



**Bangladesh Marches towards Prosperity
Paving the Way for Higher Growth**

Budget Speech 2015-16

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In the name of Allah, Most Gracious, Most Merciful

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Madam Speaker

1. I seek your kind permission to place before this august House the supplementary budget of FY 2014-15 and the proposed budget of FY 2015-16.

Chapter I

Introduction and Background

2. At the very outset, I remember with deep respect the greatest Bengalee of all times, the Father of the Nation Bangabandhu Sheikh Mujibur Rahman. I pay tribute to the four national leaders, the great comrades of Bangabandhu. I also recall those valiant martyrs who made supreme sacrifices in the language movement of 1952, the mass upsurge of 1969 and the glorious war of independence of 1971 to make us a proud nation. With a bleeding heart, I remember all the martyrs including the innocent family members of Bangabandhu who fell victim to the brutal killing spree in the ominous night of 1975. I remember with a heavy heart those who succumbed to the mindless atrocities of the communal forces opposing war crime trial and the evil politics of the BNP-led alliance. I deeply sympathize with families of those martyrs and those who are languishing in burn units of different hospitals. In our relentless efforts to a build a prosperous Bangladesh, their unique sacrifice will remain a source of inspiration for generations to come.

Madam Speaker

3. You know, we placed the first budget of this tenure for FY 2014-15 with the goal of unlocking the endless potentials of Bangladesh. In the first half of the fiscal year, progress towards achieving more than 7 percent growth exceeded our expectations. But, it suffered a setback when the BNP-led alliance, with an unconstitutional demand, started a country wide rampage of violence from January this year. Strikes, blockades and petrol bomb attacks brought havoc to the lives of men, women and children. More than 100 people were burnt. The SSC examinees were not spared from their atrocities, they could not sit for a single examination on schedule. Their most recent act of recalcitrance was, after joining the polls with much fanfare, the sudden declaration of boycotting the Dhaka North, Dhaka South and Chittagong City Corporations elections sensing defeat. However, the good news is that a number of their nominated candidates, showing the spirit of sportsmanship, continued in the race till the end of the polls by ignoring the call for boycott. At the same time, economic activities did not lose momentum as people rejecting all destructive schemes showed solidarity with our pro-people development activities. In this backdrop, I appear before the nation to present our second budget of this tenure.

4. In order to make budget making process more participatory and transparent, like previous years, I had a series of dialogues with the honourable members of parliamentary standing committees, eminent citizens, renowned economists, professionals, NGO leaders, journalists and secretaries of all ministries and divisions. Our budget insights have definitely been enriched by their valuable suggestions. I did my best to reflect them in the proposed budget. The officials of the NBR, Finance Division and other ministries/divisions have put in all-out efforts in the preparation of the budget. I take this opportunity to congratulate them for accomplishing this challenging and colossal task successfully. Above all, I am grateful to Hon'ble Prime Minister Sheikh Hasina for

reposing her unwavering trust in me and for her invaluable guidance and advice in taking the budget process forward.

Stepping into the 7th Five Year Plan from the 6th

Madam Speaker

5. You are aware that we formulated the ‘Perspective Plan (2010-2021)’ in order to implement the ‘Vision 2021’. This fiscal year is the terminal year of the current Five Year Plan (2011-15). During the 6th plan tenure, we made remarkable progress in managing inflation, foreign exchange rate, budget deficit, foreign exchange reserve, public debt, and maintaining overall macroeconomic balance and stability. Industry and agriculture sectors witnessed notable progress. Service sector growth was almost at par with the GDP growth. In addition, our achievements have been quite significant in the areas of power generation and distribution, food production and food security, social protection and inclusion, gender equality, climate risk mitigation, disaster management, and regional cooperation. In reality, we have made remarkable strides in realizing the dream of the vision. Now, making further progress hinges on favourable political environment.

6. I admit unreservedly that GDP growth during the 6th Five Year Plan period was less than expected because of the sluggish global economy, political impasse and violence and investment-deficit in private sector. Tax modernization plan and public-private partnership initiatives were introduced but we could not gather expected momentum. On the other hand, although tax-GDP ratio improved, it fell short of the target. In spite of the implementation of a number of projects in the transport sector, complexities associated with land acquisition have delayed the implementation of a few projects. The export performance and market diversification remained lackluster. Despite less than expected progress in certain areas, people are largely satisfied with overall achievements.

7. This is the last year that will end Millennium Development Goals (MDGs). We are formulating the 7th five year plan which builds on the unmet targets of the 6th five year plan and the post-2015 agenda. It will be implemented from July 2015 onwards. Significant issues included in this plan are:

- Removal of infrastructural bottlenecks in power, energy and transport sectors
- Development of technical and IT knowledge based human resources
- Determination of development strategies for agriculture and small and medium industries
- Formulation of strategies for exporting ICT, health and education services
- Revitalization of public-private partnership initiatives
- Increase of export and diversification of export products

8. The new plan document will spell out necessary strategies for savings, investment, government income and expenditure, deficit financing, foreign aid, public-private partnership, infrastructural development and reforms.

Poverty Alleviation-Determinant of Our Progress

Madam Speaker

9. From the beginning of our birth as a nation, poverty alleviation has been high on our development agenda. Destruction and atrocities inflicted on our national and human resources by the Pakistani forces during the war of liberation pushed more than 70 percent of our population below the poverty line. Poverty alleviation is still our topmost priority. To this end, we are putting in our best efforts to substantially augment domestic demand. During the last couple of decades, the average GDP growth rate hovered around 6 percent. On

one hand we have accelerated the pace of growth and kept inequality in check on the other, Following this strategy we have made substantial progress in alleviating poverty. Currently, population living below the poverty line has decreased to 24 percent from 70 percent in early 1970s.

10. We have further broadened the horizon of our dreams. We are trapped in the 6 percent growth trajectory for the time being; our ultimate target is to transcend this cycle and move onto a higher growth path to transform our country into a developed nation by 2041. Political stability is the sine qua non for achieving this goal. I hope all patriotic political parties will refrain from violence and subversive activities and offer to cooperate in our progress towards prosperity. Mutual tolerance and responsible behaviour from all will promote democratic culture and ensure greater welfare of the people – who are toiling hard to put our economy on a firm footing.

Chapter II

A Step further towards Prosperity Implementation Progress of Important Commitments

Madam Speaker

11. Inspired by the Vision 2021, we began our journey in 2009 towards establishing a prosperous Bangladesh. At that time, the domestic economic situation was vulnerable while the world economy was going through recession. Our timely response to the situation kept the social and economic indicators stable and laid the foundation for further progress. I will now briefly present before you the implementation status of our budget commitments.

Economic Advancement

12. Throughout 2009-2014, world economy was in shambles. In contrast, 5-year period of the previous government (2001-2006) had been a unique phase for global growth. Despite this obvious disadvantage, economic development achieved in 2009-2014 is praiseworthy compared to 2001-2006. During 2009-2014 period, average growth was 6.13 percent, public investment rate rose to 6.9 percent from 5.6 percent of GDP, power generation capacity increased three times, per capita income increased more than twice, tax-GDP ratio was scaled up to 10.5 percent from 8.8 percent, budget size increased about four times, development activities rose three-fold, rice production increased by 37 percent, export, import and remittance each increased three times and foreign exchange reserve grew six times. In this period, foreign exchange rate remained stable. Progress in some indicators is shown below (**Annex A: Table 5**). An account of the progress made in different sectors of economy has been shown in **Annex A (Tables 1-4)**.

Table 5: Progress in Some Selected indicators

Indicators	2001-06	2009-14	2014-15/ Latest
GDP Growth Rate (% , Annual Change)	5.40	6.13	6.51 (Provisional)
Investment (as % of GDP)	25.2	27.8	28.97 (Provisional)
Public Investment (as % of GDP), last year	5.6	6.6	6.90 (Provisional)
Export (Average)[Billion US\$]	7.9	24.1	-
Export, end period (Billion US\$)	10.5	30.2	25.3 (July-April)
Remittance (Average)[Billion US\$]	3.5	12.8	12.6 (July-April)
Forex Reserve (end period) [Billion US\$]	3.5	21.5	23.7 (May 27, 2015)
Budget Amount, end period(crore Tk)	61,057	2,16,222	2,39,668 (Revised)
Per capita income (last Year)[US\$]	543	1,184	1,314 (Provisional)
Electricity Generation Capacity (end period)	5,245	10,446	13,675
Food Production (lac MT) (end period)	277.87	381.74	383.49 (Target)
Life Expectancy (year)	66.5	70.7	70.7
Poverty Rate (%) end period	40.0	24.30	22.40 (Projected)
Extreme Poverty Rate (%)	25.1	9.95	7.92 (Projected)

Sources: Finance Division, Bangladesh Bank, Bangladesh Bureau of Statistics

13. **International Recognition of Economic Progress:** The Citi group has listed Bangladesh as one of the most growth prospective 11 countries until 2050. The JP Morgan has labeled Bangladesh as one of the ‘Frontier Five’ economies with high potential to become an attractive destination for investment as well. Besides, according to the latest report of the PricewaterhouseCoopers, Bangladesh will become the 23rd largest economy in the world by 2050 (Bangladesh ranks 38th now).

14. You are aware that right after assuming office in the previous term, in a bid to improve country image, we took steps to get the sovereign credit rating evaluated by internationally acclaimed rating agencies. Standard & Poor’s, Moody’s and Fitch are currently evaluating our sovereign credit ratings. According to their assessment, this year Bangladesh has been maintaining satisfactory ratings for the last several years. You will be pleased to note that our national currency is becoming increasingly acceptable internationally, reflecting the impact of continuous macro-economic stability of our economy, which

has prompted the International Finance Corporation (IFC) to express interest for the issuance of 'Tk. bonds'.

15. **Employment and Wages:** Many countries of the world have experienced the crisis of jobless growth after 2008. According to the International Labour Organization, the number of unemployed people in the world stood at 201 million in 2014 registering an increase of 31 million compared to pre-crisis period. However, we have generated 1.3 million jobs at home and 0.5 million abroad annually during 2010-2013. Workers are now going to Malaysia, Saudi Arabia, Jordan and South Korea at a reasonable cost on G2G basis. Moreover, due to our sincere efforts, about 11 lakh illegal workers were allowed to work legally in various countries. Apart from employment opportunities, real wages have increased significantly that, in turn, helped reduce poverty and inequality.

16. **Power and Energy:** We made commitments to reduce the gap between demand and supply of power. We have been largely successful in installation of new power plants, construction of transmission and distribution lines and introduction of various power saving initiatives. Power generation capacity has been increased to 13 thousand 675 MW from 4 thousand 942 MW in 2009 (including 2 thousand MW captive and 175 MW solar power). We have been able to generate additional 6 thousand 323 MW electricity from January 2009 to March 2015. In addition to increasing the power generation capacity, our target is to ensure supply of at least 80 percent of the production capacity by 2018.

17. Significant progress has also taken place in the energy sector due to our relentless efforts. At present, 2 thousand 700 million cubic feet gas is being produced and supplied daily from 20 gas fields of the country. We have installed pre-paid metres in different places on a pilot basis to increase efficiency in the household use of gas and stopped giving new household connections.

18. **Communication Infrastructure:** In the transport sector, our

emphasis has been on integrated development, mitigating traffic congestion and ensuring safe transportation. With this end in view, we are developing roads, bridges and railways along with reforming the communication management system. Some landmark projects such as Mayor Hanif flyover, Bishwaroad-Airport connecting flyover, Mirpur-Airport flyover, Bohoddarhat flyover, and Hatirjhil project have been opened to public. Construction of 69 km double line at the Laksam-Chinki Astana section on Dhaka-Chittagong railway has recently been completed. After assumption of office in 2009, we have introduced 96 new trains in different routes and have expanded the services of 26 trains. E-ticketing has been introduced and tickets and updated information about rail service are now available online. The road density in Bangladesh, in terms of population and area, is almost the highest in the world. Therefore, no new road will be built; rather our focus will be more on maintenance of roads in the future.

Development in Social Sector

19. Widespread improvement has been made in social indicators such as education, health and sanitation. Establishment of 13 thousand 861 community clinics is now at the completion stage. As an impact of this initiative, infant and maternal mortality rates declined significantly while presence of nurse or trained midwives during child birth was ensured. Maternity and infant mortality rates have fallen to 1.7 and 33 per thousand, respectively. Average life expectancy has gone up to 70.7 years from 66.5 years in 2005-2006. Rate of poverty has decreased to 24.3 percent from 40 percent and that of ultra-poor has dipped to 9.9 percent from 24.2 percent. Social mobility and empowerment of women have enhanced.

20. **Agriculture and Food Safety:** Initiatives such as target-oriented incentive package, distribution of agricultural input cards, opening of bank account for farmers at only Tk.10, selling of fertilizer by sales representatives at the local level, development of high yielding

variety of crops, and ensuring equitable price of agricultural equipment have resulted in increased productivity and crop density. Besides rice, production of maize, jute, potato and vegetables has substantially increased. We are now exporting rice after meeting domestic demand. Furthermore, programmes like TR, VGF, VGD have been expanded and the capacity of food godowns has been increased all of which have greatly contributed to ensuring food security.

21. **Social Protection:** In order to reduce poverty and ensure social justice, rates and scope of different allowances under various social protection programmes have been enhanced. Measures have been taken to avoid duplication in programmes. Backward sections like *dalit*, *harizan*, *bede* and *hijra* are provided with necessary social support and being brought into the mainstream of society. Interest-free micro-credit programmes are being operated in the rural areas to bring people out of the clasp of poverty.

22. We have started a nationwide survey to identify the types and extent of disability prevalent in disabled community in order to formulate need-based action plan for their welfare. Till March 2015, a total of 18 lakh 3 thousand 456 disabled people have been brought under the census and the type and extent of disability of 14 lakh 55 thousand people have been identified. In order to preserve all data relating to the disabled, data of 2 lakh 27 thousand people have so far been entered in the Disability Information System. We hope to finish the data entry by June 2015.

23. **Women and Children Development:** Women are gradually becoming an important partner in our socio-economic development due to diverse initiatives we have undertaken. Some of the initiatives worthy of note are: bringing the destitute, disadvantaged and disable women under the coverage of social protection, preventing violence against them, providing micro-credit and skill training for self-employment and formulating gender sensitive laws and regulations, development planning and budget etc. All these measures have

contributed in bringing women to the mainstream of the society and be a part of socioeconomic development. The size of female labour force has increased to 16.8 million in 2013 from 11.3 million in 2006. We are continuing our efforts to accelerate economic development by making the best use of the labour and intellectual capabilities of women. In terms of reducing gender disparity, Bangladesh now tops the list of countries in the South Asia. According to the 'Global Gender Gap Report', Bangladesh ranked 68th in 2014 among 142 countries leaving Sri Lanka, India and Pakistan behind. In terms of the political empowerment of women, Bangladesh was at the 10th position among 142 countries. In our political arena, the initiative to empower women is more pronounced as the Hon'ble Prime Minister, Speaker and Opposition Leader are all women. However, in one area, we are lagging behind: our girls are often made to marry before the age of 18 and assume the responsibility of a family. Early child bearing is extremely hazardous for both mother's and child's health. At the same time, it prevents women to pursue higher studies. Hence, we need to strengthen social movement for abolishing the practice of child marriage.

24. We have taken an array of steps to create an environment conducive to proper physical and mental growth of children. Operating children development centres, creating a torture-violence-suppression free environment, ensuring education and safety of children facing the potential risks of labor and marriage, establishing day care centres for poor and middle class women are a few of such steps. In addition, services such as drop in centre, emergency night shelter, child-friendly area, open air school, toll-free child help line –are being provided for underprivileged children. To make the society child sensitive, Child Protection Network Committee has been formed at district and *Upazila* levels.

25. **Education:** We have ensured almost 100 percent enrollment at the primary level by developing and expanding infrastructure, appointing adequate number of teachers, providing free books and

bringing in managerial excellence in primary education administration. At the same time, initiatives such as holding examinations with creative questions and hunting the best talent are contributing towards the expansion of quality education. The higher education sector has also received due attention. In the last five years, two engineering colleges have been set up along with nine new public universities. We, however, have not made much progress in secondary level education for a long time. Firstly, many students drop out after primary education. Secondly, there is scarcity of qualified teachers at the secondary level. Thirdly, the quality of education is quite low at this level.

26. **Health:** I have already mentioned that 12 thousand 979 community clinics have gone into operation and another 882 are under construction. These clinics are catering to the health and nutritional needs of the poor destitute and pregnant women and children while conducting population control activities. Apart from the mainstream health care services, arrangements have been made to appoint one Homeopathic and one Ayurvedic doctor in *zilla* and *upazila* level. In order to ensure the supply of safe medicine, inspection checklist is issued in compliance with the GMP guidelines of the World Health Organization. The Drug Testing Laboratory has been converted into National Control Laboratory.

Digital Bangladesh

27. We have made remarkable progress in establishing 'Digital Bangladesh'. As of April 2015, the number of mobile phones used was 12 crore 47 lakh. As a result, the number of internet subscribers has increased to 4 crore 57 lakh. In order to avoid digital divide, 4 thousand 547 union information service centres have been established. Tele-density and internet density have gone up to 80.1 percent and 29.3 percent respectively. Municipal digital centres have been established in different municipalities under the A2i (Access to Information) project of the Prime Minister's Office. Online birth registration has been

introduced in all union *parishads* of the country. Agriculture sector is also reaping the benefit of wider penetration of IT. Expert advice on agriculture is being provided from 245 Agriculture Information and Communication Centres through video conferencing. In addition, 64 civil surgeon offices and all *upazila* health complexes are providing health services through video conferencing. Multimedia classrooms with laptop and internet connection have been set up in more than 20 thousand educational institutions to expand IT-based education. A web portal named '*Shikkhok Batayan*' has been introduced for sharing digital contents.

Graduation from Least Developed Country Status

28. The United Nations considers three indicators for graduating a country from the least developed country status: Per Capita National income, Economic Vulnerability Index and Human Asset Index. We have already fulfilled necessary conditions of Economic Vulnerability Index and are nearly there in terms of the other two (**Annex-A: Table 6**). I firmly believe that by 2018 we will be able to meet all three criteria.

29. You are aware that Bangladesh was listed as a least developed country in 1975. Immediately after, the elected government was ousted from power through a military coup. Military regimes remained in power directly or indirectly during the next 16 years. Finally democracy was restored as a result of mass upheaval of 1990. From the 1990s onwards, GDP growth rate witnessed an upward trend while sluggish poverty alleviation rate gathered momentum. Towards the end of twentieth century, widespread changes took place in socio-economic indicators of the country. In the run up to the 2008 election, the then opposition leader and present Honourable Prime Ministry Sheikh Hasina made a firm commitment to the nation to accomplish the challenging task of transforming Bangladesh into a middle income country by 2021.

Chapter III

Budget Adjustments and Amendments for FY 2014-15

Madam Speaker

30. You are aware that revenue collection and budget implementation activities were momentarily disrupted in the post 5th January period. In fact, as of March 2015, total revenue collected was 56.4 percent of the annual target. At the same time, public spending stood at 47.3 percent of the annual allocation. In this backdrop, the adjustments and amendments brought to FY 2014-15 budget have been briefly described (Annex-A: Table 7) below.

Table 7: Supplementary Budget for FY 2014-15

Sector	Revised 2014-15	Upto March 2014-15	Budget 2014-15
Total Revenue	1,63,371	1,03,210	1,82,954
	(10.8)	(6.8)	(13.7)
Of which,			
NBR Tax	1,35,028	87,020	1,49,720
Non-NBR Tax	5,648	3,371	5,572
Non Tax Receipt	22,695	12,819	27,662
Total Expenditure	2,39,668	1,18,523	2,50,506
	(15.8)	(7.8)	(18.7)
a) Non-Development Revenue Expenditure	1,27,371	75,116	1,28,231
	(8.4)	(5.0)	(9.6)
b) Development Expenditure	80,476	28,956	86,345
	(5.3)	(1.9)	(6.4)
Of which,			
Annual Development Prog.	75,000	27,489	80,315
	(5.0)	(1.8)	(6.0)
c) Other Expenditure	31,821	14,451	35,930
	(2.1)	(1.0)	(2.7)
Budget Deficit	-76,297	-15,313	-67,552
	(-5.0)	(-1.0)	(-5.0)
Financing			
a) External	21,583	2,556	24,275
	(1.4)	(0.2)	(1.8)
b) Domestic	54,714	12,789	43,277
	(3.6)	(0.8)	(3.2)
Of which, Bank	31,714	2,963	31,221
	(2.1)	(0.2)	(2.3)
GDP	15,13,600	15,13,600	13,39,500*

Source: Finance Division, Figures in parenthesis indicate percent of GDP; *nominal GDP while preparing budget

31. **Revised Revenue Income:** In the budget of FY 2014-15, revenue target was set at Tk. 1 lakh 82 thousand 954 crore . Taking the extent of revenue collection from July to February of the current fiscal year into consideration, revenue collection target has been re-fixed at Tk. 1 lakh 63 thousand and 371 crore (10.8 percent of GDP) after reducing the budget by Tk. 19 thousand 583 crore. This revision is based on the possibilities of less than expected collection from NBR taxes on income profit and import duty, of lower BTRC revenue surplus and of lower dividend from Bangladesh Bank.

32. **Revised Expenditure:** The total expenditure in the budget for the current fiscal year was estimated at Tk. 2 lakh 50 thousand 506 crore. In particular, as revised, it now stands at Tk. 2 lakh 39 thousand 668 crore (15.8 percent of GDP) after reducing the budget by Tk. 10 thousand 838 crore. The Annual Development Programme (ADP) has been slightly reduced and revised at Tk. 75 thousand crore. After including budget allocation for self-financed projects of autonomous bodies and corporations the total revised ADP now stands at Tk. 77 thousand 842 crore (5.1 percent of GDP). Side by side, estimates of non-development expenditure including other expenses have been reduced by Tk. 5 thousand 523 crore.

33. **Revised Budget Deficit:** In the current fiscal year, deficit was estimated at Tk. 67 thousand 552 crore. After revision budget deficit now stands at Tk. 76 thousand 297 crore (5 percent of GDP). The amount of foreign financing has been slightly reduced to Tk. 21 thousand 583 crore (1.4 percent of GDP) from earlier Tk. 24 thousand 275 crore. Of domestic sources, financing from saving instruments and other sources has been estimated at Tk. 23 thousand crore.

34. We have greatly increased the proportion of foreign aid in our resource mix in order to increase size of resources envelop. However, the rate of project aid utilization has not increased proportionately. In this regard, it is essential that we increase our spending efficiency and simplify the financial rules and regulations. For this purpose, a standing committee will be formed at the secretary level to monitor project implementation.

