besides, union parishad (UP) elections have begun across the country and elections in 554 UPs have already been held. I hope through these actions good governance at the local level will be strengthened and opportunities of getting services by the people will be enhanced.

## **Reform Programmes**

### **Public Expenditure Management**

#### **Mr. Speaker**

268. We have made remarkable progress in taking forward our reform agenda in public expenditure management. During the previous tenure of

**Computer -based Multi -  
Module Budget Database**

the Awami League Government computer technology was introduced in the preparation of budget and the compilation of accounts in 1998. In the

same year, a new budget and accounts classification system was introduced. In the meantime, 20 ministries / divisions, all offices of the Chief Accounts Officers in all ministries / divisions and all District Accounts Offices have been brought under computer network. A computer aided multi- module budget database (iBAS) has been created for the purpose of preparing national budgets, preserving and analysing budget related information and effectively monitoring budgets. By next financial year, all ministries/ divisions will be connected to the budget database through Wide Area Network (WAN).

**Medium Term Budget  
Framework (MTBF).**

269. Meanwhile, all ministries/divisions have been brought under the coverage of Medium Term Budget Framework (MTBF). This will facilitate linking budget planning with the government's policies and priorities and resource allocation with performance of all ministries/divisions.

We hope that the effective implementation of the 6th Five Year Plan will be possible as all ministries/divisions are under coverage of Medium Term Budget Framework (MTBF). In the meantime, budget management branches/wings have been created in 25 ministries/divisions to strengthen the activities of budget preparation, implementation and monitoring. Such branches/wings will also be created in all other ministries/divisions in phases.



**Revision of Budget  
Classification Structure**

270. We are determined to implement the ongoing reform agenda in financial management. In the meantime, we have initiated a process of revising the existing structure of budget classification to make it consistent with the international standards. According to our commitment, we have completed the economic code-based mapping of non-development and development budgets for the current fiscal year and we have to place the budget for FY 2011-12 before the Parliament by mapping of economic codes used in both non-development and development budgets.

**Transparency and  
Accountability of Budget**

271. We need more time to overcome the technical and legal difficulties associated with the implementation of the District Budget that we announced for implementation to ensure transparency and accountability in budget. Internal Audit will be strengthened to ensure transparency and accountability in public expenditure. We are working on enhancing the efficiency in public debt management. We have enacted the Public Finance and Budget Management Act 2009 to ensure public finance management, develop macroeconomic stability and enhance efficiency in budget management system. There is an initiative to make the existing financial rules and regulations up-to-date. Steps have been taken to develop computer-based payroll, pension and General Provident Fund systems and a Management Information System (MIS) for Public Asset Management. Moreover, as I mentioned earlier, we have taken steps to create a database and establish effective coordination among the poverty reduction programmes to bring transparency and avoid any duplication.

272. We are taking steps to improve quality of audit reports and resolve audit observations promptly to strengthen statutory audit.

**Audit** We have also taken an initiative to frame an Audit Act to conduct audit more effectively. Performance audit will be conducted in some ministries/divisions next year.

## **Ensuring Private Participation in Infrastructure Development**

**Mr. Speaker**

273. It is extremely important to develop the country's infrastructure sector for achieving targeted economic growth. After assumption of office, we have been successfully implementing different initiatives to increase investments in major infrastructure sectors like power, energy, roads and railways. Alongside the Government investment, we took initiatives to attract private investment in infrastructure development through the process of Public-Private Partnership (PPP). To make this initiative successful, we have already issued new policy and strategy and a set of guidelines for project scrutiny and approval procedures in August 2010 and also have taken some projects within the purview of these guidelines.

**Public-Private Partnership**

274. We have established a PPP office according to the rules of PPP. Necessary executive and financial power has been given to this office to discharge its function efficiently and expeditiously. In the meantime, a number of officials have been posted

**PPP Regulatory Framework**

there and a recruitment process of the remaining manpower along with the Chief Executive Officer is in progress. We are also working for the enhancement of efficiency of officers working in different ministries / divisions including the Ministry of Finance. In this regard, I would like to specially mention that PPP is a new concept for our country and normally the tenure of agreements under PPP is fairly long. Efficiency and capacity building of those who are relevant is a necessary pre-condition for implementing PPP successfully.

275. I have already mentioned about a number of ongoing and immediately implementable projects. These projects are being implemented under PPP initiatives. So far, 7 power plants with 178 MW electricity generation capacities have been constructed under PPP. The bidding process has begun in respect of construction of another 6 power plants having 410 MW electricity generation capacities. We have also begun the tendering process for establishing a Hi-tech Park at Kaliakoir, a Software Technology Park at Karwan Bazar, 2 projects in telecommunication sector and 1 project in sanitation sector. We have also initiated a programme for establishing 8 land ports. Moreover, we are planning to build a satellite town at the outskirts of Dhaka. The initiatives of management of Mongla Port and the New Mooring Container Terminal of Chittagong Port and the digitisation of land registration have been taken up under PPP. The construction of Dhaka Elevated Expressway and Mayor Hanif flyover is also underway. Even though the number of approved PPP projects in last two years is not quite significant, we are hopeful that in the long run we will be able to build a sustainable institutional infrastructure and efficient management of PPP.

276. To strengthen PPP initiative and to attract investment from home and abroad we have created Bangladesh Infrastructure Finance Fund

**Bangladesh Infrastructure  
Finance Fund and VGF**

(BIFF). We have transformed the fund into a company and the company will commence its investment function in FY 2011-12. Considering the

importance of PPP, in the meantime, we have provided Tk 1600 crores to this fund and in the next fiscal year we have proposed an allocation of Tk 2,500 crores in the budget. Over and above, for technical support we have allocated Tk. 100 crore for the next year and Tk. 400 crore has been proposed under Viability Gap Fund for the projects which are not commercially profitable but important for economic development and public services. In the meantime, ministries have started sending proposals for technical assistance and viability gap fund for the projects under PPP.

## **Financial Sector**

### **Mr. Speaker**

277. I have already mentioned that Moody's and Standard and Poor's (S&P) have reviewed and analysed our credit rating position and retained

**Sovereign Credit Rating**

the previous credit rating. Where many developed countries' credit ratings have declined due to world economic recession, we could maintain the credit rating. This indeed speaks of our financial discipline and sound macroeconomic management. This credit rating has helped increase foreign investment and had positive impact on our foreign trade.

278. In my previous budget speech, I mentioned that we have taken a number of reform initiatives to establish an efficient financial sector. In

### **Reform in Financial Sector**

continuation of these steps have been taken to improve the legal framework of the banking sector.

Following this, in the meantime inter-bank networking connectivity has been established among the offices of the Central Bank as part of bank automation. In addition, implementation of banking software is also progressing as part of overall automation of Bangladesh Bank activities.

279. In order to strengthen the management of commercial as well as state-owned banks we have taken steps to prepare the draft for the amendment of Bank Companies Act and Financial Institutions Act. Besides, we have started auditing the accounts, risks, assets quality of income and adequacy of capital of state-owned banks for 2010 by internationally affiliated auditors. As a result, efficiency, dynamism and transparency will be enhanced enabling efficient management of credit, market and operational risk.

280. To put the banking system on a stronger footing, take it to the international competitive level and make its capital risk-resilient and strong, a set of guidelines on maintaining risk weighted capital has been

### **Strengthening Banking System**

issued in combination with BASEL1 and BASEL2.

According to BASEL2, all banks have begun enhancing their risk weighted capital adequacy up to 10 percent from January 2010.

281. After assumption of office, the Government formulated the Anti-money Laundering Act 2009 and the Anti-terrorism Act 2009 to make the

### **Anti-money Laundering**

anti-money laundering activities more effective. Now we are going to

reformulate both the acts to make them consistent with international standards and both the act are expected to be enacted this year. In the meantime, a time-bound action plan has been prepared to carry out anti-money laundering activities and prevent anti-terrorism financing activities. The Financial Intelligence Unit (FIU) formed in Bangladesh Bank has already signed a Memorandum of Understanding (MoU) with the Financial Intelligence Units of 10 countries to facilitate exchange of information linked to money laundering and terrorism financing.

### **Mr. Speaker**

282. Insurance sector plays a very important role in expanding trade and commerce and mitigating the problems of public life arising from various risks. In order to strengthen the management of this sector, we have enacted the Insurance Act 2010 and Insurance Development and Regulatory Authority Act 2010. Under the latter Act the Insurance Development and Regulatory Authority has been created to protect the interests of the insurance policyholders and strengthen the financial base and improve the capacity of this sector. Consistent with this initiative, we have taken up the task of amending Insurance Corporation (Amendment) Act.

#### **Reform in Insurance Sector**

283. Despite collapse of the capital markets elsewhere in the wake of recession, our capital market remained buoyant last year. Recently, the market price of shares has been corrected in the backdrop of last two years' continuous rise in price-index and market capitalisation. At this stage, I would like to reflect on the last 2/3 years' trends in our capital

#### **Capital Market**

market. In January 2009, in Dhaka Stock Exchange, the market capitalisation stood at 17 percent of GDP. In January 2010, it increased up to 28 percent and in January 2011, it rose to 44 percent. 192 percent rise in market capitalisation in two years time span was not desirable. There had been failures on the part of relevant quarters and also interference from outside. Consequently towards the end of January 2011, the market capitalisation plummeted to 40 percent of GDP. This basically brought about market correction. Many termed it as a catastrophe in the capital market. In order to investigate the whole range of incidents we formed an inquiry team and also published the whole report prepared by the team. I put on record my sincere thanks to the members of the team who produced the report within a very short span of time. However, due to time constraint, some observations and comments might have remained incomplete.

284. We have taken steps to implement most of the recommendations made in the report. A training Institute on Capital Market named Bangladesh Institute of Capital Market (BICM) has been established to

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| <p><b>Capital Market Reforms</b></p> |
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promote good governance among the investors, intermediaries and companies.