Chapter IV

Macro-economic Scenario in the Global Context

Madam Speaker

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

36. **Global and Asian Economic Trend:** According to the latest outlook of the International Monetary Fund (IMF), the global economy is likely to witness some positive changes in the short and medium term. Uneven growth prospects are taking shape across different countries of the world. The decline in oil prices in one hand and jobless growth on the other, or, declining potential output carry mixed signals for the future prospects of global economy. However, in terms of trade potential and employment, global scenario reveals positive prospects for the future of Bangladesh economy.

37. To be precise, growth is projected to increase in advanced economies to 2.4 percent in 2015 from 1.8 percent in 2014. Growth in the United States and Euro area is projected to reach 3.1 percent and 1.5 percent in 2015 from 2.4 percent and 0.9 percent in 2014 respectively. However, growth in emerging and developing economies including Asia will slightly decrease reflecting the impacts of geopolitical tensions, slowdown in growth of oil exporting CIS countries due to decline in oil prices and sluggish investment in China. On the other hand, growth in neighboring India is expected to strengthen to 7.5 percent this year benefitting from recent policy reforms and lower oil prices. Overall, global growth is projected to reach 3.5 percent and 3.8 percent in 2015 and 2016 respectively from 3.4 percent in 2014.

38. Inflation is likely to decline in the advanced as well as most of the emerging and developing economies in 2015 due to reduced oil prices. Taking advantage of this situation, we will strive to bring

discipline to the subsidy management system in the energy sector.

Domestic Economic Scenario

39. **GDP Growth and Investment:** GDP growth target for FY 2014-15 was set at 7.3 percent. We could nearly reach the target had the positive economic prospects of the first half of the fiscal year sustained. You know how the destructive actions perpetrated by the 20-party alliance halted this trend from the beginning of the second half, economic activities, however, soon returned to normal through people's spontaneous participation. Satisfactory agricultural production, vibrant rural economy, encouraging remittance flows, increase in public investment and higher wage rate in the private sector together helped in keeping domestic demand buoyant. Meanwhile, Bangladesh Bureau of Statistics (BBS) has released the preliminary estimate of GDP for FY 2014-15 which stands at 6.51 percent. However, I personally believe that the real situation is far better and the growth rate may exceed 6.51 percent.

40. We are aware about the slow pace of private investment, and continuing with our effort to improve it. I believe implementation of ongoing infrastructure projects, establishment of economic zones, execution of institutional reforms and expected political stability will bring significant changes to investment climate in the coming days and boost up private investment.

41. **Inflation:** Our persistent efforts helped contain inflation at a tolerable limit. Average inflation rate gradually declined and stood at 6.6 percent by the end of April 2015. Supported by lower fuel prices in the international market, supportive fiscal and monetary policies, satisfactory agricultural production and improved distribution system, food and non-food inflation will likely remain within the target by the end of the current fiscal year.

42. **Money, Credit, and Interest Rate:** We have been pursuing a

growth-supportive monetary policy harmonizing it with fiscal policy. In order to keep broad money supply in control, we have placed emphasis on controlling the reserve money growth. As of March 2015, reserve money and broad money growths stood at 15.6 percent and 12.5 percent, respectively, which are within the targets set by Bangladesh Bank's Monetary Policy Statement (MPS).

43. While steps have been taken to stem its flows to unproductive sectors, credit to productive and growth-promoting sectors is being encouraged. Productive and export-oriented enterprises have ample opportunities to avail short and long-term foreign loans. As of March 2015, private sector credit growth was 13.6 percent on an annual basis. If the foreign borrowing is taken into account, private sector credit growth would be around 16 percent. You will be happy to note that the interest rate spread between loans and deposits is narrowing gradually due to banking sector reforms. The interest rate spread has decreased to 4.87 percent at the end of March 2015 from 5.31 percent in June 2014. This gap should be reduced to 4 percent within two years' time.

44. **Import and Export:** Till April this fiscal, growth in export registered 2.6 percent whereas import growth recorded 12.2 percent up to March 2015. Expected export growth could not be achieved due to sluggish growth in the Euro zone, appreciation of Tk. against Euro, and the ongoing process of improving working conditions as well as of protecting labour rights in the apparel industry. On the other hand, due to buoyant domestic demand, import growth has increased. In particular, import of capital machinery has substantially increased indicating acceleration of production capacity in the near term. I believe that with prospects of positive growth in the trading partner countries and ongoing reforms in the garment industry, export will soon gather momentum.

45. **Remittance Income:** Remittance flows have registered 7.1 percent growth in the first ten months of the current fiscal year compared to the same period of the previous fiscal year. After long six

years, Saudi Arabia has re-opened its labour market for Bangladeshi workers, which indicates future growth prospects for manpower export. I hope that our ongoing initiatives to expand employment opportunities in the traditional markets, diplomatic efforts to explore new destinations, provision of cheap credit to the expatriate workers and measures to improve skills will substantially increase manpower export as well as remittance income in the coming days.

46. **Foreign Exchange Reserve and Exchange Rate:** In recent months, the US dollar has become stronger against almost all of the leading currencies. On the other hand, Tk. has remained stable against the US dollar. As a result, it has experienced slight appreciation against almost all these currencies. Despite the negative current account balance due to trade deficit, overall balance of payment is in surplus reflecting surpluses in the financial and capital accounts till April of the current fiscal year. In effect, foreign exchange reserve has been rising consistently. As of 27 May 2015, reserve stood at 23.7 billion US dollars which is sufficient to foot about 6 months' import bills.

Chapter V
**Growth and Inflation Target and Proposed Budget
Framework for FY 2015-16**

Madam Speaker

47. Bangladesh's macroeconomic scenario has already been presented before you. In addition to assessing the current economic scenario, setting the targets for growth and inflation is crucial for budget formulation. At this stage, I will focus on the growth prospects of GDP, inflation forecast as well as the proposed Budget Framework for FY2015-16.

Growth and Inflation Targets and Assumptions for FY 2015-16

Madam Speaker

48. You are aware that despite favourable macroeconomic situation and enhanced public investment, slow pace of private investment is largely responsible for hindering expected high growth. We have taken up a range of steps in power, energy and communication sectors along with development of ports and economic zones to overcome this obstacle. These initiatives will sustain the economic momentum by accelerating aggregate demand. Pay rise in the public sector and strong remittance flows will hopefully increase consumer spending. Government spending in terms of GDP, especially development spending, will continue to rise. Subsidy has come down riding on the sharp fall in international oil prices. The resulting savings will be channeled into priority sectors. Disbursement of targeted incentives in the agricultural sector will ensure optimal production. Besides, on-going government initiatives for skill development and unhindered participation of women in the production process will enhance the

productivity and supply of labour thereby accelerating the pace of growth.

49. Continuation of a growth-supportive monetary policy that includes, *inter alia*, targeted credit supply to productive sectors including agriculture, diminishing rate of interest and market-sensitive exchange rate etc. will create a wholesome environment for economic activities. Expected recovery of the US and Euro economies and implementation of reform initiatives in the RMG sector are likely to boost exports in the near term. Above all, we expect that good sense among the political parties for the greater interest of the people will ensure political stability. This will encourage the domestic and foreign investors to come forward with new investment proposals. Volatility in Eurozone, however, foreshadows an ominous sign. Uptick in purchasing power across Eurozone is crucial for our economy as it is one of our major export destinations.

50. Based on these assumptions, GDP growth rate has been projected at 7.0 percent for FY2015-16. Industry and service sectors on the supply-side and, consumer spending and public and private investment, on the demand-side, will be the drivers of this growth. Moreover, efficient coordination between fiscal and monetary policies will help realize this goal.

51. Inflation is expected to slide further down in FY2015-16 reflecting fall in international oil prices, favourable agricultural production, continuous improvement in domestic distribution system and impact of restrained monetary policy. Budget deficit will be contained within 5 percent of GDP as in the past. Taking all these into account, we are setting inflation target at 6.2 percent for FY2015-16.

Budget Framework for FY2015-16

52. Now, I will present the proposed revenue and expenditure scenario for FY2015-16 (**Annex-A: Table 8**).

Table 8: Proposed Budget Structure for Next Fiscal Year 2015-16

(Crore Tk.)

Sector	Budget 2015-16	Revised 2014-15	Budget 2014-15	Actual 2013-14
Total Revenue	2,08,443	1,63,371	1,82,954	1,40,375
	(12.1)	(10.8)	(13.7)	(10.4)
Of which,				
NBR Tax	1,76,370	1,35,028	1,49,720	1,11,423
Non-NBR Tax	5,874	5,648	5,572	4,609
Non Tax Receipt	26,199	22,695	27,662	24,343
Total Expenditure	2,95,100	2,39,668	2,50,506	1,88,208
	(17.2)	(15.8)	(18.7)	(14.0)
a) Non Development Revenue Expenditure	1,64,571	1,27,371	1,28,231	1,10,567
	(9.6)	(8.4)	(9.6)	(8.2)
b) Development Expenditure	1,02,559	80,476	86,345	59,151
	(6.0)	(5.3)	(6.4)	(4.4)
Of which,				
Annual Development Programme	97,000	75,000	80,315	55,333
	(5.7)	(5.0)	(6.0)	(4.1)
c) Other Expenditure	27,970	31,821	35,930	18,490
	(1.6)	(2.1)	(2.7)	(1.4)
Budget Deficit	(86,657)	(76,297)	(67,552)	(47,833)
	(-5.0)	(-5.0)	(-5.0)	(-3.6)
Financing				
a) External	30,134	21,583	24,275	9,706
	(1.8)	(1.4)	(1.8)	(0.7)
b) Domestic	56,523	54,714	43,277	38,136
	(3.3)	(3.6)	(3.2)	(2.8)
Of which, Bank	38,523	31,714	31,221	18,168
	(2.2)	(2.1)	(2.3)	(1.4)
GDP	17,16,700	15,13,600	13,39,500*	13,43,674

Source: Finance Division, Figures in parenthesis indicate percent of GDP; * nominal GDP while preparing budget

53. The revenue receipts for FY2015-16 have been estimated at Tk. 2 lakh 8 thousand and 443 crore which is 12.1 percent of GDP, of which NBR tax revenue is estimated at Tk. 1 lakh 76 thousand 370 crore (10.3 percent of GDP). I believe this revenue target is achievable given the comprehensive reforms implemented in NBR tax collection potentials and stability in economic environment. Tax revenue from non-NBR sources has been estimated at Tk. 5 thousand 874 crore (0.3 percent of GDP). Besides, Tk. 26 thousand 199 crore (1.5 percent of GDP) is expected to be collected from non-tax sources.

54. Total expenditure for FY 2015-16 has been estimated at Tk. 2 lakh 95 thousand 100 crore (17.2 percent of GDP). Taking ADP allocation for autonomous bodies to the tune of Tk. 3 thousand 996 crore into account, the size of the total budget will stand at almost Tk.3 lakh crore. The allocation for non-development expenditure including other expenses has been estimated at Tk.1 lakh 98 thousand 100 crore (11.5 percent of GDP).In addition,Tk. 97 thousandcrore has been estimated for ADP. Together with the allocation of Tk. 3 thousand 996 crore for autonomous bodies, total development expenditure stands atTk. 1 lakh 996 crore (11.6 percent of GDP).

55. Like previous years, we have determined the size of ADP focusing on regional parity, human resource development, infrastructural development and quality spending. Sector-wise allocations of the next year's ADP have been shown in **Annex-A (Table 9)**. In the ADP of FY 2015-16, I propose to allocate 22.0 percent of development outlay to the human resource sector (education, health and other related sectors), 25.3 percent to overall agricultural sector (agriculture, rural development and rural institutions, water resources and related others), 19.1 percent to power and energy sector, 22.3 percent to communication (roads, railway, bridges and others related to communication) sector and 11.4 percent to other sectors.

56. The overall, budget deficit will be Tk. 86 thousand 657 crore which is 5.0 percent of GDP, of which, Tk. 30 thousand 134 crore (1.8 percent of GDP) will be financed from the external sources and Tk. 56 thousand 523 crore (3.3 percent of GDP) from the domestic sources. Of the domestic financing, Tk. 38 thousand 523 crore (2.2 percent of GDP) will come from the banking system and Tk. 18 thousand crore (1.0 percent of GDP) from savings certificate and other non-banking sources. If we can increase disbursement from the huge pipeline of foreign assistance, we will be able to reduce our dependence on domestic borrowing. We will continue our efforts to this end so that foreign aid utilization rate increasesin the next year.

57. **Overall Expenditure Framework:** Here, I will say a few words about the overall expenditure framework (development and non-development) of the proposed budget (**Annex-A: Table 10**). We have categorized different ministries and divisions into three main groups based on their allocation of businesses. These are social infrastructure, physical infrastructure and general services sectors.

58. In the proposed budget, 23.4 percent of the total outlay has been allocated to social infrastructure sector, of which 20.4 percent has been proposed for the human resource sub-sector (education, health and other related sectors); 30.6 percent of the total allocation has been proposed for the physical infrastructure sector, of which 13.9 percent will go to the overall agriculture and rural development, 8.9 percent to overall communication and 6.3 percent to power and energy sector. 28.0 percent of the total allocation has been proposed for the general services sector. Besides, 2.2 percent has been allocated for public-private partnership (PPP), financial assistance for various industries, subsidies and equity investment in state-owned banks, commercial banks and financial institutions; 11.9 percent for interest repayment; and the rest 3.8 percent for net lending and miscellaneous expenditure.

Ministry/division-wise budget allocation proposals have been shown in **Annex A (Table 11)**.

Chapter VI

Paving the Way for Higher Growth

Madam Speaker

59. You are aware that in recent years, we have been able to achieve inclusive growth while maintaining macroeconomic stability. The fiscal and monetary policies we pursued and the development and reform initiatives we undertook have played a vital role in this regard. While our growth performance is better compared to that of our comparators, it is less than sufficient to reach our expected goal. Over the last few years, real GDP growth remained trapped within the bound of 6 to 6.5 percent trajectory. In fact, GDP growth rate averaged 6.2 percent in the last five years which is not commensurate with our ultimate goal of graduating to a developed and prosperous country by 2041 from the least developed country status. This will require us to exit the 6.0 percent trap and move on to the higher growth trajectory.

60. Under the 7th Five-Year Plan (2016-2020), we are contemplating to gradually accelerate GDP growth and raise it to 8 percent by 2019-20. To this end, the growth rates of agriculture, industry and services sectors need to be accelerated to 3.5, 12.5 and 7.0 percent respectively by the end of the plan period. Notably, the growth rates of these sectors currently stand at 3.0, 9.6 and 5.8 percent respectively and their contributions to GDP are 16.0, 30.4 and 53.6 percent respectively.

Madam Speaker

61. **Overall Growth Target and Strategy:** The ultimate goal of our 'Vision' is to improve the quality of people's life by achieving higher economic growth. Broadly, our strategy to realize this vision is to implement pragmatic economic programmes, put in place

improved institutional arrangements, scale up the supply of public goods and services and gradually integrate our economy with the global market while ensuring production specialization and technological advancement and sustaining macroeconomic stability.

62. Indeed, our path towards achieving higher growth is replete with numerous obstacles. We have diagnosed these problems and identified the major drivers of growth such as increased investment and its enhanced productivity. Now, let me take this opportunity to apprise this House of the strategies that we plan to undertake to achieve the desired goals.

63. **Investment Target:** One of the necessary conditions for achieving high growth is to increase capital stock through gradual increase in investment. Over the last ten years, the total investment in terms of GDP has increased to 28.9 percent from 25.8 percent. During this period, although public investment rose to 6.9 percent from 5.5 percent, private investment is hovering around 21 to 22 percent of GDP. In this setting, our objective is to increase total investment by boosting private investment to 24.0 percent of GDP in the medium term (2016-18). At the same time, we will scale up public investment to 7.8 percent of GDP.

64. **Public Investment Priorities:** As in the past, growth enhancing sectors will receive priority in the case of public investment. In particular, more resources will be allocated to the development of physical and social infrastructure sectors like power, energy, communication, transportation, port development, education, health, and ICT. We plan to increase power generation capacity to 24 thousand MW by 2021. With this goal in mind, we will continue our programmes to establish coal-fired power plants, renovate old power stations, develop power transmission and distribution systems, install pre-paid meters in phases, import electricity under sub-regional cooperation, diversify energy sources and increase power generation from renewable energy sources. In the transport sector, we will implement the on-going

projects expeditiously to upgrade important highways to four-lanes. Dhaka-Chittagong and Dhaka-Mymensingh four-lane highways will definitely be completed within the next fiscal year. Among 133 projects included in the ADP for the transport sector, 39 will be completed in FY 2015-16. Besides, the on-going process to formulate relevant acts/rules will soon be completed.

65. **Implementation of ADP:** ADP is the key tool for public investment and the foremost challenge is its successful implementation. A taskforce has been formed to monitor ADP implementation of ten big ministries. Side by side, we have taken steps to accelerate the pace of implementation of 50 slow-moving projects, identify projects facing slow foreign aid disbursement problem and scale up disbursement through quarterly tripartite meetings. As a result, the rate of ADP implementation has increased. There is, however, scope for enhancing the implementation capacity. In this term, we plan to enhance the rate of project aid utilization along with full implementation of ADP with particular focus on quality of expenditure. We will also take steps to strengthen coordination among all stakeholders and to avoid the rush of expenditure towards the end of the fiscal year. In addition, we are also laying emphasis on prioritization of projects, and monitoring their implementation on a regular basis. Moreover, we are actively considering the creation of a pool of project directors from among efficient and experienced officers.

66. **Fast Track Projects:** In order to ensure fast track implementation, we have placed 8 growth supportive projects under a Fast Track Project Monitoring Committee headed by the Hon'ble Prime Minister. These are: Padma Bridge project, Ruppur Nuclear Power project, Rampal Coal-based Power project, Deep Sea Port project, MRT-6 project, LNG Terminal project, Matarbari Power project and Paira Sea Port project. Among these projects, Padma Bridge and Ruppur Nuclear Power projects will hopefully be completed during our current term. In a report, the World Bank stated that the Padma Bridge

project, once completed, alone will enhance GDP by 0.56 percent annually while accelerating economic activities in the backward south-western region of the country.

67. **Public-Private Partnership:** During the last six years, I spoke many a time about the implementation of PPP initiatives. But there has been little progress. There is no denying the fact that initially, our procedural and institutional framework was not robust enough to take this agenda forward. However, it is heartening to note that in order to overcome these problems, the Public-Private Partnership (PPP) Bill, 2015 has already been tabled in Parliament. In tandem, our reform programmes to improve governance are expected to infuse dynamism in PPP initiatives. The comforting fact is that 42 projects have already been approved in principle under PPP, the list of projects has been attached (**Annex A: Table 12**), out of which agreements for three projects have been signed. Two more agreements are ready to be signed. Transaction advisers have been appointed for 24 projects.

68. **Economic Zone:** We have taken initiatives to establish economic zones in prospective regions with a view to encouraging industrialization, generating employment opportunities, enhancing production and ensuring export promotion and diversification. Big investment initiatives such as those found in Japan, South Korea, China and India cannot be realized due to scarcity of land. In order to change this scenario, approval has been accorded to the establishment of 30 public and private economic zones in different parts of the country. A list has been attached- (**Annex A: Table 13**). Among them, *Sirajgonj, Mongla, Mirsarai, Anwara* and *Srihatta* economic zones received approval in the first phase and their implementation is progressing fast. Implementation of another 25 economic zones approved later has commenced. Let me mention here that two economic zones have been earmarked for Japanese and Chinese investors. We are actively considering keeping another such zone earmarked for India. Besides, six economic zones are going to be established in the private sector. In

order to facilitate the establishment of economic zones, the government will take necessary steps to provide land, gas, electricity and communication infrastructure facilities.

69. Meanwhile, Private Economic Zone Policy, 2014 has been formulated. Revision of Economic Zone Act, 2010 and Economic Zone Rules, 2014 is underway. I would like to inform you all that as many as 100 economic zones will be established across the country in the next 15 years. That will increase export earnings by US\$40 billion and generate about one crore additional employments.

70. **Removal of Private Sector Investment Impediments:** Investors often complain about different problems that hinder private sector investment. These include: delay in getting utility services like electricity and gas, institutional complications in investment processing, scarcity of undisputed land, high interest rate, etc. We are taking steps to remove these impediments. I believe electricity problem will be resolved once power generation capacity and production are augmented as planned. In order to improve the supply of gas, the signing process of production sharing contracts for exploration of gas in 26 sea blocks is underway. Side by side, we have taken steps to import LNG. For institutional development, merger of the Board of Investment and the Privatization Commission will soon be completed. The new organization will be able to provide proper one stop services to investors. Moreover, competent officers will be placed there. For encouraging investment, we are also mulling over the use of surplus land belonging to state owned enterprises on the basis of lease/sale/PPP. At the same time, modernization of land management, record and registration will be expedited. Due to financial sector reforms, rate of interest has already started declining. Moreover, private investors have ample opportunities to borrow soft loans from abroad. Hopefully, these initiatives will contribute to the improvement of investment environment as well as the achievement of private sector investment target.

Madam Speaker

71. **Skill Development:** You know that investment alone cannot ensure higher growth. We need to increase labour productivity in tandem which depends upon appropriate training, education and healthcare. Presently, 22 ministries and divisions are involved in implementing labour skill development activities. We have started the process of creating National Skills Development Authority (NSDA) to coordinate the skill development activities of various ministries. We will establish a National Human Resource Development Fund (NHRDF) to ensure continuous funding for these activities. Initially, this fund will be formed with the contributions of the government and development partners. Later on, it will be funded by industrial firms. NSDA will use this fund to formulate, implement and monitor training programmes on a priority basis after taking into consideration the demands of domestic industries and international markets. Positive change will take place in skill development once those two plans are implemented. I propose to allocate Tk. 100 crore for the proposed NHRDF for FY 2015-16.

72. You will be happy to know that the Finance Division has undertaken a project titled 'Skills for Employment Investment Programme' to enhance skills of 15 lakh people in three phases. Different course curricula have been prepared under this programme considering training needs of various industrial sub-sectors. 32 government training institutes under three ministries, SME division of the Bangladesh Bank, PKSF, and nine industry associations together will provide quality and job-oriented training. At least 70 percent of the trainees will be employed in the relevant industries. Besides, the Industry Skill Councils will be strengthened so that they can conduct labour market survey, formulate training curriculum and evaluate them. Moreover, we have adopted a plan to establish 30 Centres of Excellence (CoE) in 15 industries to impart quality training. In the first phase, work is in progress to establish a Centre of Excellence in the

information technology sector in FY 2015-16. An initiative has been taken to get the certificates awarded by this project endorsed by the ASEAN countries. To this end, we have taken steps, in collaboration with Malaysian Qualification Agency (MQA) under a twinning programme, to improve the standard of the Bangladesh Technical Education Board.