In order to separate the ownership, management and trading of stock-exchange and to contain manipulation in the capital market, the process of demutualization in Dhaka and Chittagong Stock Exchanges has begun. To regain investors' confidence in the capital market, contain continuous price fall, maintain stability and bring about strategic development, a Tk 5000 crore open-end mutual fund known as Bangladesh Fund has been established. We will remain vigilant about the utilisation of the fund and future negative impact on fiscal sector

285. In order to contain irregularities in the capital market steps have

been taken to develop surveillance software in the Securities and Exchange Commission (SEC). In addition, there is an initiative to frame

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| <b>Financial Reporting Act</b> |
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Financial Reporting Act to maintain stability in the capital market. Side by side, we are considering a plan to

establish a Financial Reporting Council to oversee the audit and accounting standards and their transparency. Other than this we have taken up the task of amending the SEC Act, different rules and Companies Act. SEC also took initiative to amend Security and Exchange Commission (Public Issue) Rules, 2006 to avoid the misuse of book building method in the capital market. Along with this initiative, we have also taken steps to establish a separate Clearing and Settlement Company to settle stock exchange transactions within the shortest possible time. Within the next financial year, we shall establish an oversight mechanism to see whether the conditions like margin lending and collateral requirement are met. We shall make the regulatory structure of share market transparent according to international system.

## **Land Management Development and Housing**

### **Land Management**

#### **Mr. Speaker**

286. Although the population growth rate in Bangladesh has declined, the absolute number of population is still not stable. On the other hand, because of the changing pattern of land utilisation for housing as well as industry and commerce, cultivable land is decreasing at a rate of 0.5 percent every year. To mitigate this problem, along with population



control, importance should be given to planned and optimum use of land. We can only ensure planned and optimum use of land by establishing a strong, sustainable and welfare-oriented land administration. In my previous budget declarations, I made a commitment to establish a digitised modern land management by dismantling the status quo of existing backward looking land management.

287. We know that we have a high population density and therefore, it is important to ensure prudent use of land for various purposes related to upgrading living standards. In our country, roads, human habitats,

#### **Land Management Digitisation**

industrial establishments and other installations are encroaching upon our arable

land, wetland and forest areas. We have already taken up the task of demarcating industrial areas and special economic zones will be declared at the beginning of the next year. However, in order to tackle the overall land management situation, at first we need to introduce land zoning throughout the country. At the same time, we will have to streamline our land records so that land title and its use become transparent. In order to achieve these goals, massive reforms in land management and land administration are required.

288. To this end, we have already taken several steps. Land records and the results of survey are being computerised. By using these records and satellite maps, information on land use and land title may be integrated.

#### **Ensuring Land Service**

Digitisation is being introduced in land registration department. The purpose of this initiative is to provide the certificate during registration to the owners and reduce land registration time. Another purpose is to put in place an arrangement to deposit all types of

taxes and fees in one pay order to minimise the hassles of the public.

289. In the meantime, as part of land management digitisation, 191 mouza-registers and mouza-maps of Dhaka city have been digitalised and posted on the website. Under the land management computerisation programme, 5 upazilas of Dhaka have been selected for piloting. After feasibility study, we took the initiative to roll out the programme throughout the country under public-private partnership. As a result, the whole land administration i.e. record preparation and preservation, change of land category, mutation and accounts of land revenue will be done in one office and land owners will be able to access the related information from their homes. At the same time, land registration will become a very easy process. We believe that this grand vision will be realised within three years time in 64 districts and 7 cities including Rangpur.

290. Cultivable land is gradually decreasing due to unplanned housing, establishment of industry and misuse of land. This might turn out to be a

**Protection of Cultivable Land**

threat for food security of the country in future. To protect cultivable land and to reduce land

misuse we have finalised the ‘**Protection of Cultivable Land and Land Use Act, 2011**’. In addition, zoning of land according to use of land is well underway. After completion of this zoning work, we will take coordinated initiative to protect different types of land.

291. Since assumption of office, the present Government has distributed 24, 069 acres of khash land among 6, 3941 landless families which will

**Distribution of Khash Land**

not only help eradicate poverty but also raise production of agriculture. In the next fiscal year, another 5,000

acres of khas land have been targeted to be distributed among 20,000

landless families across the country. Side by side, we are putting emphasis on providing required credit and other financial assistance to women so that they can retain their land ownership.

292. In order to stop harassment arising from the complications of vested property laws, to ensure its proper management and settle the dispute over the vested property a bill on **Vested Property** 'Vested Property Return (Amendment) Act, 2011' has been placed before Parliament. Enactment of the law will settle the long standing problems of vested property that have accumulated over time.

## **Housing**

### **Mr. Speaker**

293. Land scarcity and high price constitute a big challenge for the government in its efforts to ensure housing for low and middle income people as pledged in 'Vision 2021'. Putting due emphasis on the theme of

#### **Housing for Middle and Low Income Groups**

**'Housing for All'**, the Hon'ble Prime Minister has inaugurated the construction work of a multistoried

building comprising 22,500 flats at Uttara extended project zone to provide housing facilities to lower and middle income people. The project has already made significant progress. In parallel, steps have been taken to build prototype flats at Mohammadpur, Mirpur, Purbachal, Jhilmil, Dohar in Dhaka and Halishahar in Chittagong. We are also considering taking up two projects titled 'Construction of Flats for the Affected People in 21 August Grenade Assault' and 'Development of Residential Flats at Basila

to Rehabilitate Non-Bengalis of Geneva Camp at Mohammadpur’.

294. In FY 1997-98, the Government allocated Tk. 50 crore to create a housing fund to address the housing problems for homeless poor and low income population, specially families affected by river erosion, flood, cyclones/tidal surges and fire incidents. So far a total of Tk. 164 crore has been released under the housing loan scheme. Already 46,808 houses have been constructed at 400 upazilas in 64 districts. The total number of beneficiaries of the scheme is 2,34,040, among which 60 percent represent women.

**Housing Fund**

295. In order to reduce rapidly increasing population pressure on Dhaka city and to transform Dhaka into a planned mega city, Dhaka has already been expanded over an area of 1,528 square kilometers towards Narayanganj, Gazipur, Savar and Keraniganj. On the same vein, three project proposals have been finalised to develop satellite cities at Sirajdikhan in Munshiganj, Dhamrai in Dhaka and Singair in Manikganj. There is another satellite project to be implemented by RAJUK which is at preliminary stage. Besides, the Government has taken initiatives to work out a Detailed Area Plan (DAP) for land use in all divisional cities. Plans for Dhaka, Barisal, Chittagong and Sylhet divisions have already been prepared.

**Planned Urbanisation**

296. Real estate is a potential sector of the country’s economy. This sector holds out the opportunities for big investment as well as absorbs a large number of unskilled labourers. In consideration of the sector’s importance, ‘Real Estate Development and Management Act 2010’ has been finalised to promote

**Real Estate**

smooth expansion of the real estate sector. Alongside, ‘Bangladesh National Building Code’ has been updated which will facilitate environment-friendly, safe and risk-free building construction. Besides, a draft on ‘City Area Planning and Land Use Management ACT 2011’ has been prepared to streamline the tasks associated with land development of residential projects by private entrepreneurs.

297. I propose an allocation of Tk. 2,189 crore for FY2011-12 comprising both development and non development budgets, for land management and housing sector.

## Chapter IV

### 2011-12 Fiscal Year Budget Structure

#### Mr. Speaker

298. Now, I would like to reflect briefly on the overall budget structure of FY 2011-12. We have prepared the next year’s budget based on certain

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| <p><b>Underlying<br/>Assumptions of Budget</b></p> |
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assumptions under a Medium Term Macroeconomic Framework. We have set targets of economic and fiscal indicators for the next fiscal year. Rebound of global

economy, robust export position, satisfactory growth in revenue mobilisation, uninterrupted growth in the agricultural sector, growth of credit outflow to the private sector and high growth of term loans have prompted us to set the growth target for FY 2011-12. It has been assumed in the framework that we will be able to achieve a 7 percent economic growth in the next fiscal year. By FY 2014-15, the growth will rise to 8

percent.

299. Achieving this level of growth hinges on to the development of agriculture sectors as well as the infrastructural development of power and energy and communication sectors. As is envisaged in the revised roadmap for power and energy sector, by December 2012, we will be able to generate an additional 2,157 megawatt of electricity. In the succeeding five years another 9,647 megawatt of electricity will be added to the national grid. We are also confident to mitigate the energy crisis with the drilling of new wells, L.N.G import, coal production and import and use of renewable energy. Combined development in the power and energy sector, and the implementation of various big projects undertaken by the Government and private sector will pave way for huge investment leading to the achievement of growth at the desired level. Consistent with the growing industrial sector, a high growth is also imminent in financial, trade and other service sectors. However, most of the prospects of growth will depend on the successful and qualitative implementation of Annual Development Programme (ADP). We expect that resources allocated in the ADP will be effectively used. In the medium-term, we are expecting utilisation of most of the committed foreign assistance of US\$ 340 million with US\$ 1,725 million remaining in the pipe line.

300. Our efforts continue to sustain the achieved growth in the agricultural sector by increasing productivity through crop intensity and crop diversification in the agricultural production. We hope that with the invention of varieties of seeds which are high yielding and resilient to adverse weather - such as flood, drought and salinity, agricultural production will see a huge growth.

301. In the medium term, revenue mobilisation will be geared up from

12 percent to 15 percent of GDP at the minimum as an outcome of legal, procedural, structural and manpower reforms taken up this year in the revenue sector and to be implemented over the next two years. In the current fiscal, revenue will be collected at 12.1 percent of GDP and we are expecting that the revenue growth will reach 13.2 percent in the coming year. The Government is borrowing from internal and external sources to finance development programmes. Because of high interest rate of internal borrowing, Government liabilities are also increasing. Each year, Government has to defray interest expenses to the tune of 2 percent of GDP and 11 percent of budget, of which 10 percent accounts for interest payment on foreign borrowing and the rest 90 percent on internal borrowing. However, we are considering borrowing from the international market provided that we receive higher rate of return from the investment. A tolerable tariff adjustment in the power and energy sector has been assumed in the proposed budget so that it does not adversely affect the poor segment of population due to inflation. However, in order to maintain budgetary discipline, we will not be restrained to take effective measures towards tariff adjustment in case of any unexpected price hike of fossil fuel.