73. **Female Participation in Economic Activities:** Although we have achieved significant progress in women development during the last decade, participation of women in economic activities is still less than expected. Currently, 33.5 percent of female workforce is involved in economic activities. In this backdrop, GDP growth could substantially be increased if women participation in the formal sector could be raised to the level of men through adoption of effective strategies. In order to increase female participation in the work force, we want to continue various women-friendly programmes such as increasing social awareness, preventing child marriage, establishing dormitories for working women and day care centres, providing vocational training to young women, and ensuring quota for them in public service. I hope gender equality already achieved in primary and secondary levels of education will significantly enhance women participation in the formal sector in future. Government is equally active in securing employment for women abroad. An agreement has already been signed to send 10 thousand housemaids to the Kingdom of Saudi Arabia each month. Under this agreement, the Saudi Government will take necessary steps to provide full time support to these workers.

74. **Improving Total Factor Productivity:** Improvement in total factor productivity is also a necessary condition for achieving high growth which depends on technological changes and institutional reforms. To this end, we are encouraging the use of information technology in the production process. I believe that domestic and foreign investment will rise if ongoing infrastructure development projects are implemented. This, in turn, will play a key role in

technology transfer. Besides, we have taken up a wide range of reform initiatives in public financial management, financial sector, land management, local government institutions, rule of law, administrative reforms, improvement of business environment, information management, etc. that I will discuss in detail in the next chapter. I believe that implementation of these reforms will considerably improve total factor productivity.

75. Expansion of Overseas Markets: Expansion of overseas markets for our labour, goods and services is a pre-requisite for sustainable development. In order to increase manpower export and remittances, we are strengthening our on-going initiatives to lower the cost of remittance inflows, expand labour markets and step up diplomatic efforts to legalize illegal workers. We have also put in place programmes to increase the rate of manpower export from backward regions, ensure decent overseas employment for women workers and their safety, impart skill development trainings to migrant workers, and expand the activities of the Expatriate Welfare Bank. We must admit that recruiting agencies play an important role in overseas employment. But, the process is often plagued by various illegal activities, which makes migration costs unbearable. We will continue with the ongoing initiatives to reform this system. Nonetheless, the private sector will play the leading role in manpower export.

76. In the backdrop of Dubai Expo 2020 and Qatar 2022 World Cup Football, our efforts to increase manpower export to these countries will continue. Steps will also be taken to send workers to the countries of South-East Asia, South America and Africa. Foreign investment through efficient entrepreneurs, in a limited scale, is also on the cards. Especially, we will try to increase remittances by allowing selective foreign investment of Exporter's Retention Quota proceeds. As a Least Developed Country, we will also strengthen our efforts to obtain preferential treatment in the service sectors of developed countries granted under World Trade Organization (WTO) Services waiver. As a

result, export of services of doctors, engineers, accountants, and other professionals will boost earnings from service sector.

77. Incentives will be provided to other prospective sectors along with RMG sector to diversify export products. Our incentive schemes will continue for the diversification of export markets. Besides, considering the strong positions of China and India in world economy and our geographical proximity, we will strengthen efforts to increase regional communication, export trade and investment with them.

78. **Rural Economy:** Steps will be taken up to keep the rural economy vibrant which would include construction of physical infrastructure, rural electrification and development of small and medium enterprises. Targeted rural and agricultural credit schemes will continue. Besides, infrastructure and credit facilities for the development of agro processing industry will be expanded.

79. **Macroeconomic Management Strategy:** We have to increase revenue-GDP ratio in order to implement our development plans. To this end, we will put emphasis on mobilizing revenue from domestic sources, especially direct taxes. To accomplish this, we have taken up measures for automation of tax system along with reforms in the direct tax laws. In order to contain budget deficit as well as ensure uninterrupted access of private sectors to bank borrowings, priority will be given to securing concessional foreign loans which will be kept within tolerable limit. Besides, efforts will continue to secure loans from alternative foreign sources on soft terms. The objective of monetary policy will be to maintain a smooth flow of credit to productive sectors while keeping inflation in check. Moreover, we will continue our efforts to encourage private investment by lowering the lending rates through improvement of banking sector operational efficiency.

Chapter VII

March towards Future: Sector-wise Work Plan and Resource Allocation

Madam Speaker

80. At this stage, I would like to briefly present before you our work plans for different important sectors for next fiscal year and beyond, and corresponding budget allocations to materialize those plans.

(1) Human Resource Development

Education

81. **Primary Education:** The foundation of education is laid at the primary level. Hence, we are placing special emphasis on ensuring quality primary education and planning to expand primary education upto class VIII by 2018. In order to retain the benefit of hundred percent enrollment, we have taken up a *school feeding programme* for about 33 lakh 90 thousand children in all primary schools of 93 *upazilas*. Formulation of School Feeding Policy is also in the offing. I have already mentioned that out of the planned 1 thousand 500 primary schools, 1 thousand 19 primary schools have been constructed in villages having no school and the rest is under construction. We are implementing the 3rd Primary Education Development Programme (PEDP-3) with the assistance of ten development partners/countries, under which furniture and learning materials are being supplied and teachers are being trained. Efforts are on to make all activities of primary education field administration IT-based. In addition, tribal children are now able to undertake primary education in their own language as primary education curriculum has been developed in eleven tribal languages.

82. **Expansion of Quality Education:** Our strategies for expansion of quality education such as, introduction of creative questions, distribution of free books up to secondary level, creative talent hunt and provision of stipend have paid off greatly, and they will continue. At the same time, we will continue to provide special trainings to the teachers of English and Mathematics. Provision of stipends for girl students at the graduate and equivalent levels will also be continued from the profit of Tk. 75 crore earned from Tk. 1 thousand crore seed money of the Education Assistance Trust Fund of the Hon'ble Prime Minister.

83. **Quality Improvement of Technical Education:** In order to reap the benefits of demographic dividend, we need wider expansion of technical education. With this end in view, a project of Tk. 924 crore is being implemented to establish one technical school in each of 100 *upazilas*. In addition, development projects have been undertaken for setting-up of a technical school in every divisional town, poly-technical institutes in 23 districts, 4 technical institutes for women in 4 divisions, and an engineering college in every division. Besides, a project has been taken up to deliver basic literacy and life skill training to the illiterate people of 15- 45 years age group.

84. **Application of Information Technology in Education and Expansion of Higher Education.** In order to ensure greater use of IT in education, alongside other initiatives, we are developing websites for all educational institutions. The work of establishing resource centres at 128 *upazilas* is progressing fast. The task of setting-up Barisal Engineering College is also underway. Initiatives have also been taken to establish Banghabandhu Sheikh Mujibur Rahman Maritime University, Gazipur Digital University, Khulna Agricultural University, Bangladesh Islamic Arabic University and Rabindra University at Shahjadpur, Sirajganj. In order to ensure the quality of higher education at private universities, we have almost finalized the process of establishing an Accreditation Council.

85. To ensure quality education for all, I propose to allocate total Tk. 31 thousand 618 crore for the Ministry of Education and the Ministry of Primary and Mass Education.

Health and Family Welfare

Madam Speaker

86. **Community Clinic:** We are planning to distribute 13 thousand 861 mini laptops among the community clinics to bring our slogan ‘*A Mini Laptop will be a Digital Doctor*’ into fruition. This programme will enable the rural people to avail telemedicine services and keep themselves updated with the latest information on health related issues and education.

87. **Expansion of Telemedicine Service:** We have undertaken a programme to provide health services through mobile phones in 64 *zila* and 418 *upazila* hospitals. Side by side, *zila* and *upazila* health complexes will continue to provide health services through video conferencing,

88. **Maternal Health Voucher Scheme:** Maternal Health Voucher Scheme for the poor, distressed and pregnant mothers is in operation in 53 *upazilas*. Initiatives have been taken to expand this programme to another 20 *upazilas*. Besides, emergency maternity services have been strengthened in 132 *upazilas*.

89. **Modernization of Public Health System:** We are formulating the ‘National Drug Policy 2014’ to modernize public health system. At the same time, we are working to integrate and update different amendments to make Drug Control Ordinance, 1982, Drug Act, 1940, and Drug Rules, 1945 and 1946 time befitting.

90. I propose to allocate Tk. 12 thousand 726 crore for the Ministry of Health and Family Welfare for FY 2015-16.

Science and Technology

Madam Speaker

91. **Expansion of Science-based Education:** We aim to develop a pool of scientists, technologists, researchers and educationists and are therefore providing scholarships to suitable candidates under the ‘Bangabandhu Fellowship on Science and ICT’ to undertake research and pursue higher studies including PhD. Steps have been taken to establish a trust to continue this scholarship after the completion of the project in 2016. A project is being implemented to establish a national Marine Research Institute at Ramu in Cox’s Bazar to conduct research on oceanography. We also plan to set up an international standard Marine Aquarium in this area following the completion of this project.

92. I propose to allocate Tk 1 thousand 550 crore for the Ministry of Science and Technology for FY 2015-16.

(2) Physical Infrastructure

Power and Energy

Madam Speaker

93. **Power:** At the beginning, we had to resort to some short-term solutions for resolving the long pending problems of power sector. Power crisis has almost been mitigated. We are now taking a number of steps aimed at lasting and sustainable solution.

94. **Coal-based Power Generation:** Considering that coal will be the main fuel after 2015, we have finalized a plan to establish coal-based power plants. Some of the important steps are: forming Bangladesh-India Friendship Power Company for setting up 1 thousand 320 MW coal-fired power plant at Rampal, signing an agreement with JICA for the construction of 1 thousand 200 MW coal-based power plant at Matarbari, installing four power plants at Moheshkhali with

combined capacity of 4 thousand and 800 MW electricity each generating 1 thousand 200 MW and another coal power plant of 1 thousand 320 MW at Paira in Patuakhali with the financial assistance of China, Malaysia, South Korea and Singapore. At the same time, agreements have also been signed to establish coal power plant to generate 1 thousand 411 MW electricity under public-private partnership.

95. **Nuclear Power Plant:** As a long term solution of power crisis, we have undertaken a plan to generate 2 thousand MW and 4 thousand MW electricity from nuclear energy by 2022 and 2030 respectively.

96. **Power Import under Sub-Regional Cooperation:** We have fixed a target to import 6 thousand 500 MW electricity by 2030 from the neighboring countries. Since November 2013, we are importing 500 MW electricity from India. Import of additional 600 MW is under process. Discussion on importing hydro electricity from Nepal, Bhutan, Myanmar and north-eastern region of India is in progress.

97. **Renewable Energy:** We have established Sustainable and Renewable Energy Development Authority (SREDA) with the intention of generating 2 thousand MW electricity from the renewable energy sources by 2020. We have also launched a programme to produce 500 MW electricity from solar energy.

98. **Transmission Line:** Till December 2014, about 3 lakh 31 thousand km transmission line has been constructed to supply electricity to 1 crore 62 lakh users. There is a plan to construct 10 thousand km new transmission line and 1 lakh 50 thousand km new distribution line to bring everybody under electricity coverage.

99. **Expansion of Energy Production Capacity and Import of LNG:** Technical capacity of BAPEX has been enhanced more than ever before so as to dig more exploration wells in the prospective areas. On the other hand, in order to reap the benefits of maritime boundary dispute resolution with India and Myanmar, we are conducting 3D

seismic surveys and working on signing production sharing contracts. At present, we have 26 blocks in the deep and shallow water ready for exploration. Production capacity of Barapukuria Coalmine has been increased by adopting advanced technology. If we start extracting coal from the north side of the mine by using an open method, 110 million MT of coal could possibly be extracted over the next 25 years with an estimated 4-5 million MT coal per year. Besides, initiatives to install an LNG terminal and import LNG to meet ever increasing energy demand are underway. Hopefully we will be able to supply gas from imported LNG by mid-2017.

100. **Natural Gas and its uses:** Natural gas is a valuable resource but its estimated reserve is small in our country. As per preliminary estimate, the total gas reserve is 38.2 trillion cubic feet with extractable net reserve standing at 14.6 trillion cubic feet. Currently, gas is mainly used in power generation and industrial production. Gas is also used in private households in different cities of the country. In principle, we need to do away with allowing further household gas connection. Gas exploration activities have been strengthened while preparations have been made for LNG import. A gas reserve has been discovered in Bhola and a gas-based power plant will soon be established there. Presently, Dhaka and Rashidpur industrial area are regularly receiving gas supply. But, its supply to Chittagong and northern and southern regions of Bangladesh is quite limited. To increase supply of gas, we will have to step up gas exploration within our maritime boundary. At the same time, formulation of a long term integrated master plan for exploration, extraction, import, distribution, and use of gas is urgent as well as important. I would like to draw the attention of all concerned to this issue.

101. **Power and Energy Saving:** We have, meanwhile, started installing pre-paid meters in all households in phases over the next three years to ensure economic use of electricity. Beside the expansion of energy production, we also place emphasis on saving of energy by

10, 15 and 20 percent within 2016,2021and 2030 respectively through saving and conservation of energy in the industrial, commercial and residential sectors. To this end, we are formulating the 'Energy Efficiency and Conservation Master Plan'. Steps are underway to implement energy auditing and energy management programmes in industries. Alongside, we have undertaken energy star labeling programme to encourage the use of efficient appliances among people.

102. I propose to allocate Total Tk. 18 thousand 540 crore for the Power Division and the Energy and Mineral Resources Division.

Physical Infrastructure

Madam Speaker

103. **Development and Expansion of Roads and Bridges:** In order to improve the communication network of the western part of Bangladesh, 61 bridges will be reconstructed under the Western Bangladesh Bridge Improvement Project. Construction of 2nd Kanchpur, Meghna and Gumti bridges is in progress. Besides, steps have been taken to construct bridges on the Golachipa, Paira and Kocha rivers. At the same time, there is a plan to construct the 2nd Padma Bridge at Paturia-Goalando point in future.

104. In respect of road infrastructure, substantial progress has been made in the upgradation of Joydevpur-Chandra-Tangail-Elenga highway into four lanes. We expect to complete the following projects by FY 2015-16:

- ✓ Eastern Bangladesh Bridge Improvement Project
- ✓ Dhaka-Chittagong and Joydevpur-Mymensingh Highways four lane projects
- ✓ Construction of Sheikh Kamal, Sheikh Jamal and Sheikh Russel bridges on the Barisal-Patuakhali-Kuakata Highway
- ✓ Construction of Cox's Bazar-Teknaf-Marine Drive (Inani to Sillkhali) -2nd Phase

- ✓ Upgradation of Jatrabari-Kanchpur Highway into eight lanes
- ✓ Construction of 7th Bangladesh-China Friendship bridge on the Arial Khan river

Apart from this, formulation of a number of laws relating to bus transit, road transport and traffic system is underway.

105. **Development and Maintenance of Existing Roads:** In order to re-construct, rehabilitate, expand and upgrade highways, ten District Highway Development Projects have been undertaken. We have also taken up a range of projects for re-construction and expansion of roads, bridges and culverts.

106. **Improvement of Passenger Service Standard:** The BRTC will procure 300 double-decker and 100 articulated buses with the aim of improving the quality of passenger service delivery. Required number of driving instructors will be groomed to impart effective training to motor drivers. Steps have been taken to make five inactive Motor Vehicle Inspection Centres effective to facilitate automatic issuance of fitness certificates. Besides, we are going to set-up an e-Ticketing clearing house to provide uninterrupted transport service in coordination with different transport operators. Steps have also been taken to identify accident-prone areas as *Black Spot* to reduce road accidents. A project has been taken to improve road network in those areas.

107. **Development of Railways:** Rail tracks were built in our country about the same time when railways were being established worldwide in the mid-19th century. There was a time when rail and water ways were the only means of transportation of passengers and goods in Bangladesh. Road transportation system has mainly assumed this role these days. Meanwhile, waterways got continuously contracted while the use and maintenance of railway was widely disrupted. We have adopted strategies to revitalize the railway system and taken initiatives to make full use of resources already invested in railway. We

have formulated a 20-year Railway Master Plan in the course of which Tk. 2 lakh 33 thousand 946 will be spent for implementation of 235 projects. Some of the important projects include construction/reconstruction of Dohazari-Cox's Bazar-Gundum, Kalukhali-Vatiapara-Gopalganj-Tungipara, Pachuria-Faridpur-Vanga, Ishwarri-Pabna-Dhalarchar and Khulna-Mongla new rail lines. Moreover, we will bring Meherpur district under the rail network, launch rail service on the Padma Bridge, construct a rail bridge on the northern side of the Bangabandhu Bridge on the river Jumna, construct 3rd and 4th dual-gauge lines in the Dhaka-Tongi and dual-gauge double line in the Tongi-Joydevpur sections, and construct a parallel dual-gauge line along the existing meter-gauge line of Dhaka-Narayanganj section. In addition, as part of expanding the regional rail network, Akhaura-Agartola rail connectivity will be established.

108. **The Padma Bridge:** Considerable progress has been made in the construction of the long awaited Padma Bridge with domestic financing. The massive work that has begun on the banks of the mighty Padma has infused a deep sense of exuberance and alacrity in the local masses. We expect to open the bridge for transportation by 2018.

109. **Easing Traffic Congestion:** We have started the construction of Metro Rail line to ease traffic congestion in the city of Dhaka. We are expecting to complete this work by 2019. Some of the other noteworthy initiatives for easing traffic congestion are: construction of 38.2 km long Dhaka-Ashulia elevated expressway, flyover and underpass at Jahangir Gate in Dhaka, and elevated expressway from Hazrat Shahjalal International Airport to Kutubkhali. Besides, preliminary design and route survey for the construction of Bus Rapid Transit (BRT) from Gazipur to Hazrat Shahjalal International Airport and from Airport to Jhilmill have been finalized. Construction of Mogbazar-Mouchak flyover is going on in full swing. My personal opinion is that there should be a separate coordinating authority for traffic management in the capital. A Memorandum of Understanding (MoU)

has been signed with the China Communication Company Ltd. to construct a tunnel underneath the Karnaphuli River. It will enhance the connectivity between the eastern and western parts of Chittagong as well as reduce traffic congestion.

110. **Development of Port and Water Transportation:** Steps have been taken to develop the port infrastructure with our own fund in the preparatory stage of construction of Fast Track Paira Port project. In order to develop the Mongla Sea port, a project has been taken up to procure container and cargo handling machinery. A few friendly countries have expressed their interest to finance the construction of a deep-sea port in Sonadia on G-2-G basis. Furthermore, another project has been initiated to excavate riverine route of Madaripur-Chormugria-Tekerhat-Gopalganj with a view to increasing navigability and carrying out capital dredging in 53 water routes. An Industrial Park is being set-up in Sirajganj at the area reclaimed under the Capital Pilot Dredging project.

111. **Development and Expansion of Airports:** Steps have been taken to improve the capacity of Hazrat Shahajalal International Airport to provide better services. At the same time, the Cox's Bazar Airport development project is going to be initiated. In order to enhance passenger carrying capacity and standard of services of the Bangladesh Biman, the process of adding several new generation aircrafts to its fleet is underway. Moreover, we have plan to construct Khan Jahan Ali and Bangabandhu Sheikh Mujibur Rahman Airports.

112. I propose to allocate Tk. 26 thousand 329 crore for the communication infrastructure sector.

Water Resources

113. **Expansion of Irrigation Facility, Flood Control and Protection of River Erosion:** Due to expansion of irrigation facilities to the flood free areas, the production of food grains has increased

manifold. During our current term, we will continue to bring new areas under irrigation facilities and take steps to protect them from flood. We are implementing projects for the protection of river banks and townships prone to erosion while continuing with new projects of this kind. Alongside, implementation of the Gorai and Buriganga rivers restoration projects is in progress. The process of amending the Water Resources Planning Act, 1992 is also underway.

114. **Integrated Water Management of the Ganges Basin and Coastal Area Management:** Work is going on at several levels to build a barrage on the Ganges River. We have devised a priority investment programme for comprehensive and integrated development of the coastal region of the country. To this end, along with other development projects, 111 projects at a cost of Tk. 1 thousand 9 crore have been taken up under the Bangladesh Climate Change Trust Fund. There will be a budget allocation of Tk. 100 crore for this fund for the next fiscal. But, our main focus will be to strengthen foreign aided Climate Change Resilient Fund and expedite disbursement from it.

115. **Rehabilitation of Landless People of the Char Region:** For the socio-economic development of the *char* region, we plan to reclaim 20 thousand hectares of land by constructing cross dams in the coastal areas, and rehabilitate 16 thousand families there. I propose a special allocation of Tk. 50 crore for developing internal communication network in *char* regions despite the fact that last year's allocation remained unutilized.

(3) People's Welfare

116. **Food Security:** We have been able to ensure food security through continuous improvement in agricultural sector and efficient food management. To sustain this, we have taken up steps to raise food storage capacity to 25 lakh MT from 19.5 lakh MT by 2020. We are taking steps to strengthen the Bangladesh Safe Food Authority to ensure supply of un-adulterated food free from harmful chemicals.

Along with ensuring fair price for agricultural produces, steps will be taken to continue various social safety net programmes to keep food prices at tolerable level. However, there is scope for taking new management initiatives.

117. **Social Safety:** We have made substantial progress in poverty alleviation. But despite our efforts, a considerable portion of our population is still living below the poverty line. In order to fully eradicate poverty from the country, we will ensure rational and target oriented expansion of social safety net programmes. In this regard, we are formulating a 'Social Safety Net Strategy Paper'. Moreover, we are going to implement a project titled 'Strengthening Public Financial Management for Social Protection' shortly to increase the effectiveness and accountability of the social safety net programmes. Under this project, a Social Protection Unit will be established in the Finance Division. In order to widen the coverage of social safety net, I propose to enhance the number of beneficiaries for old age allowance to 30 lakh from 27 lakh 23 thousand, for widow, abandoned and destitute women allowance to 11 lakh 13 thousand from 10 lakh 12 thousand, and for insolvent disabled persons allowance to 6 lakh from 4 lakh. The number of disabled students receiving stipends will be increased to 60 thousand from earlier 50 thousand. Side by side, the rate of stipend will also be increased. The number of beneficiaries of maternity allowance for poor mothers and those of working lactating mother assistance fund will be enhanced by 20 percent

118. **Integrated Micro-Credit Programme:** With a view to building a Bangladesh free from poverty and hunger in the light of the slogan '*Shobai Milay Gorbo desh, Bangabandhur Bangladesh*' (Together we will build the country, Bangabandhu's Bangladesh), we are going to introduce an integrated micro-credit programme. All the different existing micro-credit programmes will be integrated into this programme, which will minimize management cost and time of micro-credit programmes.

119. **Improving the State of Disadvantaged People including the Disabled:** We have taken up a plan to provide identity cards to all disabled persons by using the national disability database, and also to revise the existing development programmes and take up new initiatives by taking the nature of disability into account. Process of reforming the existing laws and rules is underway. Notable among them are: Development Foundation for Elderly People Act, 2015, Vagrant and Shelterless Persons (Rehabilitation) Rules, 2015, Disabled People's Rights and Protection Rules, 2015, Children Rules, 2015, and Neuro-Developmental Disability Protection Trust Rules, 2015. I have already mentioned about the allocations made for expanding activities for improvement of living standard of *hijra, dalit, harijan and bede* communities, providing emergency food assistance to tea labourers, and extending financial assistance to the poor patients suffering from cancer, kidney diseases and liver cirrhosis. This year amount of budget allocation for these activities has doubled.

120. **Women in Development:** I have already mentioned, if women participation is raised in economic activities of the country, the growth potential would increase significantly. All programmes related to women development and employment are being re-structured in order to enhance women participation in all economic activities to 50 percent by 2021. A range of steps have been taken up for skill development of women. You may be aware that the Joyeeta Foundation is working to commercially engage grass-root level women in the supply chain from production to distribution. Creation of institutional infrastructure for this Organisation is underway. The scope of Joyeeta programme will gradually be extended to divisions, districts and *upazilas* in phases. We have already taken necessary steps to set up permanent centres for skills development and hostels for women entrepreneurs. Besides, a number of activities for women development including child marriage prevention, and training on driving, catering and freelance ICT job are in the pipeline for implementation. Banks have been instructed to

provide agricultural and rural credit to women on a priority basis. Gender Budget Report is being published since FY 2009-10 to depict women's share in annual budget.

121. **Protection of Children Rights:** Some of our noteworthy steps taken recently for the physical and mental development of children include: establishment of child day care centres for women workers in garments industries, programmes to raise awareness about child marriage to prevent violence against children, and establishment of 6 child development centres to provide destitute, orphan, helpless street children with shelter, food, clothing, and educational materials and also to create for them schooling opportunities with health, sports and entertainment facilities.

122. **Child Budget:** I broached a plan in my previous budget speech to prepare a child budget on experimental basis from FY 2015-16. Accordingly, we are presenting a report titled '*Shishuder Niye Budget Vabna*' (Budget thoughts for Children) taking into account the budgetary allocations of five ministries directly related to socio-economic development of children. In formulating this report we have considered the projects, programmes, and other initiatives directly dealing with the needs, rights and welfare of children. In fact, child budget is a subject that encompasses the activities of all ministries. In order to complete a child budget the initiatives of all the ministries dealing with children's welfare should be taken into consideration. But in the first place, we need to identify all these programmes and build a proper framework to evaluate their impacts. We intend to accomplish this task in phases. We are soon going to undertake a project named 'Strengthening Capacity for Child Focused Budgeting in Bangladesh (SC-CFB)' which will commence from July 2015. Once the project is implemented, capacity of the Finance Division and other child related ministries in terms of proper utilization of resources and its reporting will be enhanced.

123. **Welfare of Freedom Fighters and Preservation of Spirit of Liberation War:** We are implementing multifarious programmes for the welfare and rehabilitation of the freedom fighters and their family members. Noteworthy among them are: enhancement of the amount of their honorarium, provision of ration and medical services, preservation of quota in public services and educational institutions for the children and grand-children of the freedom fighters, provision of grants in aid to organizations of freedom fighters and granting VIP status to gallantry award recipient and injured freedom fighters, etc. Besides, houses are being constructed for the landless and insolvent freedom fighters. *Muktijodhdha* Complexes are under construction in all districts and *upazilas* of the country. In view of preserving the memory of the liberation war, construction of 32 monuments has already been completed while the construction of 28 others is in progress. Projects have been undertaken to preserve and develop the killing grounds and mass graveyards. With a view to spreading the spirit of liberation war among the young generation, war museums and libraries are being established at different sites across the country. I am happy to propose the increase of monthly allowance to Tk. 10 thousand from Tk. 5 thousand for the freedom fighters who have crossed the age of sixty five.

124. **Manpower Export and Welfare of Expatriate Workers:** In order to increase manpower export, along with diplomatic efforts, we have undertaken various initiatives including training to enhance the skills of migrant workers. Export of manpower to Malaysia has begun on G2G basis. However, it could be further enhanced with the cooperation of private sector. Hopefully, through this process about five lakh workers will be employed over the next five years. Besides, the number of migrant population will rise in the backdrop of re-opening of manpower market for Bangladesh in Saudi Arabia.

125. With a view to ensuring good governance in migration process, Overseas Employment and Migration Act, 2013 has already been

enacted. A vigilance task force is working to prevent illegal activities of manpower recruiting agencies. Besides, we have taken steps to update the Overseas Employment Policy to ensure expansion of overseas job market, skill development, safe migration and security and welfare of expatriate workers.

126. **Issuance of MRP:** In order to ensure welfare of migrant workers, steps have been taken to issue MRPs through outsourcing system to Bangladeshis working in Malaysia, Saudi Arabia, Abu-Dhabi, Oman and Qatar. We will have to strengthen this process taking into account various internationally prescribed deadlines.

127. **Improvement of Work Environment:** We will strengthen the Directorate of Factory Inspection to improve work environment and ensure safety of workers in factories and industries. Considering that the majority of workers in the RMG sector are women, implementation of a project to increase gender and industrial awareness with the assistance of UNFPA is in progress.

(4) Digital Bangladesh

Madam Speaker

128. **Digital Infrastructure Development:** Establishment of Kaliakoir High-tech Park in Gazipur district and Software Technology Park in Jessore is underway. For development of digital infrastructure regionally, land has been demarcated to establish Mohakhali IT Village in Dhaka, Chandradweep Cloudchar in Barisal, Electronic City in Sylhet and Barind Silicon City in Rajshahi. Simultaneously, activities for land selection are ongoing to establish high-tech and software technology parks in Khulna, Chittagong and Rangpur divisions. Besides, with a view to developing IT industry in all the districts, initiatives have been taken to establish IT villages in 12 districts in the first phase. You will be happy to know that we are installing video conferencing system in 800 government offices.

129. **Internet Services:** In order to provide internet services to the people, 11 thousand km of optical fiber cableline is being laid in 1 thousand 6 unions of all the districts. Apart from this, a project has been undertaken to establish broadband network to provide broadband internet services to the entire country. We will soon increase the bandwidth capacity from 200 Gbps to 1 thousand 300 hundred Gbps by connecting the country with the second submarine cable. Besides, we expect to establish 8 thousand 500 Post e-Centres by June 2017. You will be pleased to know that we have selected an orbital slot and signed a contract for launching the first ever satellite (Bangabandhu Satellite-1) of Bangladesh into space by 2016.

130. I propose to allocate Tk. 3 thousand 587 crore for the Information and Communication Technology Division and Post and Telecommunication Division.

(5) Agriculture and Rural Development

Madam Speaker

131. **Agricultural Development:** The country has achieved self-sufficiency in food due to agriculture-friendly policies of our government. We are exporting various agro-products after meeting our own demand. To sustain this achievement, we will continue with our existing policy strategies such as, provision of support for agriculture inputs, extension of agricultural land by removing water-logging and expanding irrigation facilities, distribution of agriculture input assistance cards, development of farmers' data-base, provision of rehabilitation assistance for farmers, provision of training, diversification of crops, facilitation of marketing for agro-products, encouragement for production and use of organic fertilizers and supply of seeds. The existing financial incentives in agricultural sector include: directive to disburse 60 percent of the total agriculture credit for crops, opening of bank accounts with only Tk. 10 for farmers in all state-

owned banks, introduction of re-financing scheme for share-croppers and provision of credit at rebated 4 percent interest rate for import-substitute crop cultivation. We need to bear in mind that advancement in agriculture depends on quality agricultural research.

132. **Agricultural Research:** Overall agricultural research initiatives including those for extending adaptation strategy and environment friendly agro-technology as well as inventing high-yielding variety of crops and salinity, waterlogging and drought-tolerant variety of rice will continue.

133. **Development of Fisheries and Livestock:** The activities we have planned for the development of fisheries sector include: registration and distribution of ID cards among fishermen, creation of sanctuaries, cooperative fish cultivation, and preservation of the *hilsha* fry during breeding season, environment- friendly shrimp cultivation and increasing export of fish and fish-products. In order to ensure the sustainable management of marine fish resources, we have undertaken a programme with technical assistance of the Malaysian government to identify fishing grounds with exploration ships, and determine species-specific reserve and maximum limit for sustainable fishing. The kind of development witnessed in fisheries is not taking place in livestock sector. Although good progress has been made in the field of poultry, progress in livestock is lackluster. Excepting artificial insemination, no effective initiative has taken place; even the food supply system in this sector is quite weak. Considering the nutritional demand of the people we need to attach special importance to the development of livestock sector, and for this purpose we will take up various projects on pilot basis. Initiatives such as production of vaccines for animals and birds, provision of medical treatment, species development through artificial insemination and provision of training for farmers will be strengthened. Bangladesh Bank will soon start a credit programme for development of livestock under which loan will be provided at 5 percent interest rate for purchasing and raising livestock. In order to achieve self-

sufficiency in this sector, an initiative will be taken to implement a 3-year integrated programme.

134. **Rural Development for Poverty Alleviation:** A bank named *Palli Sanchay* Bank (Rural Savings Bank) has been established for poor people to deposit their savings and carry out monetary transactions. Through this bank, 4 crore poor of 485 *upazilas* of 64 districts are receiving online banking services. ‘One House, One Farm’ project is being implemented to create small agro-farms in each homestead. To alleviate poverty of 10 lakh ultra-poor by March 2016, a project titled ‘Economic Empowerment of the Poorest in Bangladesh’ is being implemented. Initiatives have been taken to establish cooperative markets in all the *upazilas* of the country to serve the interests of the marginalized people. Integrated Rural Employment Assistance Project is being implemented for poor women. At the same time, initiatives are being taken to accelerate the activities of Grameen Bank.

135. **Rural Township:** Under the personal initiative of the Hon’ble prime Minister, the government has undertaken a project to build low-cost *Palli Janapod* (rural township) with modern urban facilities on 3.75 acres of land each in 7 areas of 7 divisions. Each township with 4-storied residential buildings having 272 flats in four categories will accommodate 272 families. These projects, I believe, will pioneer the development of rural housing in future. Instead of building new towns, we have taken up plans to increase civic amenities in rural areas. There is no alternative to this policy in a country so densely populated.

136. I propose to allocate Tk. 40 thousand and 975 crore for Agriculture and Rural Development Sector.

(6) Trade and Industrialization

Madam Speaker

137. **Expansion of Industrial Sector:** To ensure improved environment for industrialization, an array of activities such as

formulation of policies and laws, establishment and expansion of industrial estates and provision of training to small and cottage industry entrepreneurs are being implemented. Establishment of an industrial park at Munshigonj named Active Pharmaceutical Ingredients (API) is in progress, which when completed will create employment opportunities for 25 thousand people in 42 factories. Besides, *Benaroshi Palli* at Gongachora, special industrial zone at Kumarkhali and new industrial estates in Gopalganj, Comilla, Mirsarai, Sirajgonj, Sreemongol, Bhairab, Pabna and Borguna are being established. Side by side, construction of a fertilizer factory with a production capacity of 5.8 lakh MT at Fenchugonj and establishment of a training academy in Dhaka for the development of plastic industry are underway. A Memorandum of Understanding has been signed with a Chinese investment company to establish a garments industry park at Munshigonj. This industrial park will accommodate 500 garments factories and create employment opportunities for 3 lakh workers. Our medium term plan for the development of industry sector includes: updating the industrial policy, establishment of ship breaking yard at Pathargatha and Rangabali upazila, establishment of an industrial park by re-structuring seven nationalized enterprises and, expansion of BSTI activities to district level, introduction of one stop service, accreditation of laboratories, etc.

138. **Development of Small and Medium Enterprises:** Bangladesh Bank provides re-financing facility for SME credit under two re-financing funds created with the assistance of the government and various development partners. The same facility has also been extended to the agro- processing industry. I call upon all local and foreign banks to play a more active role in invigorating the SME sector.

139. **Expansion of Tourism Industry:** The year 2016 has been declared as 'Tourism Year' to revitalize the tourism sector. Although local tourists will play the key role in observing this year, initiatives will be taken to gradually increase the number of international tourists

to around 10 lakh and income from this sector to US\$200 million by 2018 through improving the facilities at different places of tourist interest.

140. **Restoring the Glory of Jute Industry:** In order to make the Jute Mill Corporation self-reliant, a Memorandum of Understanding has been signed with the Government of China and a road map prepared for B.M.R.E (Balancing, Modernization, Rehabilitation and Expansion) of the jute mills under the Corporation. Special attention should be given to the production of new products in jute industry.

141. **Expansion of Trade:** A range of steps have been taken up for trade expansion as well as export diversification. The schedule of commitments of the member states has been finalized to open up the service sector under the SAARC Agreement on Trade in Services (SATIS). With the implementation of the agreement, service sector will witness new investments and trade will increase. On the other hand, Bangladesh has sent an offer list of 476 products under TPS-OIC comprising the OIC countries. Once the agreement is implemented, Bangladesh will be able to boost its export to other countries by taking advantage of relaxed rules of origin as a least developed country.

142. The fourth round tariff negotiation under the Asia Pacific Trade Agreement (APTA) has been finalized, on the implementation of which our export to the member states will increase. On the other hand, we are continuing our efforts to safeguard our trade interest in D-8 group. Besides, we are examining the feasibility of signing free or preferential trade agreements with Malaysia, Sri Lanka, China, Turkey and Macedonia.

143. **Border Haat:** Three border *haats* have already been made functional along the India-Bangladesh border in Meghalaya while work for the setting up of 3 more *haats* along the border in Tripura is in the final stage. Besides, we have agreed to open 4 more *haats* along the border.

(7) Regional and Sub-Regional Cooperation

Madam Speaker

144. We are working persistently to make our presence and activities discernible to the outside world. Some of our recent notable diplomatic successes are: the passage of Land Boundary Agreement between India and Bangladesh in the Indian parliament and the establishment of the BIMSTEC permanent secretariat and the South Asian Regional Standards Organisation headquarters (SARSO) in Dhaka. Especially, in continuation of the Indira-Mujib Treaty signed in 1974, the passage of the Land Boundary Agreement will help resolve long pending problems of the people living in enclaves. These people are finally going to have the taste of freedom and be included in the mainstream of development in Bangladesh. From now on, different ministries/divisions will be able to bring the enclaves within the ambit of their development programmes. In order to expedite this process, I propose to allocate an additional amount of Tk. 200 crore for this purpose in this fiscal year.

145. We will continue our efforts to establish close ties with international forums such as SAARC, BIMSTEC, D-8, OIC and NAM in order to strengthen regional and sub-regional relationship with neighbouring and other countries and also to project Bangladesh as a promising and responsible state in international arena by taking part in the UN and other forums and making constructive contributions. The government is making all out efforts to ensure appropriate water sharing and management of the 54 common rivers flowing through India and Bangladesh. Moreover, the farsighted decision to join the Asian Infrastructure Investment Bank (AIIB) as a founding member would help Bangladesh in mobilizing required resources for infrastructure development in near future. In addition, an ADB assisted project for expanding trade and connectivity between Bangladesh, Bhutan, Nepal and the north-eastern region of India is playing a vital role in enhancing sub-regional cooperation.

(8) Climate Change and Environment

Madam Speaker

146. **Afforestation and Preservation of Bio-diversity:** We put emphasis on afforestation and preservation of bio-diversity to mitigate the adverse impact of climate change and create a livable environment. Thirty four forests have been declared as reserve forests to preserve bio-diversity. To protect ecological balance, we have taken up plans to carry out extensive afforestation in degraded forests, marginal and private land. Along with this, the concept of social afforestation is being used as a tool to protect biodiversity and reduce poverty.

147. **Eco-tourism:** We have taken a number of steps to expand eco-tourism industry. We have already opened Bangabandhu Sheikh Mujib Safari Park with international standard facilities at Gazipur and Sheikh Russel Aviary and Eco Park in Chittagong. A site has been chosen to establish an eco-park in Sylhet which will soon be opened. The Sundarban Tourism Policy has been approved.

148. **Encouraging Environment-friendly Activities:** Bangladesh Bank has created a refinancing scheme to finance environment friendly products and sectors like solar energy, biogas plant, affluent treatment plant, etc. Initiatives have been taken to shift tanneries located at Hazaribag in the capital and other places of the country to an environment friendly place in Savar to reduce environmental pollution. This shift will be completed within the next fiscal year. In order to reduce health hazards of mother and child and to save energy, around 20 lakh smoke-free improved stoves have been installed in households across the country. There is a plan to install around 3 crore environment friendly stoves by 2030.

149. **Jute Products for Environmental Protection:** In order to protect erosion of river banks, roads and highways, a field trial of environment friendly jute geo-textile in Bangladesh and India has been

completed following its invention. I hope that from next fiscal year the Water Development Board, Roads and Highways department, LGED and other departments will use this product extensively which will help protect environmental damage and at the same time, rejuvenate jute industry.

150. **Combating Disaster:** A project has been taken up to construct 200 multipurpose cyclone shelters in 78 *upazilas* of 14 coastal districts with a view to strengthening disaster response capacity. Along with the construction of physical infrastructure, we have taken initiatives to create an efficient disaster response system and trained volunteer team for combating disaster.

(9) Housing and Planned Urbanisation

Madam Speaker

151. **Integrated Development Plan for Urbanisation:** Ensuring housing for all along with planned urbanisation is one of the main pledges of our government. Detailed Area Plans for Dhaka and Khulna metropolis, and structural plans for Sylhet and Barisal divisions, expansion of Khulna metropolis to Mongla, and Chittagong metropolis have been formulated. An integrated plan has also been formulated for development of tourism in Cox's Bazar, Teknaf, Saint Martin and Moheshkhali. Moreover, formulation of Detailed Area Plan for Madaripur and Rajoir upazila and an action area plan for Benapole-Jessore highway corridor is in progress. We have taken an initiative to formulate DAP (2016-35) for Dhaka metropolis after reviewing the existing Detailed Area Plan to make it more realistic and time befitting.

152. **Beautification of Dhaka City:** After implementing the visually pleasant Hatirjheel project, we have taken up projects to beautify Gulshan-Banani-Baridhara and Uttara lakes and develop them as amusement areas.

153. **Extension of Housing Facilities:** Construction of around 43 thousand apartments in Dhaka and other divisional cities, districts and *upazila* is in progress. We are also constructing 448 apartments for the employees of the Bangladesh Parliament Secretariat at Sher-e-Bangla Nagar, 10-storied residential buildings for government employees in abandoned properties at Segunbagicha and Mohammadpur and a 20-storied residential building for the honourable Judges of the Supreme Court. Moreover, 38 thousand 244 plots will be developed and 70 thousand 377 apartments will be constructed across the country under various projects. In addition, we have plans to build apartments for officers/judges in government residential colonies at Azimpur and Motijheel and 28 apartments for the honourable ministers at Bailey Road in Dhaka.

154. **House Building Loans:** We have taken up several programmes to establish housing funds to provide loans to rural poor and to construct hostels/dormitories for the workers. In order to provide housing for female workers in Ashulia, a women hostel with a capacity of 744 seats is under construction. A MoU has been signed to construct hostels/dormitories from housing fund for the workers employed by the BGMEA member factories.

155. An initiative is being taken to construct a convention city under PPP about 25 miles away from Dhaka metropolis. This city will be connected with the international airport via express highway or sky train. The major features of the city will include a convention and exhibition centre, food court, at least two five-star hotels and a mega shopping mall. The project will begin from the next fiscal year and be completed within two years' time.

(10) Information, Culture, Religious Affairs and Sports

Madam Speaker

156. **Right to Information:** We have established the Information Commission to protect citizen's right to information. During the last

five years, licenses have been granted to launch 28 FM radio stations, 32 community radio stations and 41 satellite television stations in the private sector. We have a plan to open 7 new press wings in Bangladesh missions abroad. Besides, a number of projects will be undertaken to modernize and expand BFDC, construct Information Bhaban, and 5 full-fledged TV centres for Bangladesh Television. Moreover, steps will be taken to modernize district information offices and construct district information complexes to disseminate information on development activities.

157. **Religious Affairs:** We are offering training to *imams, sebayaits, purohits and bhikkhus* in order to increase awareness against fanaticism, terrorism, social decadence and other bad practices in the society. Side by side, we are providing financial assistance to the religious institutions for their development.

158. **Culture:** Various initiatives undertaken by the government in order to preserve Bengali culture and to foster fine arts are going on. Steps have been taken to collect essays on the life and works of famous litterateurs and cultural activists, writings on the history of Bengali language and the Bengalese and to organize literary conferences at regional and national levels. Moreover, various development programmes have been undertaken to modernize Bangla Academy, Bangladesh National Museum, and National Art Gallery.

159. **Youth and Sports:** Various trainings programmes on skill development for unemployed youths are being implemented. Steps have also been taken up to provide concessional loans to them. Moreover, initiatives have been taken to revive traditional sports that are almost on the verge of extinction.

160. Our national cricket team has been showing the mark of their immense power and ability in the arena of international cricket. They reached the quarterfinals of the last ICC Cricket World Cup. In continuation of that feat, they recently won the ODI series against Pakistan. It is, indeed, a milestone in the development of Bangladesh

Cricket. I would like to take this opportunity to congratulate the indomitable and self-confident players and all other members of the cricket team.

161. Football is the most popular sport in Bangladesh which is played throughout the country. The Bangladesh Football Federation has taken up special initiatives for its development. I call upon all of you to make this initiative a success and propose to set aside a lump sum allocation of Tk. 15 crore for this purpose.

(11) Public Order and Security

162. In order to ensure public safety and conducive environment for economic activities, we have taken various steps which include: creation of Industrial Police, Tourist Police, Security and Protection Battalion, and Police Bureau of Counter Terrorism to combat terrorism. In particular, 31 thousand 241 posts have been created to strengthen the Police Force and another 50,000 posts are underway to be created. We have also created and upgraded a number of posts in the police department and extended data facilities to the BGB battalions stationed in inaccessible hilly areas. Besides, we have undertaken projects to construct fire stations in 156 *upazilas* having no fire station. Construction of Central Jail at Keranigonj in Dhaka is underway. In addition, a full-fledged jail training academy will be set up in Rajshahi and a jail training institute in Dhaka to ensure necessary training for prison officials and employees including prison sentries.

163. In order to enhance their capacity and effectiveness, we have taken extensive measures to provide improved training and other facilities as well as procure modern arms and ammunitions and hi-tech military weapons for the Army, Navy, Air Force and BGB. A draft 'National Defense Policy' has already been formulated which will be finalized soon. Due to our success in modernizing the armed forces, Bangladesh now tops the list of countries sending troops to the United Nation's peace keeping missions.