302. We are also putting in much effort to rein on inflation to keep it within a tolerable limit. We hope that our initiatives to ensure food security will also help maintaining price at a reasonable level while overcoming domestic and international shocks, and bring down inflation at 7.5 percent of GDP in the coming year and close to 5 percent in the medium term. In addition, steps taken towards taming inflation in the monetary sector will be continuing in the medium and long term. However, the growth in the credit disbursement to the private sector appears to be significantly higher compared to the growth target. We are putting more emphasis on securing productive use of credit in the private

sector. Moreover, we have taken various steps to augment domestic and national savings and channel national savings into investment. We believe that given the steps at work, we will be able to achieve seven percent real GDP growth in the next fiscal year. We further hope that our coordinated and consistent fiscal and monetary policies will ensure stability in balance of payment and foreign exchange reserve.

**Mr. Speaker**

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| <b>Revenue<br/>Mobilization</b> |
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303. Now I will briefly present the proposed income and expenditures for FY 2011-12.

Table 4: FY 2011-12 Budget Framework

| Heads                                 | 2011-12<br>(Proposed Budget) |          |
|---------------------------------------|------------------------------|----------|
|                                       | Tk. in crore                 | % of GDP |
| <b>Revenue Earnings</b>               | 1,18,385                     | 13.2     |
| NBR tax revenue                       | 91,870                       | 10.2     |
| Non-NBR tax revenue                   | 3,915                        | 0.4      |
| Non-Tax Revenue                       | 22,600                       | 2.5      |
| <b>Public Expenditure</b>             | 1,63,589                     | 18.2     |
| Non-development and other expenditure | 1,17,589                     | 13.1     |
| Annual Development Programme          | 46,000                       | 5.1      |
| <b>Budget deficit</b>                 | 45,204                       | 5.0      |
| <b>Financing</b>                      |                              |          |
| Domestic Sources                      | 27,208                       | 3.0      |
| External Sources                      | 17,996                       | 2.0      |



- In FY 2011-12, aggregate revenue mobilization has been estimated at Tk. 1,18,385 crore which is 13.2 percent of GDP
  - It includes NBR Tax revenue of Tk. 91,870 crore (10.2 percent of GDP)
  - Non-NBR Tax revenue of Tk. 3,915 crore (0.4 percent of GDP)
  - Non-Tax revenue of Tk. 22,600 crore (2.5 percent of GDP).
  
- Total expenditure in the budget has been estimated at Tk. 1,63,589 crore
  - In FY2011-12 budget, there is a total allocation of Tk. 1,17,589 crore (13.1 percent of GDP) for the non-development and other expenditure
  - Tk. 46000 crore for the Annual Development Programme (5.1 percent of GDP)
  
- Overall budget deficit will reach to Tk. 45,204 crore, which is 5.0 percent of GDP
  - The deficit of Tk. 17,996 crore (2.0 percent of GDP) will be financed from external resources
  - Tk. 27,208 crore (3.0 percent of GDP) from internal sources
    - Of domestic financing, Tk. 18,957 crore (2.1 percent of GDP) will come from the banking sector
    - Tk. 8,251 crore (0.9 percent of GDP) from the non-banking sources

**Expenditures**

**Budget Deficit and Financing**

For meeting up the deficit, we are placing emphasis on mobilising concessionary loans from the external sources as before.

304. In FY2011-12, the non-development and development expenditure have increased by 25.3 and 30.9 percent respectively compared to the revised budget of FY2010-11. 15 percent of non-development expenditure

### ADP Allocation Structure

is development expenditure which will be spent on various social safety net and non-ADP programmes targeted for the ultra poor. The total development expenditure will stand at 7.1 percent of GDP taking together ADP and development expenditures under non-development budget.

305. In the previous budget, without focusing on any specific region we determined the size of ADP on the basis of regional equity, improved infrastructure and quality expenditures as we promised in our election manifesto. On this count, we have not made any exception this year.

**Table 5: FY 2011-12 ADP Allocation Structure**

| Broad Sector  | Total Allocation<br>(Tk. in Crore) | %     |
|---|------------------------------------|-------|
| Human Resource (Education, Health, Science and Technology)                                      | 10,304.2                           | 22.4  |
| Overall Agriculture Sector<br>(Agriculture, Rural Development and Water resources)              | 8,512.0                            | 18.5  |
| Power and Energy  | 8,286.5                            | 18.0  |
| Communication (Roads and highways, Railways, Bridges, Shipping, Aviation and Telecommunication) | 8,054.4                            | 17.5  |
| Others  | 10,842.9                           | 23.6  |
| Grand Total:  | 46,000.0                           | 100.0 |

- For the human resource sector (education, health and science and technology) 22.4 percent
- For the overall agriculture sector (agriculture, rural development and rural institutions, and water resources) 18.5 percent

- for the power and energy sector 18.0 percent
- and for the communication sector (roads and highways, railways, bridges, shipping, aviation and telecommunication) 17.5 percent allocation have been proposed.

I mentioned in my previous budget speech that our ADP implementation rate is not encouraging. Only 10 Ministries, at present, are implementing 78 percent of ADP. Under the Medium Term Budget Framework, though

#### **ADP Implementation**

planning and budget formulation process has been decentralised, this has not yet become effective. For this reason, as I indicated earlier, strengthening budget and planning wings of ministries/divisions will remain a priority agenda.

I am certain that if **monitoring** could be improved, ADP implementation would have been much better. In the present system, Ministries can spend their budget allocation as soon as budget is announced and remain informed about the projection of succeeding allocation for the next four outer years. Therefore, each Ministry can process its tender and relevant activities in advance and give directives to the subordinate departments accordingly. They can also delegate their centralized decision-making power.

306. I have already presented the ADP allocation structure for FY2011-12. Now, in brief, I would like to present overall expenditures structure of the proposed budget (Development and Non-Development) before this

#### **Overall Expenditure Structure**

august House which will give an idea on sector-wise allocation and priorities of the overall budget (Table 6). We may classify different ministries and divisions under three groups based on their activities -

social infrastructure, physical infrastructure and general service sector.

**Table 6: Priority Areas and Sector-wise Distribution of Budget**

| Sector  | Total Expenditure<br>(Tk. in Crore) | % of total Budget | % of GDP |
|---|-------------------------------------|-------------------|----------|
| Social Infrastructure                         | 49,690                              | 30.4              | 5.5      |
| <i>Human Resource</i>                         | 34,150                              | 20.9              | 3.8      |
| Physical Infrastructure                       | 47,728                              | 29.2              | 5.3      |
| (1) Overall Agriculture and Rural Development | 24,787                              | 15.2              | 2.8      |
| (2) Wider Communication                       | 10,644                              | 6.5               | 1.2      |
| (3) Power and Energy                          | 8,311                               | 5.1               | 0.9      |
| General Services                              | 27,990                              | 17.1              | 3.1      |
| Interest Payments                             | 17,997                              | 11.0              | 2.0      |
| PPP, Subsidy and Liabilities                  | 8,109                               | 5.0               | 0.9      |
| Net Lending and Other Expenditures            | 12,079                              | 7.8               | 1.3      |
| Total   | 1,63,589                            | 100.0             | 18.2     |

- Of which, 30.4 percent allocation is for the social infrastructure sector
  - with human resource sector (education, health, science and technology, and relevant other sectors) receiving 20.9 percent allocation
- For physical sector 29.2 percent of total allocation has been proposed
  - Of which, overall agriculture and rural development sector will get 15.2 percent
  - Broad communication sector 6.5 percent and
  - Power and energy sector 5.1 percent
- We have proposed an allocation of 17.1 percent for the general service sector comprising

- 5.0 percent for Public Private Partnership (PPP), financial assistance to different industries, subsidies and investment in state-owned commercial and financial institutions
- 11 percent will be spent for interest payment and
- for net lending and other expenditures, the rest 7.8 percent will be spent

307. Besides borrowing from the banking system, the government also borrows from the non-banking sector using national saving schemes. Such public borrowing supports financing of development programmes in one hand and provides social security to a particular group of savers. In the existing system, there is no recognition of social security assistance. Therefore, it is not possible to measure the effectiveness of such social security programme. As the rate of return on the saving instruments are fixed, the differential between the interests on bank deposits and that on saving instruments influences the overall interest rate structure. This in turn enhances the cost of fund in general. Considering all these factors, we have taken steps to determine a consistent rate of return on savings certificates with a provision for social premium to keep the market interest rate structure stable and investment-friendly.

## **Chapter V**

### **Revenue Mobilisation Activities**

**Mr. Speaker**

308. So far, I have presented next year's action plan and a statement of income and expenditure before the Parliament. Now,

**Tax Policy**

I this august House would like to discuss the policy issues that determine avenues for local revenue

collection, which will meet up the expenditure. Revenues collected by the National Board of Revenue (NBR) are considered key source of government earnings. Government's tax policy aims not only at mobilising maximum revenues, but also plays a vital role in increasing investment, creating employment opportunities through establishment of new industries, uplifting the status of livelihood, and ensuring social security.

309. You all are aware that in the last few years the National Board of Revenue (NBR) has been showing impressive performance in collecting revenues. According to latest account during July-May, 2011 its revenue collection has increased by 27 percent over the same period of the previous year.

**Achievements in  
Revenue Collection**

310. I think that we should rest on complacency at this performance as our Tax-GDP ratio (9.3 percent) still lags behind many developing countries. Our government has been doing its utmost to reduce this gap. Since assumption of the office, the present government has been paying due attention to bring reforms in NBR. In fact, the National Board of Revenue (NBR) has undertaken extensive actions particularly in two areas, i.e., policy/legal reforms and tax administration. In this context, I am now presenting 'NBR Modernization Plan' during 2011-16 before this august House. The main objectives of this plan are:

**Reform: Policy and  
Administration**

- (a) Raising Tax-GDP ratio to 13 percent by 2016;
- (b) Initiating exemplary modern web-based services for e-registration, e-filing, tax-return, declaration submission, tax

payment and rebate within 2016;

- (c) Reducing the number of tax related suits to 80 percent by the year 2016.

311. Specific activities will be taken on this strategic plan. Having firm belief that revenue collection will gain momentum because of the implementation of those.

312. Now I will briefly touch upon the fundamental principles of tax collection for the next fiscal year. These fundamental principles emanate

**Fundamental Principles in Tax Collection**

from our government's political and economic goals and also from our tax reform plans.

- Steps have been taken to formulate a tax policy for developing domestic industries, particularly, for small and medium scale industries and for trade expansion in the current international context;
- We are trying to deliver tax-services to assume spontaneous and voluntary participation and enthusiasm among the tax payers;
- Continuing the current tax exemption process till 2013 and developing a tax-paying-culture in later periods;
- Considering issues to ensure maximum revenue collection by adopting appropriate policy and measures, finally to achieve social justice and protection;

**Broad Principles of Taxation**

- Proposing alternative dispute resolution (ADR) to settle disputes amicably and promptly under Income Tax, VAT and Tariff Act with a view to avoiding procrastination in tax related cases and to creating confidence among tax collectors and tax payers.

### **Mr. Speaker**

313. Meanwhile, VAT and Direct Tax Act have already been drafted. Earlier, I declared to present the draft VAT Act before this august House. However, at this moment, it is not possible to present these draft Acts for having further discussion with the stakeholders. I hope that we will be able

#### **VAT Act and Direct Tax Act**

to present these two acts by December in this August House. Notably, a number of significant features of these two draft acts have already been incorporated in the Finance Bill of 2011.

Alternative dispute settlement has been incorporated in these three Acts to settle down tax related disputes. I believe that the government will receive its due and a comfortable atmosphere will be created for the tax payers.

314. Tax payers and tax collectors are not at an agreeable position to set how much tax should be paid. Such disputes are quite natural in income tax, import and export tariff, supplementary tariff, and value added tax. Different tax related appellate and tribunals are there to address these

#### **Alternative Dispute Resolution**

issues. Besides, tax-payers also opt to resort to the Supreme Court and other courts. In an estimate, nearly 19 thousand cases remain pending in different courts and about 5

thousand crore taka are outstanding with these cases. I have been talking over this issue since last year to devolve an alternative dispute settlement means. On this matter, after having a lot of discussion at different levels



and particularly with the personal initiatives of our Law Minister, we have adopted alternative dispute settlement means in all Acts. As soon as any dispute arises, there will be an opportunity to settle disputes in the alternative way and this means can be adopted with the permission of the court even while the cases are continuing in the court. I believe that this alternative dispute settlement technique will, on one hand, help avoid procrastination in tax collection and on the other hand, will create confidence among revenue agencies and tax payers. At the primary stage, this procedure will be experimentally applied in few cases in three areas and the process will be fully implemented sequentially.

315. The Government has also taken initiatives to give social recognition and esteem for paying taxes by the general people against their hard-earned income. In addition to the existing system, the highest 10 tax

**Social Recognition for  
Tax Payers**

paying persons and companies will be given tax cards. These persons and companies will enjoy various state privileges and be honored as CIPs. This type of recognition

will also be offered for Value Added Tax from the next year. This matter of recognition is proposed in related Acts and Regulations. The letter of recognition will be given considering the preciseness and appropriateness of the yearly tax-return of a tax payer. With these, it is hoped that the VAT payers will be encouraged to pay more taxes.

316. Now I am highlighting several reform activities in the National Board of Revenue (NBR). NBR has undertaken an extensive coordinated

**Automation of  
Revenue Process**

automation for achieving a well-timed, simple, and tax payers friendly revenue collection system comprising of online submission of income tax and value added tax returns, declaration of imported items and

tariff payments. In the meanwhile, this procedure has been initiated on an experimental basis in few cases. Steps are underway to make it extensive and universal which will take a full shape within few years.

317. The main impediments to revenue collection of NBR were

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| <b>Expansion of Tax<br/>Administration</b> |
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institutional limitations or the shortage of manpower, inputs and the lack of adequate incentives. In the meantime, essential attempts have been taken to overcome this

situation. Recently, a small number of field officers have been employed after a time period of two eras. Following our commitments given in the last year, we were able to complete the expansion of tax administration. Extended tax administration will be working in full swing from this year. At the same time, plans of modernizing public management and professional efficiency are there to develop human resources by imparting training to employees working in revenue administration.

## **Direct Tax**

### **Income Tax**

**Mr. Speaker,**

318. As a direct tax, income tax plays a significant role in ensuring socio-economic development and establishment of a society based on justice. The present government is determined to ensure equitable

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| <b>Simplification of<br/>Tax Payment</b> |
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development throughout the country and provide better services to the people. To ensure this, several steps have been proposed for the

augmentation of income tax collection from domestic sources, simplification and modernisation of the system for filing of income tax return and payment of tax. In this context, I am placing before this august Parliament some important proposals.

319. One of the key principles of direct tax is to bring equity. People having more income are capable of paying more taxes. On the other hand,

**Income Tax Rate**

tax liability of the lower income people should be lesser. Considering this, I propose to increase threshold of income for individual taxpayers from Tk.1,65,000/- to Tk. 1,80,000/-. I also propose to increase threshold for individuals above 65 years and women from Tk. 1,80,000/- to Tk. 2,00,000/- and that of retarded people from Tk. 2,00,000/- to Tk. 2,50,000/-. Following the proposed system, people having annual income upto Tk. 12 lakh will get enough rebates. Moreover, I am proposing to impose 10 per cent surcharge on the tax payable based on the shown net wealth above taka 2 crore. However, no major change has been proposed for company tax rates.

**Mr. Speaker,**

320. At present, the salary or remuneration of Honorable Prime Minister, Speaker, Ministers, Members of Parliament and Judges of Higher Courts are exempt from tax. Questions have been raised from different quarters regarding the justification of this unequal treatment. At

**Withdrawal of Tax  
Exemption Privileges**

the same time, there is also question being raised regarding the reimbursement from government of income tax paid by the government officials and employees. This also stands against the principle of equity for imposition of tax between the employees of the government and those of the private sector. For this reason, I am proposing to

withdraw this tax exemption on their salary and allowances to ensure equal treatment of law for all. From now on, they have to pay tax themselves on their basic salary or remuneration received from the government. To implement this, I have made some proposals listed in 1st part of Annex A.

321. Taxpayers will be encouraged to pay taxes voluntarily, if the tax payment system is made simplified and transparent. For this, I am making

**Taxpayer-friendly  
Steps**

several proposals. In last year, filing system of income tax return through online was introduced in two taxes zones. This year, initiatives have been undertaken to expand this online submission facility to two more tax zones (Zone-4 & Zone-6). This online facility will hopefully be available for the whole country within 2013. Besides, two Taxpayers' Information and Service Centres are to be established in Dhaka and Chittagong from July 1, 2011 to provide taxpayers all tax related services. Tax Calculator and Return Preparation Software have already been hoisted in NBR website. By December 2011, taxpayers will be able to have TIN registration and TIN certificate through online. To attain this goal, I propose to withdraw the legal requirement of paying tax of taka 1,000/- for TIN registration. It is also proposed to keep those taxpayers showing 20 percent higher income over the last year outside the purview of audit subject to conditions. It has been contemplated to adopt computerised audit system from next year instead of manual system.

**Mr. Speaker,**

322. Restructuring the fields of Corporate Social Responsibility (CSR) has been proposed to encourage CSR compliance. Moreover, company

**CSR and Individual  
Investment**

taxpayers will be eligible to get 10 percent tax

rebate for CSR donation up to Tk. 8 crores subject to a limit of 20 per cent of their income. I also propose to raise the limit for investment for tax rebate to Tk.1 crore to encourage individual investment. I also propose to rationalise and expand the scope of CSR. To implement this, I have made some proposals listed in 2<sup>nd</sup> part of Annex A.

323. Time limit for existing tax holiday will expire on 30th June, 2011. I propose to extend the tax holiday period up to 30 June, 2013 and also

**Tax Holiday and EPZ**

propose tax holiday for certain areas and sectors keeping conformity with the Industrial Policy. I also propose tax holiday period for physical infrastructure like roads,

bridges etc. 10 years, instead of existing 5 or 7 years. Besides, keeping conformity with other areas, I propose the same tax holiday facilities for industries to be set up from January 1, 2012 in Export Processing Zone (EPZ). However, industries set up in EPZ before that time will continue to enjoy the existing benefits. To materialise the dream of 'Digital Bangladesh' of the present government elected with huge mandate, I further propose to extend tax exemption period for the development of software up to June 30, 2013. To implement this, I have made some proposals listed in 3rd part of Annex A.

324. Our government is determined to ensure growth and stability of capital market. For this reason, I propose to continue the existing tax

**Capital Market and Investment**

exemption benefits to investors even if their income is above the threshold limit. Investors will not be required to produce TIN. Besides,

to make the government bond market popular, I propose that investment in BIFFL or Treasury Bond be accepted without any question subject to payment of tax at the rate of 10 percent. To implement this, I have made

some proposals listed in 4th part of Annex A.

325. At present, there are different rates for collection of tax at source from sale of apartments based on the areas. On the basis of

**Rationalisation of Tax  
Collection at Source**

recommendations made from REHAB, I am proposing to re-arrange the grouping for areas. However, the highest and lowest tax rates based on the groupings

remain unchanged. Considering the interest of small investors and inflation, tax deduction rate for different savings instruments are proposed to be reduced from existing 10 per cent to 5 per cent. In some other areas, proposals for rationalisation of withholding tax rates and expanding the scope of withholding tax are shown in 4th part of Annex A.

**Mr. Speaker,**

326. At present the number of taxpayers is lower in comparison to our population. The economic activities have

**Reforms in Tax  
Administration**

been expanding to upazilas from district towns and even to growth centres. More people are earning income above the

threshold limit. Tax department needs an expansion to bring those people into tax net. The expansion plan for income tax department has already been approved. Very soon the expansion plan will be implemented and revenue mobilization activities will begin rigorously with appointment of fresh officers and employees. New initiative has been undertaken for registration of Income Tax Practitioner and their training. In this connection, my proposals are shown in 5th part of Annex A.

327. In the last budget session, I made an announcement to formulate new income tax law based on the spirit of democratic government. Following

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| <b>New Income<br/>Tax Law</b> |
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this, draft of new direct tax law has already been prepared. It is hoisted in the NBR website for eliciting public opinion. Exchange of views with various stakeholders on the proposed new law is going on. It is expected that the Bengali version of the new law will be placed before the Parliament as a bill by December, 2011.