Chapter VIII

Reforms and Good Governance

Madam Speaker

164. In the course of time, changes take place both in production technology and demand for goods and services. Hence, development of physical infrastructure along with reform of existing rules and regulations and institutional framework becomes necessary for economic development. On the other hand, continuous reform is essential for establishing good governance. Keeping this in mind, we are implementing a wide range of reform programmes in various sectors in continuation of our previous programmes. A number of new reform initiatives have also been undertaken during this tenure. I would now briefly present these reform initiatives before you for the benefit of our citizen.

165. **Public Expenditure Management:** We have always placed emphasis on enhancing efficiency of public expenditure management. For this purpose, various ministries/divisions have prepared budget implementation plans and procurement plans under the medium term budgetary framework (MTBF). Besides, in order to bring their achievements of financial and non-financial targets to the notice of the stakeholders, we have taken initiatives to prepare Annual Performance Reports of selected ministries/divisions.

166. Now, the big challenge before us is to revise the budget classification structure and to successfully implement it. You will be happy to learn that we have already revised the existing classification framework to make it consistent with international standard and practices. This new classification framework, once implemented, will make public expenditure management more disciplined and transparent. At the same time, acceptability of our data and information to the international community will be increased.

167. **Reforms in Project Preparation, Monitoring and Evaluation:** Allocation of budgetary resources alone cannot ensure development. Efficient and effective implementation of budget is equally important. In addition, an effective monitoring and evaluation system is needed for making the result of such expenditure transparent. To this end, we have taken necessary steps to amend the policy on project preparation, processing, approval and revision. Side by side, the condition for conducting feasibility study has been made mandatory before the approval of any project costing more than Tk. 25 crore. In addition, enhancement of both institutional capacity of the Implementation, Monitoring and Evaluation Division and accountability of administrative ministries/divisions is under our active consideration.

168. We have put in place wireless LAN along with Format-Update-Monitoring-Database software to make the monitoring and evaluation system of development projects more dynamic. By logging into this database, the project directors and relevant ministry officials will be able to enter data, and monitoring officials will be able to monitor project progress instantly from their respective locations. The monitoring of financial and non-financial progress of projects and their post-implementation evaluation, as a result, will be easier.

169. **Online Public Procurement:** e-GP (Electronic Government Procurement) system has been introduced to make the tendering process more transparent, accountable and competitive. This automation has made completion of tender/proposal evaluation and contract management, e-payment and related activities possible within a short period and in a coordinated manner. Moreover, more individuals/firms now can participate in tender submission processes in a hassle-free environment and without fear.

170. **Improvement of Statistics and Informatics:** Accuracy and reliability of statistical information is essential for formulating effective development plan and its implementation and evaluation. We have taken

up effective measures for collecting data following a modern methodology and record, analyze and publish those data by using improved information technology.

171. We have completed rebasing the following macroeconomic indicators: 1) Consumer Price Index (CPI), 2) Industrial Production Index, 3) GDP, and 4) Wage Rate Index. Alongside, with the support of Food and Agriculture Organization (FAO), we have taken up steps to verify agricultural statistics in order to align them with international standards. As a result, these statistics will be more widely accepted and reliable for public policy making.

172. ‘Poverty Maps’ of Bangladesh have been updated with the financial and technical assistance of the World Bank and World Food Program (WFP), to provide assistance to the poor. A Poverty Database has also been developed. This database will help make the social safety net programmes more target oriented.

173. **Financial Sector Reforms:** In order to improve repayment behavior of the borrowers, those who repay loans on regular basis are being given 10 percent rebate on accrued interest/profit. We have amended the ‘Loan Re-scheduling Policy’ incorporating a provision that delinquent borrowers will not be able to avail restructuring facility. Banks have initiated precautionary self-assessment measures to prevent instances of fraud and irregularities. To this end, a corporate database has been developed. A software has been installed to monitor large loans which will provide bank-wise lending information. Alongside, annual performance agreements have been signed with the state owned scheduled and the specialized banks to ensure their result-oriented performance. Hopefully, it will enable these banks to meet people’s expectations. With a view to spreading economic activities throughout the country, a decision has been taken to the effect that bank branches located in the country side will invest a substantial amount of their deposits in local activities.

174. In order to encourage saving behaviour in rural areas, Palli Sanchay Bank Act, 2014 and Rajshahi Krishi Unyan Bank Act, 2014 have been formulated. In 2014, scheduled banks were permitted to open 345 new branches to take banking services to the doorsteps of the people.

175. With a view to ensuring transparency and stability in the capital market, we have separated the trading rights from ownership and management in Dhaka and Chittagong Stock Exchanges under the Exchange Demutualization Act-2013. The Bangladesh Securities and Exchange Commission has recently earned 'A' category full membership of the International Organization of Securities Commissions.

176. Insurance sector was almost in disarray in the past. This is why the sector is quite vulnerable and there is laxity in the observance of rules and regulations. The Insurance Development and Regulatory Authority established in the previous term of this government has for the first time formulated the 'National Insurance Policy-2014' to bring discipline and develop professionalism in the insurance sector. This policy has identified fifty time-bound strategies and their implementation is underway. Formulation of Insurance Corporation Act is under process. In addition, a number of new schemes including social security insurance have been introduced in state-owned insurance companies.

177. Cheque clearing time has been substantially reduced due to installation of Automated Clearing House and Bangladesh Electronic Fund Transfer Network. The 'National Payment Switch' has been installed to provide IT-based banking services to the people. Implementation of 'Lender of Last Resort (LOLR) Framework' and 'Contingency Planning and Bank Intervention/Resolution Framework' is underway which will help stabilize the financial sector.

178. **Business Environment:** We have taken initiatives to reform the Alternative Dispute Resolution Rules, Income Tax and Customs laws and Code of Civil Procedure to simplify the regulatory framework related to trade and commerce. The process of automation in judiciary and import and export is underway to make the service delivery procedure more dynamic.

179. **Land Management, Survey and Record Keeping:** As part of modernizing the land management system, a report has been prepared with digital land zoning maps covering two district towns of plain land and 152 *upazilas* of coastal area under Coastal Land Zoning Project. Formulation of land zoning reports for another 40 districts is underway. I mentioned in my previous budget speech about the introduction of 'Land Ownership Certificate' in place of conventional *khatian*. To this end, digital survey in 3 *mouzas* of Jamalpur Sadar upazila has been completed under a pilot project. The survey is going on at Amtoli upazila in Barguna and Mohanpur upazila in Rajshahi. Besides, with a view to preparing digital land sketch plan and *khatian*, digital survey of 5 *mouzas* of Savar has been completed under a pilot programme. Similar surveys are being conducted at 48 *mouzas* of Palash upazila in Narsingdi. A special initiative will be undertaken this year under PPP to expedite issuance of land ownership certificate.

180. Presently, establishment of 20 land information service centres in 20 *upazilas* is underway. In addition, we have prepared a draft on 'Agricultural Land Protection and Land Use Act to ensure planned and appropriate use of land which will be finalized soon. We aim to develop physical infrastructure of all union land offices by 2019 and to digitize land related services in all upazila land offices by 2020.

181. **Public Administration:** Steps have been taken to induce dynamism in public service delivery by introducing e-filing system and e-service delivery at district level. Wide use of information technology at the field administration is facilitating development of an efficient,

service oriented and accountable public administration. Formulation of 'National Training Policy' to increase the capacity of public administration is awaiting finalization. As in many countries in the world, result-based performance system has been introduced in Bangladesh to ensure better public service delivery through enhancement of efficiency and accountability of government employees. As part of this initiative, Senior Secretaries/Secretaries of 48 ministries/divisions have signed 'Annual Performance Agreement' with the Cabinet Secretary.

182. A Grievance Redress System (GRS) has been introduced with a view to ensuring transparency and accountability in public administration. Above all, a technical assistance project titled 'National Integrity Strategy Support Project (NISSP)' has been undertaken to implement National Integrity Strategy in government and non-government institutions.

183. We attached special importance to public administration reform in our election manifesto of 2009. But, progress in this regard has been insignificant. However, a praiseworthy initiative was taken to re-organize different cadres and create at least one Grade-1 post in all the cadres. We need a well-organized public administration in order to infuse dynamism in the massive development activities of the government. I want to draw the attention of this august House in this respect.

184. **New Pay Scale for Government Employees:** We formed the Pay and Services Commission, 2013 to revise pay and allowances of public employees of the Republic. I would like to announce in this august House that the new pay scale will be implemented from 1 July, 2015. The new pay scale will be implemented in phases. Hopefully, this pay scale will ease the lives of government employees in bearing the cost of living. As a result, increased money supply will boost aggregate demand which in turn will contribute to overall economic growth.

185. **Shammridhi Shopan Bank:** Besides pay and allowances, for the welfare of government employees, we may take an initiative to establish a commercial and development bank titled 'Shammridhi Shopan Bank' as recommended by the Pay and Services Commission. Initially, this bank is expected to commence its operation with an initial paid-up capital of Tk.400 crore. This paid-up capital will be collected by selling primary shares to existing and retired employees. The matter, however, requires further consideration. Substantial expansion has already taken place in the banking sector. Now we need to determine appropriate policies regarding deposit collection and the growth path. We are planning to establish a banking commission to review and recommend measures on banking policies and overall banking activities.

186. **Pension Fund:** At present, more than 5 lakh retired government employees are enjoying pension benefits. There is no designated fund or authority to administer pension related activities of this huge number of pensioners, which may create imbalance in public expenditure management in future. Therefore, we have decided to establish a 'Pension Fund Management Authority' to manage government employees' pension. Initially, we will allocate a certain amount of fund for the authority. Along with making pension payments from this fund, investment will be made in different portfolios to implement welfare programmes for the pensioners.

187. **Rule of Law:** We are putting emphasis on popularizing the alternative dispute resolution system which is expected to reduce the number of litigations in the courts of law. Side by side, we attached enough importance to maintenance and construction of physical infrastructure for different courts/tribunals. Digital display boards have been set up in 13 district courts to enable mass people to view the daily cause lists. Trial of 18 war crime cases has already been completed. The sensational BDR mutiny case has also been disposed of. Considerable progress has been made in the trial of the killing of four national

leaders, and Chittagong 10 trucks arms cases. Judicial proceedings on other important cases including 'August 21 Grenade Attack' are in progress.

188. **Strengthening Local Government System:** In the previous year's budget speech, I put emphasis on strengthening local government system by decentralizing some of the central government businesses, segregation of duties among local government institutions, establishment of suitable administrative system and equitable distribution of revenue between central and local government institutions. I mentioned that the issues should be discussed widely both inside and outside the parliament. My personal opinion is that these issues should be immediately resolved to ensure people's welfare in true sense. To this end, a strategy paper should be prepared by the Finance Division and Local Government Division jointly to address the issues of revenue distribution formula, procedure of decentralization of power to the local government institutions and areas of administrative reforms.

189. Devolution of state power is essential for making local government institutions effective. For this, however, the capacity of local government institutions needs to be increased. At the same time, election of *zila* parishad should be held. We consider the existing three layers in local government structure at *zila*, *upazila* and union levels appropriate. However, planning and budgeting authority should only be devolved to *zila* parishad. Within the scope of district budget and under the directives from the district level, *upazila* and union parishad will undertake different activities. I propose to allocate a lump sum amount in this budget for each district in order to enable the local government institutions to undertake planning and budgeting initiatives. A directive/guideline on how to utilize this allocation will be formulated within a short while.

Chapter IX

Reforms in Revenue Administration and New Proposals

Madam Speaker

190. I have been reiterating for the last six years that our objective is to expand the size and dimension of the national budget by enhancing national revenue. A budget amounting to Tk. 3 lakh crore in a country of 160 million people is not adequate at all. Although we fell short of achieving cent percent of our target, we could at least achieve an average of 95 percent of the revenue target in each of the last six years. This year also we have set a revenue collection target which may seem to be ambitious to many. I would like to take the opportunity of dwelling briefly on the achievements of FY2014-15 in terms of revenue collection before placing the proposals to meet such expenditure in FY2015-16. In the last fiscal year the revenue collection target was Tk. 1 lakh 82 thousand 954 crore. Later the revenue collection target was revised which now stands at Tk. 1 lakh 63 thousand 371 crore that is 10.7 percent less than the target previously estimated and higher by a margin of 9.08 percent over the previous year's revised estimate.

191. In the upcoming budget the revenue collection target is Tk. 2 lakh 8 thousand 770 crore in which the share of the National Board of Revenue is Tk. 1 lakh 76 thousand 370 crore. This revenue will be collected from four sources namely Income Tax, Value Added Tax (VAT), Supplementary Duty and Import Duty (Customs). The revenue collection target is indeed ambitious since it is 30.62 percent higher than that of the current financial year(2014-15). A vast expansion in human resources and offices of the NBR has taken place and a growth of 20 percent in revenue collection has been achieved in one of the previous years. This time their challenge is to achieve a growth of 30

percent of revenue collection. The Income Tax Department will spread their activities through 85 *upazilas*. I believe the efficiency of NBR has improved significantly.

192. In recent years much simplification and rationalisation has been brought about in the process of taxation system. Complication in tax calculation has been reduced and above all, an attempt of attracting more taxpayers to the tax net has been made. Automation in tax collection mechanism has set in. Compliance with the standards and systems introduced by WCO has increased. The practice of honouring the taxpayers and recognising their contributions has got institutional shape in NBR. There has been significant progress in the administrative reform in various ways. The importance of taxpayer service has always received top priority. Effective efforts have been made to reduce harassment and complication in tax payment system. At the same time, the provisions of laws and rules have been amended to make them simple and free from ambiguity. All efforts have been made to build up an effective rapport between the taxpayer and the tax collector. I believe that the tax collectors have now started to consider themselves as service providers. Moreover, information technology is now being widely used in taxation. All these combined together have significantly diminished the discretionary power of the officials.

193. The target set for collection of income and corporate tax in FY 2015-16 is Tk. 65 thousand 932 crore. An estimated amount of Tk. 44 thousand 159.24 crore is expected to be collected from the head of Value Added Tax (VAT) at the local level while Tk. 19 thousand 742.76 crore is to be collected under the head of domestic Supplementary Duty. The collection targets from Customs duty on Import and Export goods have been set at Tk. 18 thousand 875.05 crore while from VAT Tk. 21 thousand 518.20 crore. The remaining amount of Tk. 6 thousand 142.75 crore will be generated from Supplementary

Duty.

194. In the case of legislative reforms, new Value Added Tax and Supplementary Duty Act, 2012 has been enacted which will be effective from July 2016. A draft Direct Tax Code has been posted on the website and steps will be taken to get it passed by the Parliament by next year. In principle, there are plans for a comprehensive/maximum reduction in the rate of Import and Supplementary Duty in the budget for 2016-17 financial year which will eventually shift the burden of revenue collection to Individual and Corporate Tax along with Value Added Tax (VAT). Customs Duty once used to be the largest source of revenue which now contributes the least due to trade liberalization. The contribution of Individual and Corporate Tax has increased significantly during the last 40 years. Value Added Tax (VAT) has registered significant growth in the early 90s although it has slowed down recently.

195. Now, I will give a brief account of proposals for four kinds of Taxes(**detailed in Annex B: Tables 14, 15, 16, 17 &18**). There will be minimum change in Individual and Corporate Tax in the upcoming budget. We will have a new scheme for Wealth Tax next year. The most affluent section of the country comprises industrialists, large businessmen, owners and directors of mobile, tobacco and banking sectors. It is evident that the tobacco and cigarette industries pay the least tax while they cause more injuries to public health. Mobile business, a product of advanced technology, yields remarkable profit. Our Garments Industry has also produced significantly rich business class. In Bangladesh only around 1.2 million individual and companies/organizations currently pay Income Tax. Recently, the NBR was able to identify a number of wealthy individuals/organizations after conducting survey in several locations. Individual or corporate tax will be imposed on them from this year. Surveys like this will continue in

an attempt to increase the number of taxpayers. Our target is to raise the number of active taxpayers to 30 lakh (3 million) by the end of the tenure of this government, i.e. 2018-19. Presently, Tax Deduction at Source (TDS) has the largest contribution to the collection of Income Tax. Plans are on to set up a separate Taxes Zone for monitoring collection of Tax Deduction at Source (TDS).

Direct Tax: Income Tax

Madam Speaker

196. Effective initiatives have been taken to make direct tax as the principal source of revenue with a view to ensuring socio-economic development and a society based on equity and justice through removing social disparity. Such initiatives are expected to bring about a principle of equity in overall economic landscape. Implementation of international best practices of tax law through expansion of tax base is the major underpinning of the principle of equity. We, therefore plan to set up tax offices at the *upazila* having no tax office. In Financial Year 2014-2015 the provisional collection from direct tax would be Tk. 50 thousand 450 crore which is 36.58 percent of total collection of NBR. This rate has to be increased significantly considering the future of duty-free import. In this year's budget, along with enhancing investment and employment opportunities multifarious initiatives have been taken to widen tax net. In order to accelerate the pace of socio-economic development as well as to induce more dynamism in tax administration, I would like to place some important proposals before this august House.

197. **Tax Rate:** Considering prevailing inflation, increased cost of living and to reduce tax burden for marginal taxpayers I propose to raise tax-exemption threshold for individual taxpayers from Tk. 2 lakh 20 thousand to Tk. 2 lakh 50 thousand. To empower women and

integrate them more in the economic activities and to reduce tax burden for senior citizens, I would propose to increase tax exemption threshold for women and senior citizens, aging over 65 years from Tk. 2 lakh 75 thousand to Tk. 3 lakh. In view of the responsibility of both the society and the state for physically challenged people I propose to increase tax exemption threshold for them from Tk. 3 lakh 50 thousand to Tk. 3 lakh 75 thousand. I would also propose to increase tax exemption threshold for gazetted war-wounded freedom fighters from Tk. 4 lakh to Tk. 4 lakh 25 thousand. I am providing all tax rates below **(Annex B: Table 14)**:

Table -14: Threshold of Taxable Income, Existing and Proposed Tax Rates for Non-Corporate Tax Payers

(a) Threshold of Taxable Income of Individual Tax Payers:		
Status	Threshold of Taxable Income	
	Existing	Proposed
General Taxpayers	2 lakh 20 thousand	2 lakh 50 thousand
Women and senior citizen aging 65 years and above	2 lakh 75 thousand	3 lakh
Physically challenged	3 lakh 50 thousand	3 lakh 75 thousand
War-wounded gazette freedom fighters	4 lakh	4 lakh 25 thousand
(b) Individual Tax Rate:		
Total Income		Tax rate
Existing	Proposed	
On first, Tk. 2 lakh 20 thousand of total income	On first, Tk. 2 lakh 50 thousand of total income	Nil
On next, Tk. 3 lakh of total income	On next, Tk. 4 lakh of total income	10 percent
On next, Tk. 4 lakh of total income	On next, Tk. 5 lakh of total income	15 percent
On next, Tk. 5 lakh of total income	On next, Tk. 6 lakh of total income	20 percent
On next, Tk. 30 lakh of total income	On next, Tk. 30 lakh of total income	25 percent
On the balance of total income	On the balance of total income	30 percent
(c) Tax Rate for Cigarette Manufacturers other than Companies:		
Cigarette Manufacturers	Nil- 30 percent	45 percent
(d) Tax Rate for Co-operative Society:		
Income of Co-operative Society.	nil	15 percent

198. **Minimum Tax:** Taxpayers other than companies from City

Corporation, Pourashava located at district headquarters and other areas are to pay Tk. 3 thousand, 2 thousand, and 1 thousand, respectively as minimum tax as per the existing law. Direct tax is universal in nature and as such uniform rate should be applicable regardless of geographical locations in Bangladesh. Hence, I propose uniform amount of minimum Tax at Tk. 4 Thousand instead of diverse rates based on locations.

199. **Surcharge:** Considering prevailing inflation, tax exemption threshold for individual taxpayers has been increased compared to previous year to reduce tax burden for marginal taxpayers. **Tables 14 and 15 of Annex B** contain the existing rates and proposed rates for taxpayers. There are different opinions regarding existing provision of surcharge and its computation and collection procedure. Surcharge by its very nature to some extent twists the rational and ethical scheme of taxation. Imposition and collection of surcharge is, however, simple. I propose to keep existing provision of surcharge for an interim period. In order to reduce burden of taxpayers, I propose to increase minimum net wealth exemption limit from Tk. 2 crore (at cost price) to Tk. 2 crore and 25 lakh. I propose to impose minimum surcharge of Tk. 3 Thousand for the taxpayers whose net wealth exceeds the said minimum net wealth limit.

200. **Tax Rate on Cigarette Business:** It is well-known and universally acknowledged that cigarette is injurious both to health and environment. In order to avert harmful consequence of cigarette as well as to increase revenue, I propose uniform tax rate of 45% for all cigarette manufacturing entities viz. private limited, public limited or publicly traded company and for taxpayers including individual and partnership firm etc.

201. **Tax Rate on Co-operative Society:** There is no identical tax rate in the existing provision for co-operative society. Co-operative movement in our country is persistently making significant

contributions to poverty alleviation and upliftment of marginalized section of population. To encourage co-operative movement, I propose a separate and reduced tax rate of 15% for co-operative society other than its income related to agriculture and cottage industry.

202. Taxes on Poultry, Poultry Feed, Cattle Farm, Shrimp, and Fish Hatchery etc.: As per existing provision, income from poultry industry will enjoy tax exemption facility up to 30 June, 2015. Another provision allowing reduced tax rate of 3 percent on income deriving from poultry feed, dairy, horticulture, pisciculture, apiculture etc. is due to expire on 30 June, 2015. Fish is an essential source of our daily-protein-need. Income on fishery has mostly been subjected to tax exemption or reduced rate in different periods in the past. Considering misuse of this provision of reduced rate or tax exemption, we have already withdrawn this benefit last year. Hatchery is an essential component of fishery and huge investment and infrastructure is necessary for this purpose. Considering these issues, I propose to reduce rate of tax for shrimp, poultry and fish hatchery including above mentioned sectors.

203. Foreigners in trade and commerce: Despite the existence of large unemployment amongst our eligible workforce, huge numbers of foreign nationals are being employed in our country most of whom are not in tax net. We have already started registering foreign nationals working in our country and they will be brought under tax net soon. I propose to impose 50 percent additional tax or Tk. 5 lakh (whichever is higher) for the persons employing unauthorized foreign nationals. I also propose cancellation of tax holiday and other tax exemptions facilities along with prosecution and punishment for these unscrupulous entities engaged in such unlawful acts.

204. I propose corporate tax rates in the following table (**Annex B: Table 15**) with the highest tax rate of 45 percent.

Table 15: Corporate Tax Rates

(a) Company Tax Rate:		
Status	Existing	Proposed
Publicly Traded Company	27.5 percent	25 percent
Non-Publicly Traded Company	35 percent	35 percent
Publicly Traded-Bank, Insurance and Financial Institution(other than Merchant Bank):	42.5 percent	40 percent
Non-Publicly Traded.-Bank, Insurance and Financial Institution	42.5 percent	42.5 percent
Merchant Bank	37.5 percent	37.5 percent
Cigarette Manufacturer:		
Publicly Traded Company-	40 percent	45 percent
Non-Publicly Traded Company-	45 percent	45 percent
Mobile Phone:		
Publicly Traded Company	40 percent	40 percent
Non-Publicly Traded Company	45 percent	45 percent
Dividend Income	20 percent	20 percent
Minimum Turnover Tax	0.30 percent	0.30 percent (0.10 percent in first 3 assessment years of commencement of commercial production)
(b) Tax Rate on Income from Poultry Dairy & Hatchery:		
Status	Existing	Proposed
Income from poultry industry	Nil	<ul style="list-style-type: none"> • On first, Tk. 10 lakh - 3 percent. • On next Tk. 20 lakh - 10 percent. • On the balance - 15 percent.
Poultry feed, dairy, mulberry, apiculture, horticulture, pisciculture etc.	3 percent	<ul style="list-style-type: none"> • On first, Tk. 10 lakh - 3 percent. • On next Tk. 20 lakh - 10 percent. • On the balance - 15 percent.
Shrimp/poultry/fish hatchery	General tax rate	<ul style="list-style-type: none"> • On first, Tk. 10 lakh - 3 percent. • On next Tk. 20 lakh - 10 percent. • On the balance - 15 percent.

Madam Speaker

205. Considering special circumstances before presenting the Finance Bill last year, the tax rates on export proceeds of readymade garments and all other export items was reduced to 0.30 percent and 0.60 percent respectively. Our textile and garments industry including other export items are enjoying various incentives. The aforementioned tax benefits were allowed for just one year. I therefore propose to withdraw the existing facilities and as such impose one percent tax on

all export items including garments, terry towel, carton and accessories, jute and jute goods, frozen foods. I would also propose to consider this tax deduction at source (TDS) as final tax liability for all export sectors.

206. We all the time talk about the collapse of capital market. Capital market now stands on strong foothold out of continuous efforts in last 4 years. We would like to attract more companies to further expand the capital market. I propose to decrease tax rate from 42.5 percent to 40 percent for publicly traded bank, insurance and financial institutions. I propose to decrease tax rate from 27.5 percent to 25 percent for publicly traded companies. As per existing provision the threshold of tax exemption of dividend income received from any company is Tk. 20 thousand. I propose to fix the threshold of tax exemption of dividend income distributed only by listed companies to Tk. 25 thousand. I also propose to withdraw the existing provision of 10 percent deduction at source on income from share market by any company or partnership firm.

207. **Incentive for new industrial undertaking:** Numerous steps have been taken to foster new industrial venture to fulfill the electoral pledge of the present Government in respect of enhancing investment and increasing employment opportunities. Special incentives packages are on the card to encourage investment in developing Bangladesh Economic Zone and Hi-Tech Park along with investment in these areas. In consideration of increasing demand for vehicles and to ensure supply using domestic workforce along with reducing foreign currency expenditure, I propose tax holiday for automobile manufacturing sector as heavy industry.

208. Huge foreign currency is being spent every year to import tyre. Considering increasing demand, industrialization and import expenditure along with creating employment opportunity for our skilled work force, I propose tax holiday for tyre manufacturing industry.

209. **Ensuring parity of Tax on Salary Income:** As per existing

provision, all allowances excluding basic salary of Government employees are tax free which is discriminatory. As first step to remove such discrimination, I propose similar tax treatment on basic salary, bonus and festival allowance for both government and non-government salaried employees. It is worth mentioning here that salary of Government employees will increase soon.

210. **Incentive for Wage Earners:** Wage earners are making persistent contribution to our development endeavors. In recognition of their contribution as well as to encourage remitting foreign currency through legal channel, I propose to exempt taxes from the interest income on Wage Earners Development Bond, U.S Dollar Premium Bond, U.S Dollar Investment Bond, Euro Investment Bond, Euro Premium Bond, Pound Starling Investment Bond and Pound Starling Premium Bond.

211. **Development of Bond Market:** An effective Bond Market can make significant contribution to macroeconomic management. Government has taken diverse steps to create a vibrant bond market. In order to promote bond market I propose withdrawal of existing 5 percent upfront source tax (TDS) on interest income of Treasury bond and Treasury bill.

212. **Expansion of the Scope of Tax Deduction at Source (TDS):** As per existing provision, applicable tax rate for non-resident individual and company taxpayers are 30 percent and 35 percent respectively regardless of source of income. The existing provision is difficult to implement as it is not source specific. With a view to simplifying at source deduction and removing the difficulties, I propose source specific deduction of tax from income of non-resident taxpayers i.e. separate rate of deduction from salary/honorarium, capital gain, interest/royalty, dividend etc. It is imperative to identify the new sectors and as such expand the scope of deduction at source in line with changing circumstances for fostering revenue growth. I, therefore, propose to identify the new service sectors and impose tax at

source accordingly. I also propose to expand the scope of at source collection as well as rationalize the existing rates.

213. **Universal Income Year:** Current tax legislation allows a taxpayer to adopt his own income or accounting period as per his own choice. Some taxpayers namely bank, insurance and financial institution follow Calendar Year as their income year. Others are following different accounting period as their income year. In this regard, I propose to continue Calendar Year as income year for bank, insurance and financial institutions and financial year as universal income year for all other taxpayers. However, in order to provide enough time to adopt with this universal income year the new provision shall be effective from 1st day of July 2016.

Madam Speaker

214. **Vision:** You are certainly aware that the present democratic Government has meantime started the mega project of constructing Padma Bridge with our own finance dispelling all skepticism at home and abroad and the construction is running in full swing. We all share the credit of this monumental achievement and particular credit goes to respected taxpayers whose money is the principal source of this dream project. I would like to present before you some of our significant initiatives towards establishing a timely and service oriented tax administration.

- An effective initiative has been taken to increase the number of active taxpayers to 30 lakh within Financial Year 2018-2019 as part of expansion of tax net.
- TaxDeduction at Source (TDS) is the major source of revenue collection. We plan to establish a separate Taxes Zone to accelerate at source tax collection by streamlining the process as well as through intensive monitoring.
- Money laundering is posing a serious threat to our economy. While different agencies across the world are now effectively

working to collect information regarding money laundering and help imposing tax, the National Board of Revenue (NBR) is however yet to make a significant move regarding money laundering due to legal and administrative weakness and capacity constraint. Government has taken a comprehensive plan for capacity building of NBR for addressing the issue of money laundering and exchange of information for taxation purpose. The Government is also planning to establish income tax cell to collect information regarding money laundering and scrutinize income of dual citizens which will eventually build capacity to discharge responsibilities regarding international tax matters.

- Initiative has been taken to expand Tax Fair up to the *upazila* level. Significant feature of these Tax Fairs is spontaneous and massive turnout of young and new taxpayers. These Tax Fairs are also the testimony that the tax administration is turning into a business friendly service oriented organization.

Value Added Tax (VAT)

Madam Speaker

215. **New Value Added Tax and Supplementary Duty Act, 2012:** In order to establish a modern, pro-investment, consumer and revenue friendly Value Added Tax system, a new VAT law titled the ‘Value Added Tax and Supplementary Duty Act, 2012’ has been enacted by the Parliament during the fiscal year 2011-12. It has already been decided to fully implement the Value Added Tax and Supplementary Duty Act, 2012 from the fiscal year starting from July 1, 2016. In line with this, the drafting of Value Added Tax and Supplementary Duty Rules, 2015 is in the final stage. Government has approved a project with a view to successful implementation of the aforesaid law. In order to implement the new Act and in line with the spirit of the law, I am hereby proposing changes in case of prevailing Supplementary duty by

reducing the rate and for some other cases re-fixing Supplementary duty by imposition as shown in **Table-16 of Annex B**.

216. Supplementary duty has two objectives. One is to ensure the growth of the local industry by protecting them from competition and the other is to create scope for collecting additional revenue especially in developing country. We have to significantly reduce this duty from 2016. For this reason, our domestic industry needs to increase its capacity and will have to prevail through competition. Currently the rate of Supplementary duty ranges from 0 to 500 percent. But provisions are there in some cases to impose it at a reduced rate.

217. The domestic Value Added Tax (VAT) is one of the important sources of Government revenue collected by the National Board of Revenue. Our revenue collection has been at par with expectation as an outcome of multifaceted reform interventions undertaken by our government, positive mindset of the taxpayers and sincere efforts of the NBR officers and employees. We have continued this growth trend in this tenure as well. This domestic source of revenue has got high growth potential in the context of our growing economy.

218. Government has decided to fix a single rate of 15% for VAT. But intention was there to increase the exemption threshold. It is decided that, different essential commodities and products used by the poor people will be brought under exemption. In addition, the proposal related to increase of turnover threshold from Tk. 24 lakh to Tk. 30 lakh is under active consideration.

219. **Imposition of VAT:** With a view to successful implementation of Value Added Tax and Supplementary Duty Act, 2012 from July 2016, some proposals have been placed for systematic transformation of current VAT system through amendment of the Value Added Tax Act, 1991 and relevant rules. These amendments have been proposed in accordance with the spirit of the new VAT law keeping in mind the interests of the common people along with the creation of an

investment friendly environment. In order to pave the way for a smooth transition to the new VAT law, some reform proposals regarding supplementary duty structure have been proposed in the budget. In continuation, some items currently under tariff value have been rationalized in the proposed budget. Hence I propose to withdraw the current exemption of VAT from some services and products such as indenting farm, concrete ready-mix, copra waste etc. with a view to moving out from the 'Culture of tax exemption'. Moreover, in case of Ayurvedic, Yunani, and herbal medicines, I propose to impose VAT on these products by fixing Tariff value. I also propose to exclude few items made of plastic i.e. tissue holder, ice tray, ice scoop, and hanger from the VAT exemption list.

220. **VAT exemption:** I would like to place before this august House the following proposals relating to Value Added Tax exemption in the following products and services:

- 1) Development and protection of domestic livestock is essential for our country. In order to ensure the ongoing progress of this sector, I propose to allow withdrawal of existing VAT levied at the rate 15 percent on the domestic production of "Nutrition Premix in Animal Food".
- 2) In order to reduce the storage cost and market price of primary agricultural products, I propose to allow total exemption of existing VAT on the electricity bill against cold storage service.
- 3) With the progress of civilization, outbreaks of new types of diseases are being observed. Fatal viral diseases like hepatitis C are quite common in these days. The treatments for these diseases are very expensive. In order to reduce the medical expenses of the people of our country, I propose to allow exemption of VAT both at the domestic production and trade level against the medicines for acute liver related diseases.
- 4) In our country, many poor people live on collecting and trading of iron scraps or broken iron pieces. Moreover, these iron

wastes are also recycled to be used in the Mild Steel industries and thus it lessens the dependency on the import of raw materials for this sector. Considering this issue, I propose to allow exemption of applicable VAT on the supply of broken iron pieces or iron scraps.

- 5) Though the custom duty is levied at the rate of zero percent at the import stage of PET Chips, a raw material of polyester yarn, the Advance Trade VAT at the rate of 4 percent is still there in the same stage. For the protection of domestic industry, I propose to allow exemption of existing ATV in this sector.
- 6) For an improved quality of life of the destitute and orphan children, I propose to exclude the 'capitation grant' allocated for both public and private orphanages from the VAT net.
- 7) With the speedy progress of modern civilization, photography industry is on the brink of extinction. In order to keep it alive, I propose to allow total withdrawal of VAT currently levied on this sector.
- 8) Iron Oxide has been used extensively as a raw material in our domestic industrial production for many years. As this industry has been established as a substitute to import and hence has contributed in the employment generation and saving of foreign currency for our country, I propose to allow withdrawal of existing 15% VAT on Iron Oxide at the local manufacturing stage.
- 9) As a substitute to import, glass tube and energy saving bulb as well as the raw materials used to manufacture them has been exempted from the payment of VAT up to 30 June, 2015. I propose to extend this VAT exemption facility up to 2017 as an incentive for this industry.
- 10) I sincerely believe that 'High Tech Park' will play a pivotal role in further opening the door of opportunities for the IT Sector in Bangladesh. Considering this, I propose to allow full exemption

of existing VAT on the electricity bill of the relevant developers of the High Tech Park and on the procurement provider service of the relevant developers and investors of the same.

- 11) Plastic waste has got a long term detrimental effect on the overall environment. However, there is no denying the fact that usage of plastic is a must for industrial purposes. Industries involved in manufacturing plastic crystals through recycling of plastic waste, hence, have a significant contribution in maintaining a healthy environment. In order to build a green and sound environment, I propose, as a part of an incentive package policy in this regard, withdrawal of existing 15 percent VAT on the manufacturing of plastic crystals through recycling of plastic waste.
- 12) In order to provide policy related support to the noble venture of producing and supplying environment friendly solar power, I propose to allow exemption of VAT on producing and supplying batteries up to the capacity of 60 ampere to the IDCOL registered solar panel manufacturers by the battery manufacturing industries.
- 13) In consideration of the potentials of the Jute Industry in Bangladesh, a 4 percent VAT rate previously levied in case of buying raw jute was exempted in the national budget of 2013-14. In continuation and with a view to ensuring a green environment, I propose to withdraw the existing trade VAT on local sales of jute products. In addition, I also propose to withdraw the existing 15 percent VAT levied on the license issuance and license renewal fee of jute and jute products. I hope that aforementioned initiative will play a catalytic role in accelerating the pace of development of this problem-stricken jute industry.
- 14) The pharmaceutical industry is one of the sectors in the country that we are proud of. This industry is fast developing. Export

growth of this sector is really commendable. In order to facilitate the export in this sector, I propose to extend the VAT exemption threshold on the export of sample medicines from Tk. 30 thousand to Tk. 1 lakh.

221. **Imposition of VAT, increase of VAT rate and expansion of VAT net:**In order to impose VAT and make changes to VAT rates, I would like to present the following proposals for the next fiscal year:

- 1) Bangladesh is a signatory country of WHO Framework Convention on Tobacco Control (FCTC). Considering the health-risk and harmful effects of tobacco products, we are committed to reduce the use of tobacco and maximize revenue collection from this sector and thus want to maintain compliance with global anti-smoking policy. For a long time, it has been a tradition on part of the Government to fix the price limit of cigarette for the sake of revenue collection though it does not go with the spirit of the market economy. Considering this, I propose to fix a minimum floor level for cigarette price and hence impose specific amount of Supplementary duty and VAT on the fixed price. I also propose to impose fixed amount of supplementary duty and VAT for the additional amount after the floor price of cigarettes. The following table (**Annex B: Table 17**) shows the existing situation and my proposals in this regard:

Table-17: Existing and Proposed Price Slab & SD Rate of Cigarette

Existing Price slab (for 10 sticks) Tk.	Existing Tax rate	Proposed Value (for 10 sticks) Tk.	Proposed Tax rate (SD rate)
15.00-16.50	43%	Lowest: Tk. 19.00	48%
32.50-35.00	60%	Low: Tk. 20.00-39.00	60%
50.00-54.00	61%	Medium: Tk. 40.00-69.00	61%
90 and above	61%	High: Tk. 70 and above	63%

- 2) Considering the interest of the local bidi industry workers, no notable reform or changes in tax structures of bidi sector has been brought about for the last couple of years. Currently the

price of 25 sticks of non-filter and 20 sticks of filter bidi stands at Tk. 6.14 and Tk. 6.92 respectively. Due to its easy availability, large number of people smokes this product and becomes vulnerable to health risk. Taking all these factors into consideration, I propose to rationalize the existing tariff value of bidi by raising the price of 25 sticks of non-filter and 20 sticks of filter bidi to Tk. 7.06 and Tk. 7.98 respectively.

- 3) Although supplementary duty at the rate of 20 percent is currently levied on the domestic production of the cigarette paper, tendency of tax evasion is heard in this regard as nothing is mentioned in the tariff description of HS Code of the cigarette paper. To get rid of this unfairness, I propose to include specific description of the bidi paper and hence impose supplementary duty at the rate of 20 percent on the domestic production of this item as well.
- 4) Although VAT at a truncated rate of 7.5 percent is currently levied on English Medium School; the Private Universities, Private Medical Colleges and Private Engineering Colleges are still beyond the boundary of the VAT net. I hereby propose to bring these sectors under VAT net as well. However, in order to keep the tax burden at a rational level, I propose to impose VAT at the truncated rate of 10 percent on these sectors.
- 5) I propose to impose 20 percent supplementary duty on Bathtub, Jacuzzi, Shower and Shower tray made of ceramics.
- 6) Presently, for mobile operators, the SIM tax in case of issuance and replacement of SIM card stands at Tk. 300 and Tk. 100 respectively. With a view to ensuring the continued development of this mobile sector, making the IT service easily attainable through mobile phone and thus ensuring sustainable/equitable growth for this sector, I propose to levy Tk. 100 as SIM tax for both the instances of issuance and replacement of mobile SIM card.

- 7) I also propose to impose 5 percent supplementary duty on the services provided through SIM and RUIIM card of mobile phone.
- 8) I propose to allow fixation of tariff value and hereby domestic sales for locally produced and un-exportable grey denim fabrics.
- 9) Under the existing VAT structure, Government organizations, semi-Government organizations, Autonomous bodies, NGOs, Banks, Insurances, Financial Institutions, Limited Companies, and Educational Institutions have the legal obligation to deduct VAT at source on the purchase of products and services. I propose to include the enterprises having annual turnover of more than 1 (one) crore to the aforementioned list of companies responsible for the VAT deduction at source (VDS) level.
- 10) Credit rating and Financial analysis related activity is currently an established service. No exact definition of this service is there in the existing VAT system. Hence, I propose to define this service under VAT system as well as propose to impose VAT at the rate of 15% on this service sector.
- 11) Trading of goods and services online is now being recognized and established as a very popular mode. Although this sector is not exempted from VAT right now, no exact definition of this service is currently there in the existing VAT system. Hence, I propose to define this service under the VAT system as well as propose to impose VAT at the rate of 4% on this service sector.
- 12) I propose to allow beautification course related training activity to be included within the definition of the “Coaching Centre” service and hence make it subject to VAT.
- 13) The small traders, wholesalers, retailers, and shopkeepers who find it difficult to pay 3 percent on their annual turnover are entitled to pay Tk. 3 thousand, Tk. 6 thousand, Tk. 8 thousand and Tk. 11 thousand annually respectively depending on their turnover and locations. I propose to raise this tax to Tk. 3 thousand 6 hundred, Tk. 7 thousand 2 hundred, Tk. 10 thousand

and Tk. 14 thousand annually respectively depending on turnover and locations. The existing uniform trade VAT at the rate of 4 percent at all other levels of wholesale and retail shall remain unchanged. However, for traders willing to pay VAT on actual value addition, a standard VAT at the rate of 15 percent would be applicable along with tax credit and adjustment facility.

- 14) At present, trade VAT at the rate of 2 percent is levied on Super Shops. Yet, trade VAT at the rate of 4 percent is levied on all levels other than Super Shops. I, in order to eliminate this existing discrimination, propose to impose trade VAT at the rate of 4 percent for the Super Shops as well.
- 15) I propose to increase the truncated rate of VAT from 3 percent to 5 percent in case of the gold and silversmiths, gold and silver selling shops, and gold refiners. I also propose to increase the truncated rate of VAT from 4 percent to 5 percent for procurement providing service.
- 16) For building construction sector, instead of the existing VAT rate of 3 percent, I propose to impose VAT at the rate of 1.5 percent for flats having floor space up to 1100 sq. feet, at the rate of 2.5 percent for flats having floor space between 1101 sq. feet and 1600 sq. feet, and at the rate of 4.5 percent for flats having floor space of more than 1600 sq. feet.
- 17) In the existing tax structure, provision for truncated base is applicable for twenty two services.

222. In the existing VAT system, only the registered VAT units can participate in the tender process. As small traders/enterprises, turnover units pay VAT at the rate of 3 percent on annual basis and they legally cannot participate in any tender. In order to promote a competitive and healthy business environment as well as build the capacity of turnover VAT units, I propose to allow turnover units' participation in the tender process. Government has a plan to implement the new VAT law from 1

July 2016.

Customs Duties and Taxes

Madam Speaker

223. I would now like to present the budget proposals on customs duty, value added tax (VAT) and supplementary duty at import stage for FY 2015-16 before this august House. While formulating these proposals, we have kept in mind the overall vision and purpose of the proposed budget, ongoing globalization, public interest, industrial investment, revenue earnings, and consulted the business community and all relevant stakeholders.

In formulating the proposals, we have taken the following issues in consideration:

- Restructuring and rationalization of existing customs duty slabs in the light of the protection and competitiveness of Bangladesh economy;
- Reducing the rate of regulatory duty, applicable in addition to the existing import duty of 25 percent, from the existing 5 percent to 4 percent;
- Keeping the protection rate between 30-40 percent to ensure fair interest of the local industry;
- Continuation of the existing policy of full/part exemption of customs duty on agriculture including essential commodities, industry, infrastructure, health & environment, science & technology and in certain cases rationalization and expansion of the scope of this duty benefit to other sectors in public interest;
- Correction of inconsistent duty-tax structure on certain items to prevent smuggling, untrue declarations;

224. **Rearrangement of Duty Slabs:** Presently applicable customs duty rates are 0, 2, 5, 10 and 25 percent. In the next fiscal year the rates would be 0, 1, 2, 5, 10 and 25 percent. Existing customs duty rate of 2

percent on capital goods would be reduced to 1 percent while customs duty on computer products will remain unchanged at 2 percent. Moreover, as part of tariff liberalization measure, I am proposing to reduce the Regulatory Duty to 4 percent from existing 5 percent. However, in the interest of tariff rationalization, the existing exemption of regulatory duty on certain goods effected through notification shall continue in the next fiscal year. In the same consideration the regulatory duties of certain items are proposed to be exempted. Besides, the supplementary duties applicable on certain products have been rationalized through appropriate reduction, adjustment, imposition or increase (**Annex B: Table 16**)

225. **Reform and Modernization:** Now I would like to present before this august House, our strategies and programmes on management of customs operations in the coming fiscal year:

- 1) Increasing the effectiveness and efficiency of ASYCUDA World – the customs processing system - through completion of the modules on e-Export Permit (EXP), e-Payment, bond management, valuation, auction, litigation and establishing connectivity with other agencies like port authority.
- 2) Preventing the incidence of false declarations and other fraudulent activities through building customs-business partnership.
- 3) Building partnership with other relevant stakeholders like bank, port, BEPZA, BEZA etc. to ensure synergy in customs management.
- 4) Introducing modern risk management in all customs stations.
- 5) Initiating measures to build capacity and raise efficiency of customs officers and ensure integrity.
- 6) Setting up of a complaint and service desk at each customs station.