## **Indirect Tax**

### **Import Duty and Valued Added Tax**

#### **Mr. Speaker**

328. We collect four types of indirect taxes such as (1) Import duty, (2) Export duty, (3) Supplementary duty, (4) Value Added Tax. Import duty and export duty are solely imposed on foreign trade. Once most of the revenue was collected from import duty. However, as a result of free trade all over the world, such collection is reducing day by day. On the contrary, the collection from Value Added Tax (VAT) is increasing widely. Now, Value Added Tax is imposed on both at import and domestic stages. So, I am presenting proposals on import duty, export duty, supplementary duty and Value Added Tax together before this august National Parliament. The changes due to imposition, increase and decrease of these four types of taxes are shown in Annex B.

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| <b>Rate of Domestic<br/>Revenue Collection<br/>at Import Stage</b> |
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329. Still 35 percent of total domestic revenue is collected at the import stage despite reduction in customs duties over the years. Considering this, now I present major proposals related to import duties, supplementary duties, export duties and VAT for FY 2011-2012 before this august National Parliament for trade

simplification, supplying goods at reasonable price and promoting local industries.

330. In order to keep the price of commodities within the reach of the

**Continuing Zero  
Duty on Certain  
Items**

people, I propose to maintain zero rate of import duty on rice, pulse, wheat, sugar, edible oil, onion, fertilizer, seeds, life saving medicine and cotton.

**Mr. Speaker.**

331. Against the backdrop of gradual decrease of import duties, in FY

**Protecting Local  
Industry**

2009-2010 and FY 2010-11, 5 percent of regulatory duty was imposed on the commodities having highest customs duty (25%) except the commodities enjoying

concessionary rate facilities with a view to protecting local industry and ensuring revenue growth. In response to the request of apex trade bodies of the country, I propose to continue the same facilities for FY 2011-2012.

332. At present motor cycle manufacturing and assembling industries are emerging in the country. To facilitate the growth of this sector, I

**Support to Motor Cycle and  
Assembling Industries**

propose to increase supplementary duty from the existing 30 percent to 45 percent on the import of motor cycles (CBU condition). However, as

there exists assembling industries in our country, I propose to withdraw 5 percent regulatory duty on CKD motor cycle imports along with continuing 30 percent supplementary duty. At present customs duty on inner tube valve of bi-cycle and cycle rickshaw is 5 percent. I propose the same rate of import duty on the inner tube valve of all other vehicles.



333. Uninterrupted supply of electricity and fuel is a precondition for promoting trade and industries. To encourage investment in energy and

**Assistance to Power and  
Energy Sector**

power sector, I propose to continue all existing duty facilities. I have mentioned earlier in my speech to make LPG easily available and popular. I have also told

that we shall adopt electricity saving measures and expand opportunities for using solar energy. For these, some new proposals are placed regarding import duty and supplementary duty so that LP gas cylinder can be produced locally and its raw materials are available at economic price.

**Mr. Speaker.**

334. At present, only 3 percent import duty (1% for export oriented industry) exists to encourage the establishment of Effluent Treatment

**Reducing Duty on  
Chemicals used in ETP**

Plant (ETP) at manufacturing units for preventing environmental pollution. However, due to higher duty and taxes on chemicals required to operate ETP,

industries are not always encouraged in run ETP. Given this circumstance, I propose to waive duty and taxes in excess of 3 percent on the required chemicals (not locally produced) for running ETP.

**Mr. Speaker,**

335. At present, only 5 percent customs duty is imposed on imported text books for primary and secondary level. In such cases, VAT and other duty

**Assistance to Local Printing  
Industries**

exemptions already exist. On the contrary, local printers/suppliers have to pay VAT and income tax ranging from 9 to 11 percent. To

increase competitiveness of local printers vis-à-vis foreign printing companies, I propose to raise customs duty from the current 5 percent to 12 percent on imported printed text books for primary and secondary levels.

336. To protect local emerging furniture manufacturing industries and to discourage imports from abroad, I propose to raise supplementary duty from 20 percent to 30 percent on the imported furniture. At the same time in order to make quality materials cost-effectively available for the local manufacturers, I propose to withdraw 5 percent regulatory duty on the import of particle boards and MDF Boards.

**Supporting Furniture  
Manufacturing industries**

**Mr. Speaker,**

337. In assessing old and reconditioned vehicles, I propose to maintain depreciation benefit at the flat rate of 25 percent as well as 10 percent dealers' commission given in the FY2010-2011. Nevertheless, in order to discourage imports of old vehicles, these facilities will be applicable only for the vehicles 3 (three) year old instead of 4 (four). To prevent concealed declaration, the value of new cars cannot be in any case lower than the value of reconditioned cars of same brand and capacity. At the same time, I propose tax assessment of the new vehicles against the invoices issued only by manufacturing companies.

**Determination of Tariff  
Value for New Vehicles**

338. Besides, I also propose to impose/increase/decrease of import/export duties and supplementary duties on some items: (1) 20 percent supplementary duty on Glass tube, (2) increase of the supplementary duty

**Varying Duty and  
Supplementary Duties**

on imported toilet paper and facial tissue from 20 percent to 30 percent. (3) 25 percent export duty on cotton waste (4) reduction of the import duties of LED lamp and T5 tube light from 25 percent to 12 percent along with complete withdrawal of supplementary duty from T5 tube light (5) withdrawal of 60 percent supplementary duty and reduction of import duty from 25 percent to 12 percent on solar energy driven hurricane/lamp used in villages.

**Support to  
Pharmaceutical  
Industry**

339. I propose to withdraw existing 5 percent import duty and 15 percent Value Added Tax on leucocytes filter used in purification of blood of thalasamia patients. I propose withdrawal of 20 percent supplementary duty and reduction of import duty on cartridge/membrane filter used for pharmaceuticals industry from the current 25 percent to 12 percent. Pharmaceutical export is a potential sector in Bangladesh. Considering this, I propose to extend capital machinery benefit on Sandwich panel of pharmaceutical industry, as is applicable on agro processing industry. Besides, I propose to extend the existing duty facilities to some other raw materials of the pharmaceutical industry.

340. I am proposing such reductions of duty and taxes for cotton waste: withdrawal of 5 percent import duty and 15 percent Value Added Tax at import stage.

**Application of Copyright and  
Intellectual Property Rights**

341. The Customs authority is responsible for preventing the illegal entry of goods in violation of copyright and intellectual property rights. In these cases, I propose to amend section 15 of the Customs

Act, 1969 to empower customs authority to dispose such cases lawfully.

**Mr. Speaker,**

342. At present, export oriented industries along with some other

**Extension Time Limit  
for Renewal of Bond  
License**

industries have been enjoying bond facilities. Bond licenses are renewed on the basis of annual performance and this renewal process increases the workload of the related offices and businessmen

also incur time and money. As a part of trade facilitation measures, therefore, I propose to increase renewal duration of bond licenses from one year to two years. As a result, official work load would be reduced and business people would be benefited.

**Mr. Speaker,**

343. I mentioned in the Budget Speech of FY 2010-2011 that PSI system would continue until 31 December 2011. Although a

**Capacity Building of the  
Customs Department and  
PSI Tenure**

comprehensive expansion program for the customs department has been initiated with some new recruitment, it has not yet been fully implemented.

Again, in the absence of customs' own Valuation Database, PSI system cannot be withdrawn right at this moment. As a result, I propose to continue PSI system until December 2012. However, it is pertinent to mention here that 92 Assistant Revenue Officers have recently joined in the customs department through the Bangladesh Public Service Commission after more than two decades. More human resources at other levels will be recruited at the soonest. I hope that customs department will obtain necessary capacity through recruitment and training of officials.

Subsequently, PSI system will not be continuing after December 2012.

**Mr. Speaker,**

344. In order to encourage export and control price hikes of daily consumables, import level duties and taxes on some of the goods had to be reduced. As a consequence, the role of import stage revenue has been diminishing day by day. Nevertheless, despite many challenges and

**Collection of Revenue at  
Import stage**

insufficient infrastructure, significant growth in this sector has been achieved. Once planned reform initiatives, expansion programs, automation and computerization schemes are implemented, trade facilitation measures may be more vibrant and collection of revenue may also be augmented. In the meantime, Dhaka Customs House has been brought under automation. In addition, full fledged new Bond Commissionerate at Chittagong and unified Chittagong Custom House will start their operation from July 2011. I hope, we will be able to augment revenue initialization leading to a prosperous future and Digital Bangladesh in 2021 with the highest application of merit, intensive training, hard work and skill.

**Value Added Tax**

**Mr. Speaker**

345. Value Added Tax plays a key role in revenue earning commensurate with the development of the economy. You will be happy

**VAT Act**

to know that a new draft of Value Added Tax named as '**Value Added Tax Act, 2011**' has been completed. After having proper examination, the new draft will be placed to the National Parliament. The changes brought

in last year and the proposed changes to VAT law this year has made the Act more dynamic. All the proposals relating to VAT are explained below.

346. The contribution of SMEs towards the generation of employment is undeniable. The Government is committed to support SME development. The percentage of turnover tax is proposed to reduce to 3

**Expansion of  
SMEs**

percent from the existing 4 percent, while annual turnover margin (Tk. 60 lakh) remains unchanged. I hope that this will facilitate the expansion of small businesses. Companies listed under turnover tax will be given business identification number as companies listed under VAT. With this facility, companies listed under turnover tax would be able to participate in Export and Import trading. Besides, to support SME industries, I propose to increase the supplementary duty on electric fan from 20 percent to 30 percent and impose 20 percent supplementary duties on electric multi cord, switch & socket.

347. I am proposing VAT exemption for some products to gear up employment generation through the development of local industries.

**Reduction of VAT**

- To keep in mind the protection of environment, the supplementary duty on Particle Board is exempted
- Supplementary duty on Paints is reduced by 5 percent
- Withdrawal of supplementary duty applied to concrete readymix, hollow concrete block, plastic goods (for kitchen & household)
- Withdrawal of VAT on hand-made Biscuit and Cake valued at Tk. 100 (per kg.) at the production stage

- At present, Tk. 800 tax is imposed on SIM card under VAT. For a long time, there has been a demand for reducing the tax. In this context, tax on SIM card is reduced to Tk. 600.

348. To augment the collection of Value Added Tax, in different sectors VAT and Supplementary duty are proposed to increase. Specially, the

**Tobacco Tax Policy Cell**

supplementary duty and price level of cigarettes will be increased. This year, I propose to increase the supplementary duties of chewing tobacco. There is a huge campaign against tobacco because of its hazardous consequences on mass people. That is why, I propose to increase the supplementary duty on chewing tobacco by 10 percent and fixing it to 30 percent. It will help to drop consumption of chewing tobacco. An increase of supplementary duty on energy drink by 10 percent and an imposition of 10 percent supplementary duty on float glass are also proposed. Further, I propose to fix supplementary duty on cigarettes 36, 55, 58 and 60 in different segments. The price level of cigarettes also proposed to be increased. Over the years, the consumption of lower level cigarettes has increased whereas the consumption of higher premium level has decreased. This has been taken into consideration to bring changes in price level and supplementary duties of cigarettes. However, this will not jeopardize the Bidi industry in any way as no new tax burden are imposed rather other comparative advantages have been increased. "Tobacco Tax Policy Cell" is formed at National Board of Revenue to formulate a balanced tobacco policy taking into consideration of health and environmental hazards, employment generation and revenue earnings.

349. To make the VAT law more tax friendly, I propose to reduce penalty. In this connection the maximum penalty will be the amount of money equal to one and half times of evaded amount of revenue instead of existing maximum two and a half times of the evaded amount.

**Reduction of Pecuniary Penalty**

350. It is proposed to establish a new account in the head of "Reserve for Refunds" to make refund easier. Besides, a fund named 'Reserve for Rewards and Financial Incentives' is proposed to provide incentives to tax officials.

**Simplification of Refunds**

351. In line with achieving the goal of Digital Bangladesh, online VAT return submission has been introduced on a limited scale. Within a very short time, this system will be expanded across the country. Besides, a project named Modernization of VAT Environment (MOVE) will be launched shortly to bring more VAT offices under automation. Taxpayers whose yearly VAT payment exceeds Tk. 5 million will be under compulsion to maintain all documents by using relevant software.

**Modernization of VAT System**

352. We consider it useful to observe 'Value Added Tax Day' & 'Value Added Tax Week' to create awareness among taxpayers. VAT ordinance was promulgated on 2 June, 1991 and the ordinance turned into the Act on 10 July, 1991. That is why, we have taken decision to observe the Value Added Tax day on 10 July every year and Value Added Tax Week starting from 10 July (one week).

**Awareness building on VAT**



On these occasions, different campaign programmes regarding VAT will be organized to create awareness among the people.

353. The reforms activities, specially the expansion program of VAT and Customs department are at the final stage. As part of the reform programs, several new departments will be established. These are as follows: 4 Customs Excise and VAT Commissionerate, 3 Appeal Commissionerates, and two extra benches in Appellate Tribunal.

|                                      |
|--------------------------------------|
| <b>Reforms of VAT administration</b> |
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## **CHAPTER VI**

### **Conclusion**

#### **Mr. Speaker**

354. So far, I have presented before the nation an account of our achievements of the last 27 months and highlighted the areas where we are yet to succeed in fulfilling our commitments. I also elucidated the revenue income and expenditure and overall macroeconomic scenario of the country. Alongside, I portrayed the progress of implementation of the on-going reforms in overall economic management and outlined the future reform plans. We now live in a globalized world. Incidents happening in far flung corners of the globe can immediately impact us or even have a contagion effect. Being a small country, influence and contagion effects of these exogenous shocks are often out of our control. However, we can lessen the negative impacts through interventions of appropriate policies and strategies. Along with our efforts to move the country ahead on a higher growth path, we are always committed to mitigating the adverse

impacts of global shocks and will stay steadfast in our efforts in future as well.

355. We are working to build a happy and prosperous Bangladesh, the Sonar Bangla - the Father of the Nation, Bangabandhu Sheikh Mujibur Rahman had dreamt for long and the state for which the freedom fighters - the great sons of the soil sacrificed their lives. We are moving towards fulfilling our dreams enshrined in the Vision. We are marching ahead along with our indomitable and hard-working citizens to build a glorious and enlightened future, where we will witness a unique coexistence of development, democracy, peace and progress. We know that our path is not strewn with roses. Despite the odds, we will definitely reach our aspired destination overcoming all the adversities.

356. I am confident that the proposed budget and the achievements we made in the last two years together will create a strong foundation for our economy making our mission to build a happy, prosperous and responsive Bangladesh easier and lead the nation towards the right direction. We never bowed down to any evil power and certainly, will not do so in future. Our collective efforts will obliterate all the evil designs. We will certainly be victorious.

**Joy Bangla**  
**Joy Bangabandhu**  
**Long live Bangladesh.**

**Annexure-A**  
**Income Tax & Corporate Tax**

**1<sup>st</sup> Part**

- (1) Threshold level for individuals is proposed to taka 1,80,000 from taka 1,65,000. Comparative tax rates is depicted below in a table:

| Existing Tax Rates             |          | Proposed Tax Rates             |          |
|--------------------------------|----------|--------------------------------|----------|
| Level of Income                | Tax Rate | Level of Income                | Tax Rate |
| up to taka 1,65,000            | 0%       | up to taka 1,80,000            | 0%       |
| taka 1,65,001 - taka 4,40,000  | 10%      | taka 1,80,001 - taka 4,80,000  | 10%      |
| taka 4,40,001- taka 7,65,000   | 15%      | taka 4,80,001 - taka 8,80,000  | 15%      |
| taka 7,65,001 - taka 11,40,000 | 20%      | taka 8,80,001 - taka 11,80,000 | 20%      |
| above 11,40,000 taka           | 25%      | above 11,80,000 taka           | 25%      |

To keep tax rates for companies unchanged. But for the sake of public health, the rate for cigarette manufacturers to be increased to 42.5 per cent to discourage smoking; and

- (2) To impose 10 per cent surcharge on tax payable for individual tax payer where his net wealth disclosed in the statement of assets and liabilities exceeds taka 20 million. No surcharge will be imposed for disclosed net wealth up to taka 20 million.

**2<sup>nd</sup> Part**

- (1) To introduce submission of acknowledgement receipt of return submission side by side TIN certificate in certain cases in order to avoid complexity;

- (2) To introduce online service for payment of tax through specified banks against registration or renewal of fitness of car/motor vehicle;
- (3) To organise tax fair from 17-22 September 2011 in all divisional headquarters to provide one-stop service for submission of return, getting TIN certificate and payment of tax;
- (4) To introduce provision to keep those income tax returns showing 20 per cent higher income over the previous year outside the purview of audit subject to conditions.

### **3<sup>rd</sup> Part**

- (1) To impose a reduced rate of 5 per cent tax on the income from fisheries, poultries etc. irrespective of individual and company taxpayers. Small farmers, having no other source of income, need not have to pay tax on such income not exceeding taka 1,80,000;
- (2) To create a culture of paying tax, exemptions granted to certain individuals and companies are proposed to be withdrawn in order to bring all under the tax net;
- (3) To ensure environment-friendly industrialisation, to resolve problems relating to energy, electricity and population explosion, tax holiday incentive is proposed up to June, 2013. List of industrial undertakings eligible for tax holiday and a brief of tax holiday period is presented below:

#### **List of industries eligible for tax holiday**

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|---|
| 1. Active pharmaceuticals ingredient industry and radio pharmaceuticals industry;                         |
| 2. Barrier contraceptive and rubber latex;  |
| 3. Basic chemicals or dyes and chemicals  |
| 4. Basic ingredients of electronic industry (e.g. resistance, capacitor, transistor, integrator circuit); |

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|---|
| 5. Bio-fertilizer;  |
| 6. Biotechnology  |
| 7. Boilers;   |
| 8. Compressors;   |
| 9. Computer hardware;   |
| 10. Energy efficient appliances;  |
| 11. Insecticide or pesticide;   |
| 12. Petro-chemicals;  |
| 13. Pharmaceuticals;  |
| 14. Processing of locally produced fruits and vegetables;   |
| 15. Radio-active (diffusion) application industry (e.g. developing quality or decaying polymer/preservation of food/disinfecting medicinal equipment; |
| 16. Textile machinery;  |
| 17. Tissue grafting;  |

**Period of tax holiday and tax holiday rate**

| <b>For Dhaka and Chittagong divisions (excluding districts of Dhaka, Narayangonj, Gazipur, Chittagong and three hill districts)</b> |                         | <b>Other divisions and three hill districts</b> |                         |
|---|-------------------------|---|-------------------------|
| <b>Tax holiday period</b>   | <b>Tax holiday rate</b> | <b>Tax holiday period</b>                       | <b>Tax holiday rate</b> |
| First two years   | 100%                    | First three years                               | 100%                    |

| <b>For Dhaka and Chittagong divisions (excluding districts of Dhaka, Narayangonj, Gazipur, Chittagong and three hill districts)</b> |                         | <b>Other divisions and three hill districts</b> |                         |
|---|-------------------------|---|-------------------------|
| <b>Tax holiday period</b>   | <b>Tax holiday rate</b> | <b>Tax holiday period</b>                       | <b>Tax holiday rate</b> |
| Next two years  | 50%                     | Next three years                                | 50%                     |
| Next one year   | 25%                     | Next one year                                   | 25%                     |

Also propose to withdraw tax holiday incentives for industries set up in Dhaka, Narayangonj, Gazipur and Chittagong districts to avoid human and traffic congestion , to ensure balanced industrialisation and to encourage setting up of new industries in backward areas.

Tax holiday for physical infrastructure facility will be available for 10 years throughout the country. Prominent sectors of the Infrastructure eligible for tax holiday are mentioned below:

- (1) Rapid transit;
  - (2) Toll road;
  - (3) Elevated expressway;
  - (4) Deep sea port;
  - (5) IT parks;
  - (6) Hi-tech park
  - (7) Renewable energy (energy savings bulb, solar energy panel, windmill);
  - (8) ICT village or software technology zone.
- (5) To repeal the SRO related to reduced tax rates for certain industries being a duplication of the tax holiday incentive;

- (6) To rationalize the scope of Corporate Social Responsibility (CSR) to encourage its compliance. National-level institution in memory of the Father of the Nation, national-level museum set up in memory of Liberation War and Prime Minister's Higher Education Fund are proposed to be included for CSR donation while certain areas have been excluded.
- (7) To ensure inter-company loan to be transacted through bank;
- (8) To put a limit on amount spent by the companies for purchase of car or jeep on the basis of paid up capital.