I hope these measures would help raise the overall standard of the

service delivery of customs. This would also ensure fair competition in our trade and industry in addition to revenue protection.

226. The National Board of Revenue is generally responsible for collection of import duties. As a result of gradual tariff liberalization, revenue collection from this source is consistently declining. We are continuously moving towards establishing a free global market where there would be no place for import duty. To facilitate trade liberalization, we have reduced or withdrawn duties on many products. Some of the major items are listed below (**Annex B: Table 18**):

- 1) Agriculture, agro-based industry and exploration of natural resources will continue to have this government's support as before and as part of that I propose the duty exemption and protection facility on agricultural inputs, fertilizer, seeds, essential commodities to continue in the coming fiscal year.
- 2) To support the growth of poultry and cattle sector government has been providing generous fiscal incentives for quite some time. In the interest of progressive development of this sector, I propose the duty-tax exemption facility to continue in the coming fiscal and add some more products under this duty-free regime.
- 3) Bangladesh having made historic maritime victories has created an enormous opportunity to unlock the potentials of our blue economy. The existing duty-tax benefits to explore our untapped marine resources in this newly found treasure zone will continue.
- 4) Apparel sector is our main export sector. This sector has been contributing considerably to our national economy for the last three decades through creation of employment and earning of foreign exchange. Although our apparel sector has gone a long way as a result of concerted effort from both government and the entrepreneurs, recently this sector is under tremendous pressure on security and safety compliance issues from the buyers. I propose to exempt custom duty in excess of 5 percent

and full of VAT on the imports of fire extinguishing equipment, energy efficient electrical items. Considering the demands from the textile sector, I propose to include the imports of Busbar Trunking System in the capital machinery SRO for a concessionary duty rate and exempt all duties on flax fibre, being an important raw material of textile industries.

- 5) I have already mentioned that the pharmaceutical sector is a sector of our national pride. As recommended by Drug Administration, I propose to continue the existing concessionary rates of duty and extend the benefits on certain other raw materials and ingredients.
- 6) I propose to continue the existing concessionary rates of duties and taxes on the imports leading to the development of power and energy sector. Besides, in order to promote the use of energy efficient and renewable energy run apparatus, I propose to reduce and withdraw the customs duty on some specific items.
- 7) Natural calamities like flood, drought etc. have become commonplace in this part of the world. With the aftermath of the recent devastating earthquakes in Nepal, there has been an apprehension for the recurrence of earthquake in this region. In order to better prepare ourselves and manage the adverse impacts of such earthquakes and other similar natural or human made disasters, I propose to exempt certain critical equipment and materials for disaster management from all customs duty and VAT, as listed by the Ministry of Relief and Disaster Management in consultation with experts.
- 8) Handloom industry is a heritage sector. It is going through a great deal of ordeal. Considering the potential and struggle of this industry to foster growth in this sector, I propose exemption of customs in excess of 5 percent and full of VAT on the essential imports of the handloom weavers.
- 9) In order to continue our enhanced support towards accelerating

the establishment of a Digital Bangladesh, I propose to continue with the concessions given on various Information Technology products including computers and also add web and digital camera to this list by reducing the duty from 25 percent to 10 percent. Moreover, to promote the customized software developed by our local creative programmers, I am proposing to impose 5 percent customs duty on imported computer software with an exception to database, operating systems and development tools.

227. In order to ensure appropriate protection of local industries duty rates of following products need to be increased:

- 1) Tea is one of the very important subsectors of agriculture. To protect the fair interest of our local tea growers, I propose to increase the supplementary duty on tea imports from 15 percent to 20 percent
- 2) In order to protect the just rights of the rubber growers, I propose to increase the customs duty on raw rubbers to 10 percent for both industrial and commercial importers rescinding the current 5 percent rate applicable for industrial importers.
- 3) The silk industry has shown a lot of potentials due to the efforts from the local growers and entrepreneurs. However, due to low duty rates, they are faced with uneven competition against imports. Considering the importance and potentials of this sector, I propose to enhance the duty rates of silk products to 25 percent and impose Supplementary duty on silk fabrics at the rate of 45 percent to protect this sector against cheap imports.

228. In some cases duty rates have been rationalized either by an increase or a reduction to protect the interest of local industries:

- 1) The government is firmly committed to facilitate establishment of cost efficient, environment friendly, hi-tech, export oriented value adding as well as protecting the existing Industries in order to further increase the share of the industrial sectors in the

economy of the country. I propose to offer the special concession or exemption or imposition of duties on inputs/raw materials or products of different industries in fiscal 2015-16 in addition to the measures taken earlier. They include reduction of duty on imports of liquid printing ink for industries, toy manufacturing parts under different conditions, increase in duty of billet and L-section, complete LCD/LED panels for TV and fiber optic cable.

- 2) Considering their adverse impact on our environmental protection, I propose to raise the customs duty on certain harmful chemicals namely– Azo Dyes, Organotin Compounds, Chlorophenols from 5 percent to 25 percent. Similarly, I propose to increase the customs duty on Artificial Filament Tow, used to produce filter tips for cigarettes, from 5 percent to 25 percent. Moreover, I propose to impose Supplementary duty of 20 percent on tyres used in motorcars.
- 3) The inconsistencies and inadequacies in the existing HS codes description and units of measurement of goods and duty-tax structures have been thoroughly examined and are proposed for revision, creation of new HS codes or rationalization in applicable cases. They include, among others, creation of separate HS codes for dumper trucks and imposition of 4 percent regulatory duty coupled with reduction in customs duty to 10 percent from 25 percent to facilitate development work.

229. I propose to amend and update the existing Baggage Rules, Bond Rules and some other notifications. Similarly, I propose to amend sections 13, 26A, 156, 196, 198 of Customs Act, 1969.

Chapter X

Conclusion

Madam Speaker

230. We made significant strides in materializing the ‘Vision 2021’ in our previous tenure. This term, we plan to cover a lot more ground; we will not deviate from our pledge. In continuation of the ‘Vision 2021’, in this tenure, we will present before the nation our ‘Vision 2041’, which will transform Bangladesh into a land of peace, happiness and prosperity by 2041. Good governance and people’s empowerment will be the key drivers in realizing this vision.

231. Our main objective in this fiscal year’s budget will be to break free of the 6 percent growth trap, and climb up to higher growth trajectory. I have so far presented before you the policy strategies and reform initiatives we have adopted to attain this goal. I am sure, achieving this goal will not be impossible if proper and timely implementation of these development plans and reform programmes is ensured.

Madam Speaker

232. The interests, enthusiasm and initiatives of the mass people are the key determinants of a country’s progress and prosperity. Adoption and implementation of appropriate policy strategies, and continuity in political leadership can reinforce them. Our people have chosen to repose their unflinching trust on us for two consecutive terms. Continuity in governance and leadership has opened up a door of great opportunity for development and prosperity. We would like to assure our countrymen that political stability and their sustained support will take us further. I believe, by the end of current tenure, agriculture, trade and industry will expand, communication system will undergo a comprehensive change, traffic congestion in the capital and divisional cities will ease, millions of youths will get employment opportunities,

and the remit of financial inclusion and use of ICT will expand. An economy cannot thrive without power and energy. Our goal, therefore, is to provide electricity to all households. Also, as a nation cannot prosper without ensuring people's access to education and health services, we need to take these services to the doorsteps of the people. I mentioned at the very outset that we cannot prosper without eradication of poverty, nor can we ensure inclusive development without providing social protection for the deprived and the distressed. This issue too will have to be addressed. The ultimate outcome will be a source of enormous joy and pride on the eve of the golden jubilee celebration of our independence in 2021.

Madam Speaker

233. Bangladesh is marching ahead trampling the barriers of overwhelming adversities amidst a kind of mindless enmity towards the country. Our brave, hardworking and tolerant people brimming with exuberance have kept the wheel of progress rolling defying all odds. I firmly believe, our march towards progress will remain unrelenting. I have always maintained that this is a country of immense potentials. I would like to reiterate that I am an incorrigible optimist. In the interest of welfare and development, let us come together and bury all our differences, shun the path of all kinds of harmful and anti-people activities, and imbued with the spirit of liberation war, build a prosperous and democratic Bangladesh which is non-communal and, development-aspiring. Our ideology and enterprise will help translate the dream of the Father of the Nation '*Sonar Bangla*' into reality.

JOY BANGLA

JOY BANGABANDHU

MAY BANGLADESH LIVE FOREVER

Annex- A

Table 1: Socio-economic Progress

Year	Per capita income [US\$]	Life Expectancy	Population Growth Rate	Poverty Rate (%)	Extreme Poverty Rate(%)	Literacy Rate (%)	Infant Mortality Rate (per thousand live birth)
2002	431	64.9	1.50	44.6	29.9	48.4	53.0
2003	471	64.9	1.50	43.1	28.6	49.4	53.0
2004	500	65.1	1.50	41.6	27.2	50.3	52.0
2005	527	65.2	1.49	40	25.1	51.3	50.0
2006	543	66.5	1.49	38.4	24.2	52.3	45.0
2007	598	66.6	1.48	36.8	22.6	53.4	43.0
2008	686	66.8	1.45	35.1	20.98	54.4	41.0
2009	759	67.2	1.36	33.4	19.3	55.5	39.0
2010	843	67.7	1.36	31.5	17.6	56.5	36.0
2011	928	69	1.37	29.9*	15.7*	57.7	35.0
2012	955	69.4	1.36	28.1*	13.8*	58.8	33.0
2013	1054	70.7	1.39*	26.2*	11.9*	59.9*	33.0
2014	1184	70.7	1.35*	24.3*	9.9*	61.1*	-
2015	1314	70.7	1.32*	22.4*	7.9*	62.3*	-

Source: Bangladesh Bureau of Statistics, World Bank, * projection following trend

Table 2: Progress in Real Sector

Fiscal Year	GDP Growth	Agricultural Sector Growth	Industrial Sector Growth	Service Sector Growth	Investment (As % of GDP)	Private Investment (As % of GDP)	Public Investment (As % of GDP)	Average Inflation
2001-02	3.83	-0.12	5.80	4.84	24.34	18.61	5.73	2.79
2002-03	4.74	3.98	6.58	4.98	24.68	19.33	5.35	4.38
2003-04	5.24	4.97	7.05	5.21	24.99	19.61	5.38	5.83
2004-05	6.54	4.43	7.93	6.2	25.83	20.33	5.5	6.48
2005-06	6.67	5.5	9.80	6.6	26.14	20.58	5.56	7.16
2006-07	7.06	6.69	9.03	6.49	26.18	21.08	5.09	9.39*
2007-08	6.01	4.49	7.03	5.76	26.2	21.7	4.5	12.30*
2008-09	5.05	3.47	6.91	5.08	26.21	21.89	4.32	7.60*
2009-10	5.57	6.15	7.03	5.53	26.25	21.57	4.67	6.82*
2010-11	6.46	4.46	9.02	6.22	27.42	22.16	5.26	10.91*
2011-12	6.52	3.01	9.44	6.58	28.26	22.5	5.76	8.69*
2012-13	6.01	2.46	9.64	5.51	28.39	21.75	6.64	6.78*
2013-14	6.06	4.37	8.16	5.62	28.58	22.03	6.55	7.35*
2014-15 (P)	6.51	3.04	9.60	5.83	28.97	22.07	6.9	6.57**

Source: Finance Division, Bangladesh Bank, Bangladesh Bureau of Statistics

;* Base 2005-06;

**represents April 2015

Table 3: Progress in Fiscal sector (Billion Tk.)

Fiscal Year	NBR Revenue	Non-NBR Revenue	Total Tax Revenue	Non Tax Receipt	Total Revenue	Budget (Actual Expenditure)	ADP	Deficit (As % of GDP)
2001-02	199 (6.3)	11	210 (6.7)	67 (2.1)	277 (8.8)	382 (12.1)	145	3.3
2002-03	232 (6.7)	11	243 (7.0)	62 (1.8)	305 (8.8)	409 (11.7)	156	3.0
2003-04	258 (6.7)	12	270 (7.0)	65 (1.7)	335 (8.7)	453 (11.8)	163	3.1
2004-05	291 (6.8)	14	305 (7.1)	75 (1.8)	380 (8.8)	517 (12.1)	179	3.2
2005-06	324 (6.7)	15	340 (7.0)	86 (1.8)	426 (8.8)	556 (11.5)	175	2.7
2006-07	362 (6.6)	19	380 (6.9)	105 (1.9)	485 (8.8)	641 (11.6)	180	2.8
2007-08	458 (7.3)	23	481 (7.7)	113 (1.8)	594 (9.5)	907 (14.4)	185	5.0
2008-09	502 (7.1)	27	529 (7.5)	117 (1.7)	646 (9.2)	893 (12.7)	194	3.5
2009-10	597 (7.5)	27	625 (7.8)	134 (1.7)	759 (9.5)	1015 (12.7)	256	3.2
2010-11	762 (8.3)	33	795 (8.7)	134 (1.5)	929 (10.2)	1283 (14.0)	333	3.9
2011-12	916 (8.7)	36	952 (9.0)	195 (1.8)	1147 (10.9)	1525 (14.4)	375	3.6
2012-13	1033 (8.6)	41	1075 (9.0)	208 (1.7)	1283 (10.7)	1750.3 (14.6)	496	3.9
2013-14	1114.2 (8.3)	46	1160 (8.6)	243 (1.8)	1404 (10.4)	1882.1 (14.0)	553	3.6
2014-15 (Latest)	1350.3 (8.9)	57	1407 (9.3)	227 (1.5)	1634 (10.8)	2397 (15.8)	750	5.0

Figures in parenthesis show percent of GDP,Source: Finance Division,

Table 4: Progress in Monetary and External Sector

Fiscal Year	Broad Money (M2) Growth (%)	Domestic Credit Growth (%)	Private Sector Credit Growth (%)	Remittance (Billion US\$)	Export (Billion US\$)	Import (Billion US\$)	Exchange Rate BDT/USD	Gross Forex Reserve
2001-02	13.13	12.47	13.55	2.50	6.0	8.5	57.43	1.6
2002-03	15.59	8.06	12.71	3.06	6.5	9.7	57.90	2.5
2003-04	13.8	14.58	14.09	3.37	7.6	10.9	58.94	2.7
2004-05	16.75	17.39	16.84	3.85	8.7	13.1	61.39	2.9
2005-06	19.3	19.87	18.12	4.80	10.5	14.7	67.08	3.5
2006-07	17.06	14.43	15.01	5.98	12.2	17.2	69.03	5.1
2007-08	17.63	21.01	24.94	7.91	14.1	21.6	68.60	6.1
2008-09	19.17	16.11	14.62	9.69	15.6	22.5	68.80	7.5
2009-10	22.44	17.77	24.24	10.99	16.2	23.7	69.18	10.7
2010-11	21.34	27.55	25.84	11.65	22.9	33.7	71.17	10.9
2011-12	17.39	19.51	19.72	12.84	24.3	35.5	79.10	10.4
2012-13	16.71	11.02	10.85	14.46	27.0	34.1	79.93	15.3
2013-14	16.09	11.57	12.27	14.23	30.2	39.3	77.72	21.5
2014-15 (Latest)	12.53*	10.19*	13.63*	12.56**	25.3**	33.1***	77.80	23.7 ¹

Note: * march 2015 (y-o-y) growth ** July-April 2014-15 *** July-March 2014-15,¹27 May, 2015

Table 5: Progress in Some Selected indicators

Indicators	2001-06	2009-14	2014-15/ Latest
GDP Growth Rate (% , Annual Change)	5.40	6.13	6.51 (Provisional)
Investment (as % of GDP)	25.2	27.8	28.97 (Provisional)
Public Investment (as % of GDP), end period	5.6	6.6	6.90 (Provisional)
Export (Average)[Billion US\$]	7.9	24.1	-
Export, end period (Billion US\$)	10.5	30.2	25.3 (July-April)
Remittance (Average)[Billion US\$]	3.5	12.8	12.6 (July-April)
Forex Reserve (end period) [Billion US\$]	3.5	21.5	23.7 (May 27, 2015)
Budget Amount, end period(crore Tk)	61,057	2,16,222	2,39,668 (Revised)
Per capita income (last Year)[US\$]	543	1,184	1,314 (Provisional)
Electricity Generation Capacity (end period)	5,245	10,416	13,675
Food Production (lac MT) (end period)	277.87	381.74	383.49 (Target)
Life Expectancy (year)	66.5	70.7	70.7
Poverty Rate (%) end period	40.0	24.30	22.40 (Projected)
Extreme Poverty Rate (%)	25.1	9.95	7.92 (Projected)

Sources: Finance Division, Bangladesh Bank, Bangladesh Bureau of Statistics

Table 6: Progress in Graduation Criteria: Exit from LDC

Indicators	2006	2009	2012	2015	Graduating Criteria (2015)
Economic Vulnerability (EVI)	25.8	23.2	32.4	25.1	<32.0
Human Asset (HAI)	50.1	53.3	54.7	63.8	>66.0
Per capita income (US\$, Atlas method)	403.3	453.3	636.7	926.3*	>1242.0

Source: Triennial review database, Committee for Development Policies (CDP), UNDESA; *GNI per capita is generally measured as a three year annual average during each triennial review of the list of LDCs by CDP. For the 2015 review, averages for the period 2011-13 were used. According to World Bank Atlas Method, per capita GNI in Bangladesh was \$US 1010 in 2013 whereas per capita GNI in 2014-15 is \$US 1,314 according to the provisional estimate of BBS.

Table 7: Supplementary Budget for FY 2014-15

(Crore Tk.)

Sector	Revised 2014-15	Upto March 2014-15	Budget 2014-15
Total Revenue	1,63,371	1,03,210	1,82,954
	(10.8)	(6.8)	(13.7)
Of which,			
NBR Tax	1,35,028	87,020	1,49,720
Non-NBR Tax	5,648	3,371	5,572
Non Tax Receipt	22,695	12,819	27,662
Total Expenditure	2,39,668	1,18,523	2,50,506
	(15.8)	(7.8)	(18.7)
a) Non-Development Revenue Expenditure	1,27,371	75,116	1,28,231
	(8.4)	(5.0)	(9.6)
b) Development Expenditure	80,476	28,956	86,345
	(5.3)	(1.9)	(6.4)
Of which,			
Annual Development Programme	75,000	27,489	80,315
	(5.0)	(1.8)	(6.0)
c) Other Expenditure	31,821	14,451	35,930
	(2.1)	(1.0)	(2.7)
Budget Deficit	-76,297	-15,313	-67,552
	(-5.0)	(-1.0)	(-5.0)
Financing			
a) External	21,583	2,556	24,275
	(1.4)	(0.2)	(1.8)
b) Domestic	54,714	12,789	43,277
	(3.6)	(0.8)	(3.2)
Of which, Bank	31,714	2,963	31,221
	(2.1)	(0.2)	(2.3)
GDP	15,13,600	15,13,600	13,39,500*

Source: Finance Division, Figures in parenthesis indicate percent of GDP; *nominal GDP while preparing budget

Table 8: Proposed Budget Structure for Next FY 2015-16

(Crore Tk.)

Sector	Budget 2015-16	Revised 2014-15	Budget 2014-15	Actual 2013-14
Total Revenue	2,08,443	1,63,371	1,82,954	1,40,375
	(12.1)	(10.8)	(13.7)	(10.4)
Of which,				
NBR Tax	1,76,370	1,35,028	1,49,720	1,11,423
Non-NBR Tax	5,874	5,648	5,572	4,609
Non Tax Receipt	26,199	22,695	27,662	24,343
Total Expenditure	2,95,100	2,39,668	2,50,506	1,88,208
	(17.2)	(15.8)	(18.7)	(14.0)
a) Non Development Revenue Expenditure	1,64,571	1,27,371	1,28,231	1,10,567
	(9.6)	(8.4)	(9.6)	(8.2)
b) Development Expenditure	1,02,559	80,476	86,345	59,151
	(6.0)	(5.3)	(6.4)	(4.4)
Of which,				
Annual Development Programme	97,000	75,000	80,315	55,333
	(5.7)	(5.0)	(6.0)	(4.1)
c) Other Expenditure	27,970	31,821	35,930	18,490
	(1.6)	(2.1)	(2.7)	(1.4)
Budget Deficit	-86,657	-76,297	-67,552	-47,833
	(-5.0)	(-5.0)	(-5.0)	(-3.6)
Financing				
a) External	30,134	21,583	24,275	9,706
	(1.8)	(1.4)	(1.8)	(0.7)
b) Domestic	56,523	54,714	43,277	38,136
	(3.3)	(3.6)	(3.2)	(2.8)
Of which, Bank	38,523	31,714	31,221	18,168
	(2.2)	(2.1)	(2.3)	(1.4)
GDP	17,16,700	15,13,600	13,39,500*	13,43,674

Source: Finance Division, Figures in parenthesis indicate percent of GDP; * nominal GDP while preparing budget

Table 9: Annual Development Programme (Sectoral Allocation)

(Crore Tk)