#### **4<sup>th</sup> Part**

- (1) To rationalise the source tax rates for registration of flat, building or space of real estate developers on the basis of residential or commercial purposes;

| Area   | For residential building (Tk. per square metre) |               | For commercial buildings (Tk. per square metre) |               |
|--|---|---------------|---|---------------|
|  | Existing rate                                   | Proposed rate | Existing rate                                   | Proposed rate |
| Gulshan, Banani, Baridhara, Motjheel and Dilkusha of Dhaka   | 2,000/-   | 2,000/-       | 2,000/-   | 20,000/-      |
| Dhanmandi, Lalmatia, Uttara, Basundhara, DOHS, Mahakhali, Dhaka Cantonment, Karwanbazar of Dhaka and Khulshi, Agrabad, Nasirabad and Panchlaish of Chittagong. | 2,000/-   | 1,800/-       | 2,000/-   | 15,000/-      |
| Other areas.   | 800/-   | 800/-         | 800/-   | 5,000/-       |

- (2) To consider as capital asset any land property situated in the district of Dhaka, Gazipur, Narayanganj or within the jurisdiction of RAJUK, CDA, KDA, RDA, City Corporation, Paurashava and Cantonment Board;
- (3) To introduce submission of a quarterly withholding tax return for tax deducting authorities;
- (4) To introduce submission of Annual Information Return (AIR) for certain financial transactions;
- (5) To rationalise the rate of tax deduction at source from all export proceeds to 1.5%, instead of 0.40%/0.50%;
- (6) To rationalise the rate of tax collectible at source during registration or renewal of fitness of motor vehicles not plying for hire and during renewal of survey certificate of inland water vessels;
- (7) To raise rate of tax deductible at source for brokerage commission of stock brokers listed with Stock Exchange from 0.05% to 0.10%;
- (8) To consider investment in purchase of commercially run vehicles without question if tax at the rate of ten times instead of two times of presumptive tax payable for such vehicles is paid;
- (9) To make provision for deduction of tax at the time of purchase of programs by radio, TV and rationalise the tax deduction rate from remuneration paid to actors/actress/ singers;
- (10) To make provision for deduction of tax at the time of payment of bill for renting Convention Hall, Community Centre etc.;
- (11) To make private limited company liable to collect tax at source from bidders during auction.
- (12) To make provision for deduction of tax at the time of payment of service charges received from abroad;
- (13) To rationalise the scope of withholding tax from commission, discount, fees paid/allowed by companies.



## **5<sup>th</sup> Part**

- (1) To revise the registration rules for Income Tax Practitioners;
- (2) To include Chief Commissioner of Taxes as income tax authority;
- (3) To delegate powers and functions of Tax Recovery Officer to other income tax authorities;
- (4) To make provision for prosecution in case of obstructing and refraining from giving information to income tax authorities;
- (5) To raise the tax rate from 5% to 10% of disputed tax for filing appeal to Taxes Appellate Tribunal and from 10% to 25%/50% for filling reference to High Court. To make provision giving authority to Commissioner of Taxes to waive the tax payment requirement in proper cases.

**Annex-B**  
**Import Duty & Supplementary Duty**

**(a) Proposed Price Level & Supplementary Duty of Cigarettes**

| Existing Price Level /10 Stick | Proposed Price Level /10 Stick | Existing Supplementary Duty | Proposed Supplementary Duty |
|--------------------------------|--------------------------------|-----------------------------|-----------------------------|
| 8.40 - 9.15 Tk                 | 11.00 - 11.30 Tk               | 33%                         | 36%                         |
| 18.40 - 19.00 Tk               | 22.50 - 23.00 Tk               | 53%                         | 55%                         |
| 27.00 - 32.00 Tk               | 32.00 - 36.00 Tk               | 56%                         | 58%                         |
| 52 & above                     | 60 & above                     | 58%                         | 60%                         |

**Charges in Bidi for the Fiscal Budget 2011-12**

**(a) For Bidi (Filter)**

| Existing  | Year 2011-12                     |
|-----------|----------------------------------|
| 20 Sticks | 20 Sticks/Pack<br>10 Sticks/Pack |

**(b) For Bidi (Without Filter)**

| Existing  | Year 2011-12                                      |
|-----------|---|
| 25 Sticks | 25 Sticks/Pack<br>12 Sticks/Pack<br>8 Sticks/Pack |

**(c) Packet Type for Bidi (Filter)**

| Description               | Category                                  |
|---------------------------|---|
| 20 Sticks/Pack            | Packed by Paper/Hard/Soft/Shell and Slide |
| 10 Sticks/Pack (Proposed) | Packed by Paper/Hard/Soft/Shell and Slide |

**(d) Packet Type for Bidi (without Filter)**

| Description                    | Category                                  |
|--------------------------------|---|
| 25 Sticks/Pack                 | Packed by Paper                           |
| 25/12/8 Sticks/Pack (Proposed) | Packed by Paper/Hard/Soft/Shell and Slide |

**Table-1 (Amendment of capital machinery SRO)**

| Sl. No. | Description of goods  | Inclusion/ Exclusion in table | Existing Duty Rate (%) | Proposed Duty Rate (%) |
|---------|---|-------------------------------|------------------------|------------------------|
| 1       | Containers for compressed or liquefied gas                                  | Inclusion                     | 5                      | 3                      |
| 2       | Sandwich panel with cold room facility imported by pharmaceuticals industry | Inclusion                     | 12                     | 3                      |
| 3       | Electronic talking dictionary   | Inclusion                     | 5                      | 3                      |
| 4       | Copying machines and facsimile machines                                     | Exclusion                     | 3                      | 12                     |
| 5       | Parts of taps and cocks   | Exclusion                     | 3                      | 25                     |

**Table-2 (Reducing duty rates for pharmaceuticals raw materials)**

| Sl. No. | Description of goods   | Inclusion/ Exclusion in table | Existing Duty Rate (%) | Proposed Duty Rate (%) |
|---------|--|-------------------------------|------------------------|------------------------|
| 1       | Cisplatin  | Inclusion                     | 12                     | 5                      |
| 2       | Oxaliplatin  | Inclusion                     | 12                     | 5                      |
| 3       | Carboplatin  | Inclusion                     | 12                     | 5                      |
| 4       | Metamizol Sodium   | Inclusion                     | 12                     | 5                      |
|         | Prefilled glass/ Prefilled plastic syringes with needles, needles shield, plunger and rubber stopper | Inclusion                     | 12                     | 5                      |

**Table-3 (Reducing duty rates for LP gas cylinder raw materials)**

| Sl. No. | Description of goods   | Inclusion/ Exclusion in table | Existing Duty Rate (%) | Proposed Duty Rate (%) |
|---------|--|-------------------------------|------------------------|------------------------|
| 1       | Submerge welding flux for LPG  | Inclusion                     | 5                      | 3                      |
| 2       | Flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, hot-rolled, not clad, plated or coated of a thickness of less than 3 mm | Inclusion                     | 12                     | 3                      |
| 3       | Wire of iron or non-alloy steel plated or coated with other base metals  | Inclusion                     | 5                      | 3                      |
| 4       | Safety or relief valve inner diameter not exceeding 1 inch for LPG.  | Inclusion                     | 5                      | 3                      |

**Table-4 (Reducing duty rates for ETP chemicals)**

| Sl. No. | Description of goods       | Inclusion/ Exclusion in table | Existing Duty Rate (%) | Proposed Duty Rate (%) |
|---------|----------------------------|-------------------------------|------------------------|------------------------|
| 1       | Lime powder                | Inclusion                     | 12                     | 3                      |
| 2       | Ferrous Sulphate           | Inclusion                     | 12                     | 3                      |
| 3       | Tab-Di Ammonium Phosphate. | Inclusion                     | 5                      | 3                      |
| 4       | Acrylic polymers           | Inclusion                     | 5, 12                  | 3                      |

**Table-5 (Reducing duty rates for industrial raw materials)**

| Sl. No. | Description of goods   | Existing Duty Rate (%) | Proposed Duty Rate (%) |
|---------|--|------------------------|------------------------|
| 1.      | LP gas   | 5                      | 0                      |
| 2.      | LED lamps including rechargeable LED lamps   | 25                     | 12                     |
| 3.      | Solar operated lamps   | 25                     | 12                     |
| 4.      | T5 tube light  | 25                     | 12                     |
| 5.      | Non-printed cast polypropylene film of polymers of propylene   | 25                     | 12                     |
| 6.      | Base paper for melamine impregnation imported by melamine board manufacturing industry   | 25                     | 5                      |
| 7.      | Dolomite, not calcined or sintered   | 12                     | 5                      |
| 8.      | Cotton waste   | 5                      | 0                      |
| 9.      | Narrow woven fabrics of man-made fibres imported by VAT registered satin ribbon manufacturing industry of a width exceeding 1650 mm and length exceeding 183 metre in roll | 25                     | 12                     |
| 10.     | Cullet and other waste and scrap of glass; glass in the mass.  | 12                     | 5                      |
| 11.     | Glass fibre in sheet form imported by VAT registered accumulator manufacturing industry  | 25                     | 12                     |
| 12.     | Manganese dioxide  | 12                     | 5                      |
| 13.     | Cartridge/Membrane filter imported by VAT registered pharmaceuticals industry  | 25                     | 12                     |
| 14.     | Calcined petroleum coke  | 12                     | 5                      |
| 15.     | Leucocyte filter   | 5                      | 0                      |
| 16.     | Red lead   | 12                     | 5                      |
| 17.     | Flat rolled products of a thickness of 0.4 mm or more imported by VAT registered refrigerator and pre-fabricated building manufacturing industry                           | 25                     | 12                     |
| 18.     | Potassium nitrates   | 12                     | 5                      |
| 19.     | Flat rolled products of a thickness of 0.15 mm or more but not more than 0.4 mm imported by VAT registered colour corrugated and profile manufacturing industry            | 25                     | 12                     |
| 20.     | Potassium carbonates   | 12                     | 5                      |
| 21.     | Painted, varnished or coated with plastics imported by VAT registered refrigerator, air conditioner, colour corrugated and profile manufacturing industry                  | 25                     | 12                     |
| 22.     | R-22 gases   | 12                     | 5                      |
| 23.     | Solar operated lamps with or without fittings and fixtures   | 25                     | 12                     |

| Sl. No. | Description of goods  | Existing Duty Rate (%) | Proposed Duty Rate (%) |
|---------|---|------------------------|------------------------|
| 24.     | Octanol (octyl alcohol) and isomers thereof imported by VAT registered dioctyl orthophthalates manufacturing industry | 12                     | 5                      |

**Table-6 (Enhancing duty rates)**

| Sl. No. | Description of goods  | Existing Duty Rate (%) | Proposed Duty Rate (%) |
|---------|---|------------------------|------------------------|
| 1.      | Glaziers' putty, grafting putty, resin cements, caulking compounds and other mastics; painters' fillings; non-refractory surfacing preparation for facades, indoor walls, floors, ceilings or the like. | 12                     | 25                     |
| 2.      | Urea resins; thiourea resins  | 12                     | 25                     |
| 3.      | Stretch wrapping film   | 12                     | 25                     |
| 4.      | Trays for transportation and keeping of chicks and eggs   | 5                      | 12                     |
| 5.      | Crude palm kernel oil   | 12                     | 25                     |
| 6.      | Argon gases   | 5                      | 12                     |
| 7.      | Other octanol (octyl alcohol) and isomers thereof   | 5                      | 12                     |
| 8.      | Nursery trays for seedlings   | 12                     | 25                     |
| 9.      | New pneumatic tyres of a kind used on buses or lorries  | 12                     | 25                     |
| 10.     | Text books for primary and secondary education  | 5                      | 12                     |
| 11.     | Ferro-manganese:  | 5                      | 12                     |
| 12.     | Ferro-silicon   | 5                      | 12                     |
| 13.     | Ferro-silico-manganese  | 5                      | 12                     |
| 14.     | Painted, varnished or coated with plastics  | 12                     | 25                     |
| 15.     | Tin plated cans, bottom not closed by soldering or crimping (e.g. Beverage Can Type); Tin plated cans for aerosol products  | 12                     | 25                     |
| 16.     | Refined copper  | 12                     | 25                     |
| 17.     | Aluminium wire of which the maximum cross-sectional dimension exceeds 6 mm  | 12                     | 25                     |
| 18.     | Parts of taps and cocks   | 3                      | 25                     |
| 19.     | Reception, conversion and transmission apparatus  | 12                     | 25                     |
| 20.     | Cards incorporating a magnetic stripe   | 5                      | 12                     |
| 21.     | Optical fibre cables  | 3                      | 12                     |
| 22.     | Electric battery operated three wheeled vehicles  | 12                     | 25                     |

**Table-7 (Reducing Supplementary duty rates)**

| <b>Sl. No.</b> | <b>Description of goods</b>  | <b>Existing SD Rate (%)</b> | <b>Proposed SD Rate (%)</b> |
|----------------|--|-----------------------------|-----------------------------|
| 1              | T5 tube light  | 60                          | 0                           |
| 2              | Solar operated lamps with or without fittings and fixtures                           | 60                          | 0                           |
| 3              | Cartridge/Membrane filter imported by VAT registered pharmaceuticals industry        | 20                          | 0                           |
| 4              | Rejected fabrics generated during manufacturing of garments or processing of fabrics | 20                          | 0                           |

**Table-8 (Enhancing Supplementary duty rates)**

| <b>Sl. No.</b> | <b>Description of goods</b>  | <b>Existing SD Rate (%)</b> | <b>Proposed SD Rate (%)</b> |
|----------------|--|-----------------------------|-----------------------------|
| 1.             | Other fresh or chilled fish  | 0                           | 20                          |
| 2.             | Refined palm kernel or babassu oil and fractions thereof   | 0                           | 20                          |
| 3.             | Prepared water pigments of a kind used for finishing leather, for cleaning footwear in tablet form   | 0                           | 20                          |
| 4.             | Beauty or make-up preparations and preparations for the care of the skin (other than medicaments), including sunscreen or sun tan preparations; manicure or pedicure preparations. | 20                          | 30                          |
| 5.             | Perfumes and toilet waters.  | 20                          | 30                          |
| 6.             | Polishes, creams and similar preparations for footwear or leather  | 0                           | 20                          |
| 7.             | MCP in printed form  | 20                          | 45                          |
| 8.             | Toilet paper and similar paper, cellulose wadding or webs of cellulose fibres  | 20                          | 30                          |
| 9.             | Sanitary towels and tampons, napkins and napkin liners for babies and similar sanitary articles  | 60, 0                       | 60                          |
| 10.            | Printed labels   | 0                           | 20                          |
| 11.            | All kinds of fabrics   | 20                          | 45                          |
| 12.            | All kinds of readymade garments and similar articles   | 20                          | 45                          |
| 13.            | Upper and outer soles and heels imported by commercial importer  | 0                           | 30                          |
| 14.            | Glass tube   | 0                           | 20                          |

| <b>Sl. No.</b> | <b>Description of goods</b>  | <b>Existing SD Rate (%)</b> | <b>Proposed SD Rate (%)</b> |
|----------------|--|-----------------------------|-----------------------------|
| 15.            | Glassware of a kind used for table, kitchen, toilet, office, indoor decoration or similar purposes | 20                          | 30                          |
| 16.            | Domestic room fans   | 20                          | 30                          |
| 17.            | Parts of fan   | 20                          | 30                          |
| 18.            | Smart cards  | 0                           | 20                          |
| 19.            | Other switches   | 0                           | 20                          |
| 20.            | Plugs and sockets  | 0                           | 20                          |
| 21.            | Electric battery operated three wheeled vehicles   | 0                           | 20                          |
| 22.            | Four stroke motorcycle in CBU  | 30                          | 45                          |
| 23.            | Sunglass, goggles (Metal or plastic frame)   | 0                           | 20                          |
| 24.            | Other seats, with wooden frames  | 0                           | 60                          |
| 25.            | Other seats, with metal frames:  | 0                           | 60                          |
| 26.            | Furniture and parts thereof.   | 20                          | 30                          |

**Table-9 (Imposition/reduction of export duty)**

| <b>Sl. N o.</b> | <b>Description of goods</b>                | <b>Existing Export Duty Rate (%)</b> | <b>Proposed Export Duty Rate (%)</b> |
|-----------------|--|--------------------------------------|--------------------------------------|
| 1.              | Cotton waste                               | 0                                    | 25                                   |
| 2.              | Building bricks                            | 0                                    | 25                                   |
| 3.              | Tobacco refuse                             | 0                                    | 5                                    |
| 4.              | Tobacco, not stemmed/ stripped             | 10                                   | 5                                    |
| 5.              | Tobacco, partly or wholly stemmed/stripped | 10                                   | 5                                    |

**Table-10 (Rationalization of specific duty)**

| <b>Sl. No.</b> | <b>Description of goods</b>                            | <b>Existing Specific Duty</b> | <b>Proposed Specific Duty</b> |
|----------------|--|-------------------------------|-------------------------------|
| 1.             | Vessels and other floating structures for breaking up. | BDT 1,000.00 per LDT          | BDT 1,500.00 per LDT          |

**Table-11 (Supplementary duty imposed on 4 doors luxury double cabin**



**pick-up)**

| Description of motor car (Double cabin pick-up) | SD (Present) | SD (Proposed) |
|---|--------------|---------------|
| (1) Cylinder capacity upto 1000 cc              | 0            | 30            |
| (2) Cylinder capacity 1001 to 1500 cc           | 0            | 45            |
| (3) Cylinder capacity 1501 to 2000 cc           | 0            | 100           |
| (4) Cylinder capacity 2001 to 2750 cc           | 0            | 250           |
| (5) Cylinder capacity 2751 to 4000 cc           | 0            | 350           |
| (6) Cylinder capacity 4001 and above            | 0            | 500           |

**Table-12 [Reducing regulatory duty (RD) rate]**

**[Will effect from 1 July, 2011]**

| Sl. No. | Description of goods                    | Existing RD Rate (%) | Proposed RD Rate (%) |
|---------|---|----------------------|----------------------|
| 1       | Particle board                          | 5                    | 0                    |
| 2       | MDF board                               | 5                    | 0                    |
| 3       | CKD Motor cycle with four stroke engine | 5                    | 0                    |

**Table-13 (Imposition/enhancement/reduction of tariff value)**

| Sl. No. | Description of goods   | Unit | Existing Tariff Value (US\$) | Proposed Tariff Value (US\$) |
|---------|--|------|------------------------------|------------------------------|
| 1.      | Sugar confectionery (Asia origin)                                    | kg   | -                            | 3.00                         |
| 2.      | Sugar confectionery (Other origin)                                   | kg   | -                            | 4.00                         |
| 3.      | Chocolate (Asia origin)  | kg   | -                            | 3.00                         |
| 4.      | Chocolate (Other origin)   | kg   | -                            | 4.00                         |
| 5.      | Dry cell battery:  |      |                              |                              |
|         | D size (non alkaline)  | U    | 0.25                         | 0.25                         |
|         | C size (non alkaline)  | U    | 0.15                         | 0.15                         |
|         | AA size (non alkaline)   | U    | 0.10                         | 0.07                         |
|         | AAA size (non alkaline)  | U    | 0.05                         | 0.05                         |
|         | AA size (alkaline)   | U    | 0.40                         | 0.20                         |
|         | AAA size (alkaline)  | U    | 0.40                         | 0.18                         |
|         | Other size (alkaline)  | U    | 0.40                         | 0.50                         |
| 6.      | SIM card (32K storage capacity)                                      | U    | -                            | 0.55                         |
| 7.      | SIM card (64K storage capacity)                                      | U    | -                            | 0.65                         |
| 8.      | Frames and mountings for spectacles, goggles or the like of plastics | U    | 1.00                         | 0.60                         |

| <b>Sl. No.</b> | <b>Description of goods</b>   | <b>Unit</b> | <b>Existing<br/>Tariff<br/>Value<br/>(US\$)</b> | <b>Proposed<br/>Tariff<br/>Value<br/>(US\$)</b> |
|----------------|---|-------------|---|---|
| 9.             | Frames and mountings for spectacles, goggles or the like of other materials             | U           | 1.40  | 0.90  |
| 10.            | Spectacles, goggles and the like, corrective protective or other : (Of plastics)        | U           | -   | 0.60  |
|                | Spectacles, goggles and the like, corrective protective or other : (Of other materials) | U           | -   | 0.90  |