Ministry/Division	Budget 2015-16	Revised 2014-15	Budget 2014-15	Actual 2013-14	Actual 2012-13	Actual 2011-12	Actual 2010-11
a) Human Resource							
1. Ministry of Primary and Mass Education	5542 (5.7)	4333 (5.8)	5778 (7.2)	4299 (7.8)	3683 (7.4)	2408 (6.4)	3151 (9.5)
2. Ministry of Health and Family Welfare	5331 (5.5)	4562 (6.1)	4349 (5.4)	3416 (6.2)	3316 (6.7)	2612 (7.0)	2551 (7.7)
3. Ministry of Education	4197 (4.3)	4142 (5.5)	3647 (4.5)	3034 (5.5)	2206 (4.4)	1867 (5.0)	1598 (4.8)
4. Others	6238 (6.4)	7139 (9.5)	5745 (7.2)	3340 (6.0)	2205 (4.4)	1682 (4.5)	1236 (3.7)
Sub Total:	21308 (22.0)	20176 (26.9)	19519 (24.3)	14089 (25.5)	11410 (23.0)	8569 (22.8)	8536 (25.6)
b) Agriculture and Rural Development							
5. Local Government Division	16650 (17.2)	14861 (19.8)	13467 (16.8)	10542 (19.1)	10425 (21.0)	7989 (21.3)	7573 (22.8)
6. Ministry of Water Resources	3062 (3.2)	2142 (2.9)	2831 (3.5)	1998 (3.6)	1756 (3.5)	1442 (3.8)	1349 (4.1)
7. Ministry of Agriculture	1824 (1.9)	1432 (1.9)	1524 (1.9)	1272 (2.3)	1111 (2.2)	997 (2.7)	1025 (3.1)
8. Others	2985 (3.1)	2729 (3.6)	2924 (3.6)	2277 (4.1)	1968 (4.0)	1870 (5.0)	1246 (3.7)
Sub Total:	24521 (25.3)	21164 (28.2)	20746 (25.8)	16089 (29.1)	15260 (30.7)	12298 (32.8)	11193 (33.6)
c) Power and Energy							
9. Power Division	16485 (17.0)	8276 (11.0)	9273 (11.5)	8589 (15.5)	8840 (17.8)	7248 (19.3)	6028 (18.1)
10. Energy and Mineral Resources	1994 (2.1)	1019 (1.4)	2223 (2.8)	1881 (3.4)	1295 (2.6)	679 (1.8)	987 (3.0)
Sub Total:	18479 (19.1)	9295 (12.4)	11496 (14.3)	10470 (18.9)	10135 (20.4)	7927 (21.1)	7015 (21.1)
(d) Transport and Communication							
11. Ministry of Railways	5650 (5.8)	3450 (4.6)	4485 (5.6)	2858 (5.2)	3159 (6.4)	0 0.0	0 0.0
12. Road Transport and Highways Division	5675 (5.9)	4396 (5.9)	4608 (5.7)	3625 (6.6)	3605 (7.3)	4475 (11.9)	2952 (8.9)
13. Bridges Division	8921 (9.2)	5299 (7.1)	8735 (10.9)	2067 (3.7)	785 (1.6)	418 (1.1)	384 (1.2)
14. Others	1413 (1.5)	774 (1.0)	884 (1.1)	705 (1.3)	532 (1.1)	285 (0.8)	295 (0.9)
Sub Total:	21659 (22.3)	13919 (18.6)	18712 (23.3)	9255 (16.7)	8081 (16.3)	5178 (13.8)	3631 (10.9)
Total:	85967 (88.6)	64554 (86.1)	70473 (87.7)	49903 (90.2)	44886 (90.4)	33972 (90.5)	30375 (91.3)
15. Others	11033 (11.4)	10446 (13.9)	9841 (12.2)	5430 (9.8)	4758 (9.6)	3561 (9.5)	2908 (8.7)
Total ADP:	97,000*	75,000**	80,314	55,333	49,644	37,533	33,283

Figures in parenthesis indicate percent of GDP; *Contribution of autonomous bodies in this budget is Tk. 3,996.92 crore, thus the size of ADP stands at Tk. 1,00,996.92 crore, **Contribution of autonomous bodies in this revised budget of FY 2014-15 is Tk. 2,841.69 crore, thus the size of RADP stands at Tk. 77,841.69 crore

Table 10: Sectoral Allocation in the Budget

(In crore Tk)

Ministry/Division	Budget 2015-16	Revised 2014-15	Budget 2014-15	Actual 2013-14	Actual 2012-13	Actual 2011-12	Actual 2010-11
(a) Social Infrastructure	69183 (23.44)	63320 (26.42)	63036 (25.16)	50645 (26.91)	42973 (24.44)	38677 (25.37)	36219 (28.24)
<u>Human Development</u>							
1. Ministry of Education	17103 (5.80)	16197 (6.76)	15540 (6.20)	14131 (7.51)	11334 (6.45)	10579 (6.94)	10079 (7.86)
2. Ministry of Primary and Mass Education	14502 (4.91)	12417 (5.18)	13673 (5.46)	10957 (5.82)	9413 (5.35)	8157 (5.35)	8304 (6.47)
3. Ministry of Health and Family Welfare	12695 (4.30)	11538 (4.81)	11146 (4.45)	9348 (4.97)	8549 (4.86)	7667 (5.03)	7287 (5.68)
4. Others	15771 (5.34)	15174 (6.33)	13706 (5.47)	9548 (5.07)	7625 (4.34)	6869 (4.51)	6118 (4.77)
Sub Total	60071 (20.36)	55326 (23.08)	54065 (21.58)	43984 (23.37)	36921 (21.00)	33272 (21.83)	31788 (24.78)
<u>Food and Social Safety</u>							
5. Ministry of Food	1672 (0.57)	1136 (0.47)	1685 (0.67)	919 (0.49)	814 (0.46)	1122 (0.74)	1194 (0.93)
6. Ministry of Disaster Management	7440 (2.52)	6858 (2.86)	7286 (2.91)	5742 (3.05)	5238 (2.98)	4283 (2.81)	3237 (2.52)
Sub Total	9112 (3.09)	7994 (3.34)	8971 (3.58)	6661 (3.54)	6052 (3.44)	5405 (3.55)	4431 (3.45)
(b) Physical Infrastructure	90419 (30.64)	68958 (28.77)	75543 (30.16)	58783 (31.23)	59258 (33.70)	44447 (29.16)	38814 (30.26)
<u>Agriculture and Rural Development</u>							
7. Ministry of Agriculture	12699 (4.30)	12278 (5.12)	12390 (4.95)	12075 (6.42)	14822 (8.43)	9760 (6.40)	8438 (6.58)
8. Ministry of Water Resources	3886 (1.32)	2930 (1.22)	3619 (1.44)	2743 (1.46)	2481 (1.41)	2134 (1.40)	2040 (1.59)
9. Local Government Division	18867 (6.39)	17001 (7.09)	15464 (6.17)	12399 (6.59)	12314 (7.00)	9442 (6.19)	9037 (7.05)
10. Others	5523 (1.87)	5198 (2.17)	5337 (2.13)	4526 (2.40)	4217 (2.40)	4385 (2.88)	3648 (2.84)
Sub Total	40975 (13.89)	37407 (15.61)	36810 (14.69)	31743 (16.87)	33834 (19.24)	25721 (16.87)	23163 (18.06)
<u>Power and Energy</u>	18540 (6.28)	9339 (3.90)	11540 (4.61)	10504 (5.58)	10280 (5.85)	7969 (5.23)	7233 (5.64)

Ministry/Division	Budget 2015-16	Revised 2014-15	Budget 2014-15	Actual 2013-14	Actual 2012-13	Actual 2011-12	Actual 2010-11
Transport and Communication							
12. Road Transport and Highways Division	7911 (2.68)	6660 (2.78)	6864 (2.74)	5560 (2.95)	5369 (3.05)	7278 (4.77)	5584 (4.35)
12. Ministry of Railways	7717 (2.62)	5328 (2.22)	6363 (2.54)	4462 (2.37)	4841 (2.75)	1 0.00	0 0.00
13. Bridges Division	8953 (3.03)	5300 (2.22)	8737 (3.49)	2067 (1.10)	785 (0.45)	418 (0.27)	385 (0.30)
14. Others	1748 (0.59)	1064 (0.43)	1182 (0.47)	1070 (0.57)	797 (0.45)	558 (0.37)	503 (0.39)
Sub Total	26329 (8.92)	18352 (7.66)	23146 (9.24)	13159 (6.99)	11792 (6.71)	8255 (5.41)	6472 (5.05)
15. Other sector	4575 (1.55)	3860 (1.61)	4047 (1.62)	3377 (1.79)	3352 (1.91)	2502 (1.64)	1946 (1.52)
C) General Services	82560 (27.98)	57473 (23.98)	59049 (23.57)	37087 (19.71)	28541 (16.23)	26995 (17.71)	25160 (19.62)
Public Order and Safety	13630 (4.62)	13883 (5.79)	12557 (5.01)	11759 (6.25)	9655 (5.49)	8737 (5.73)	7819 (6.10)
16. Others	68930 (23.36)	43590 (18.19)	46492 (18.56)	25328 (13.46)	18886 (10.74)	18258 (11.98)	17341 (13.52)
Total	242162 (82.10)	189751 (79.20)	197628 (78.90)	146515 (77.80)	130772 (74.40)	110119 (72.20)	100193 (78.10)
(d) Interest Payments	35109 (11.90)	29865 (12.46)	31043 (12.39)	28206 (14.99)	24273 (13.80)	20351 (13.35)	15622 (12.18)
(e) PPP Subsidy and Liability	6509 (2.21)	6946 (2.90)	8447 (3.37)	3356 (1.78)	2467 (1.40)	5211 (3.42)	1899 (1.48)
(f) Net Lending and Other Expenditure	11321 (3.84)	13110 (5.47)	13389 (5.34)	10128 (5.38)	18318 (10.42)	16759 (10.99)	10554 (8.23)
Total Budget	295100	239668	250506	188208	175831	152448	128268

*Figures in parentheses are expressed in percentage of Budget

Table 11: Ministry/Division wise Budget Allocation

(In crore Tk)

Ministry/Division	Budget 2015-16	Revised 2014-15	Budget 2014-15
President's Office	16	15	14
National Parliament	203	205	219
Prime Minister's Office	802	809	762
Cabinet Division	50	35	43
Election Commission Secretariat	1486	849	728
Ministry of Public Administration	1498	1385	1298
Public Service Commission	34	31	31
Finance Division	91446	62755	71464
Office of the Comptroller and Auditor General of Bangladesh	162	146	145
Internal Resources Division	1800	1356	1694
Bank and Financial Institutions Division	924	916	773
Economic Relations Division	1839	1839	1904
Planning Division	1087	3445	1625
Implementation Monitoring & Evaluation Division	139	97	123
Statistics and Informatics Division	393	235	381
Ministry of Commerce	359	277	242
Ministry of Foreign Affairs	902	874	836
Ministry of Defense	18377	17763	16456
Armed Forces Division	21	23	22
Law and Justice Division	1045	948	1009
Ministry of Home Affairs	12400	12739	11366
Legislative and Parliamentary Affairs Division	21	18	22
Ministry of Primary and Mass Education	14502	12420	13676
Ministry of Education	17112	16206	15548
Ministry of Science and Technology	1550	3951	2528
Ministry of Health and Family Welfare	12725	11568	11176
Information & Communication Technology Division	1213	934	1028
Ministry of Social Welfare	3257	2793	2905
Ministry of Women and Children Affairs	1679	1533	1580
Ministry of Labour & Employment	302	226	148
Ministry of Housing and Public Works	2919	2021	2059

Ministry/Division	Budget 2015-16	Revised 2014-15	Budget 2014-15
Ministry of Information	658	597	591
Ministry of Cultural Affairs	365	302	258
Ministry of Religious Affairs	428	393	347
Ministry of Youth and Sports	835	767	795
Local Government Division	18872	17005	15468
Rural Development and Co-operatives Division	1351	1604	1517
Ministry of Industries	1372	1609	1735
Ministry of Textiles and Jute	284	432	455
Energy and Mineral Resources Division	2037	1052	2256
Ministry of Agriculture	12703	12284	12395
Ministry of Fisheries and Livestock	1489	1205	1344
Ministry of Environment and Forest	1020	936	912
Ministry of Land	885	768	830
Ministry of Water Resources	3886	2930	3619
Ministry of Food	1899	1294	1995
Ministry of Disaster Management and Relief	7440	6858	7287
Road Transport and Highways Division	7912	6659	6864
Ministry of Railways	7751	5356	6392
Ministry of Shipping	1376	917	1022
Ministry of Civil Aviation and Tourism	372	146	160
Posts and Telecommunications Division	2371	1512	1289
Ministry of Chittagong Hill Tracts Affairs	779	684	735
Power Division	16504	8287	9284
Supreme Court	112	125	114
Ministry of Liberation War Affairs	2679	1637	1743
Ministry of Expatriates' Welfare and Overseas Employment	438	533	496
Anti Corruption Commission	63	65	59
Bridges Division	8953	5300	8737
Total	295100	239668	250506

**Table12: List of 42 projects to be implemented under PPP
(Approved in Principle)**

Sector	SL	Name of the Project
Transport	1	Dhaka Elevated Expressway (Contract Signed)
	2	2 Jetties at Mongla Port
	3	Multi-Mode Surveillance System (Radar, etc) at Hazrat Shahjalal Airport
	4	Upgrading Dhaka Bypass to 4 Lane
	5	Construction of Shantinagat to Mawa Flyover
	6	Hemayetpur to Manikganj Road Construction
	7	Dhaka-Chittagong access controlled highway
	8	Dual gauge line construction in Bangonandhu Bridge
	9	Fulchari Bahadurabad MG Railway Bridge Construction
	10	Dhaka-Ashuliya elevated expressway
	11	Jatrabari-Sultana Kamal Bridge-Tarabo PPP Bridge
	12	Construction of Laldia Bulk Terminal
	13	Construction of Inland Container Terminal at Khanpur
	14	Construction of ICD near Dheerasram Rail Station
	15	2 nd Padma Multipurpose Bridge at Paturia-Goalundo
	16	3 rd Sea Port
Economic Zone	1	Hi-tech park at Kaliakoir (2 contracts)
	2	Economic Zone 4: Mongla
	3	ICT Village at Mohakhali
	4	Economic Zone 2: Mirsorai
	5	Economic Zone 3: Sherpur
	6	Economic Zone 5: Anowara, Chittagong
	7	Hi-Tech Park in Sylhet
	8	Economic Zone 1: Sirajgonj
Tourism	1	Development of Tourism and Entertainment Village at Cox's Bazar
	2	5 star Hotel at Zakir Road, Chittagong
	3	Establishment of Int'l Standard Tourism Complex at Motel Upol Compound of BPC at Cox's Bazar
	4	Establishment of Sabrang Exclusive Tourist Zone
Health	1	Hemodialysis Centre at Chittagong Medical College Hospital (contract Signed)
	2	Hemodialysis Centre at National Institute of Kidney Diseases and Urology (Contract Signed)

Sector	SL	Name of the Project
	3	Oboshor: (Senior Citizen Health Care and Hospitality Complex
	4	Medical College and Modernization of Railway Hospital at Syedpur, Nilphamary
	5	Medical College and Modernization of Railway Hospital at Pakshi, Pabna
	6	New Modern Hospital and Medical College of 250 beds in Khulna
	7	Medical College and Modernization of Railway Hospital at Komlapur, Dhaka
	8	Medical College and Modernization of Railway Hospital at CRB, Chittagong
Housing	1	NHA Housing Satelite Project at Mirpur
	2	Construction of BSS Bhaban under PPP
	3	Shopping Mall with hotel-cum-guest House on the unused Railway land in Comilla
	4	Shopping Mall with hotel-cum-guest House on the unused Railway land in Chittagong
	5	Shopping Mall with hotel-cum-guest House on the unused Railway land in Khulna
Energy	1	Construction of LNG Bottling Plant at Kumira, Chittagong

Table 13: List of Approved Economic Zones

SL	Name of the Economic Zone
1	Sirajgonj Economic Zone (Near Bangobandhu Bridge)
2	Mongla Economic Zone, Bagerhat
3	Mirsorai Economic Zone, Chittagong
4	Anowara (Gohira) Economic Zone, Chittagong
5	Srihatta Economic Zone, Moulovibazar
6	Sreepur Economic Zone, Gazipur (Japanese Economic Zone)
7	Sabrang Tourism SEZ, Cox's Bazar
8	Agoiljhara Economic Zone, Barisal
9	Anowara Economic Zone-2, Chittagong(Chinese Economic & Industrial Zone)
10	Dhaka IT SEZ, Keranigonj, Dhaka
11	Jamalpur Economic Zone
12	Narayanganj Economic Zone
13	Bhola Economic Zone
14	Ashugonj Economic Zone, Brahminbaria
15	Kustia Economic Zone
16	Ponchogar Economic Zone
17	Nilphamary Economic Zone
18	Norshingdi Economic Zone
19	Manikganj Economic Zone
20	Dhaka Economic Zone, Dohar
21	Habiganj Economic Zone, Chunarughat
22	Shariatpur Economic Zone, Jajira
23	Shariatpur Economic Zone, Gosairhat
24	Jaliyardwip Economic Zone, Teknaf, Cox's Bazar
25	Meghna Industrial Economic Zone, Sonar Gaon, Narayanganj
26	Meghna Economic Zone, Sonar Gaon, Narayanganj
27	Fomcom Private Economic Zone, Mongla, Bagerhat
28	A. K. Khan Private Economic Zone
29	Abdul Monem Private Economic Zone
30	BJMEA Private Economic Zone, Munshiganj

Annex-B

Table -14: Threshold of Taxable Income, Existing and Proposed Tax Rates for Non-Corporate Tax Payers

(b) Threshold of Taxable Income of Individual Tax Payers:		
Status	Threshold of Taxable Income	
	Existing	Proposed
General Taxpayers	2 lakh 20 thousand	2 lakh 50 thousand
Women and senior citizen aging 65 years and above	2 lakh 75 thousand	3 lakh
Physically challenged	3 lakh 50 thousand	3 lakh 75 thousand
War-wounded gazette freedom fighters	4 lakh	4 lakh 25 thousand
(b) Individual Tax Rate:		
Total Income		Tax rate
Existing	Proposed	
On first, Tk. 2 lakh 20 thousand of total income	On first, Tk. 2 lakh 50 thousand of total income	Nil
On next, Tk. 3 lakh of total income	On next, Tk. 4 lakh of total income	10 percent
On next, Tk. 4 lakh of total income	On next, Tk. 5 lakh of total income	15 percent
On next, Tk. 5 lakh of total income	On next, Tk. 6 lakh of total income	20 percent
On next, Tk. 30 lakh of total income	On next, Tk. 30 lakh of total income	25 percent
On the balance of total income	On the balance of total income	30 percent
(c) Tax Rate for Cigarette Manufacturers other than Companies:		
Cigarette Manufacturers	Nil- 30 percent	45 percent
(d) Tax Rate for Co-operative Society:		
Income of Co-operative Society.	nil	15 percent

Table 15: Corporate Tax Rates

(a) Company Tax Rate:		
Status	Existing	Proposed
Publicly Traded Company	27.5 percent	25 percent
Non-Publicly Traded Company	35 percent	35 percent
Publicly Traded-Bank, Insurance and Financial Institution(other than Merchant Bank):	42.5 percent	40 percent
Non-Publicly Traded.-Bank, Insurance and Financial Institution	42.5 percent	42.5 percent
Merchant Bank	37.5 percent	37.5 percent
Cigarette Manufacturer:		
Publicly Traded Company-	40 percent	45 percent
Non-Publicly Traded Company-	45 percent	45 percent
Mobile Phone:		
Publicly Traded Company	40 percent	40 percent
Non-Publicly Traded Company	45 percent	45 percent
Dividend Income	20 percent	20 percent
Minimum Turnover Tax	0.30 percent	0.30 percent (0.10 percent in first 3 assessment years of commencement of commercial production)
(b) Tax Rate on Income from Poultry Dairy & Hatchery:		
Status	Existing	Proposed
Income from poultry industry	Nil	<ul style="list-style-type: none"> • On first, Tk. 10 lakh - 3 percent. • On next Tk. 20 lakh- 10 percent. • On the balance- 15 percent.
Poultry feed, dairy, mulberry, apiculture, horticulture, pisciculture etc.	3 percent	<ul style="list-style-type: none"> • On first, Tk. 10 lakh - 3 percent. • On next Tk. 20 lakh- 10 percent. • On the balance- 15 percent.
Shrimp/poultry/fish hatchery	General tax rate	<ul style="list-style-type: none"> • On first, Tk. 10 lakh - 3 percent. • On next Tk. 20 lakh- 10 percent. • On the balance- 15 percent.

Table-16: Proposals for Reduction, Increase and Imposition of Supplementary Duty

Heading No.	H.S. Code	Description of Goods	Existing SD Rate	Proposed SD Rate
(1)	(2)	(3)	(4)	(6)
03.02	All H.S. Code	Fish, fresh or chilled, excluding fish fillets and other fish meat of heading 03.04.	15	20
03.03	All H.S. Code	Fish, frozen, excluding fish fillets and other fish meat of heading 03.04.	15	20
03.04	All H.S. Code	Fish fillets and other fish meat (whether or not minced), fresh, chilled or frozen.	15	20
03.05	0305.10.10	Flours, meals and pellets of fish, fit for human consumption wrapped/canned upto 2.5 kg	10	20
	0305.31.90 0305.32.90 0305.39.90	Fish fillets, dried, salted or in brine, but not smoked(excluding wrapped/ canned upto 2.5 kg)	10	20
	0305.59.90	Dried fish, other than edible fish offal, whether or not salted but not smoked (excluding Wrapped/ canned upto 2.5 kg)	10	20
03.06	0306.16.00 0306.17.00	Cold-water shrimps and prawns; (<i>Pandalus spp.</i> , <i>Crangon crangon</i>)	15	20
04.05	All H.S. Code	Butter and other fats and oils derived from milk; dairy spreads.	15	20
07.02	All H.S. Code	Tomatoes, fresh or chilled.	15	20
07.09	All H.S. Code	Other vegetables, fresh or chilled.	15	20
08.02	0802.90.11 0802.90.19	Betelnuts	15	30
09.02	0902.30.00	Black tea (fermented) and partly fermented tea, in immediate packings of a content not exceeding 3 kg	15	20
	0902.40.00	Other black tea (fermented) and other partly fermented tea	15	20
17.02	1702.30.20	Liquid glucose	30	20
	1702.30.90	Other glucose and glucose syrup	30	20
	1702.40.00	Glucose and glucose syrup, containing in the dry state at least 20% but less than 50% by weight of fructose, excluding invert sugar	30	20
17.04	All H.S. Code	Sugar confectionery (including white chocolate), not containing cocoa.	30	20

Heading No.	H.S. Code	Description of Goods	Existing SD Rate	Proposed SD Rate
(1)	(2)	(3)	(4)	(6)
18.06		Chocolate and other food preparations containing cocoa.		
	1806.20.00	Other preparations in blocks, slabs or bars weighing more than 2 kg., or in liquid, paste, powder, granular or other bulk form in containers or immediate packings, of a content exceeding 2 kg	30	20
	1806.31.00 1806.32.00	Other, in blocks, slabs or bars:	30	20
	1806.90.00	Other Chocolate	30	20
19.02	All H.S. Code	Pasta, whether or not cooked or stuffed or otherwise prepared; couscous	45	30
19.04	All H.S. Code	Prepared foods obtained by the swelling or roasting of cereals or cereal products; all types of cereals	45	30
19.05	1905.31.00	Sweet biscuits	60	45
	1905.32.00	Waffles and wafers	60	45
	1905.40.00	Rusks, toasted bread and similar toasted products	60	45
	1905.90.00	Other	60	45
20.07	All H.S. Code	Jams, fruit jellies, marmalades, fruit or nut puree and fruit or nut pastes, obtained by cooking, whether or not containing added sugar or other sweetening matter.	30	20
21.06.	2106.90.90	Other food preparation	0	20
27.10	2710.19.34	Greases (mineral)	20	10
28.07	2807.00.00	Sulphuric acid; oleum.	15	20
29.15	2915.70.32	Sodium salt of palmitic acid (soap noodle) imported by other	15	20
29.17	2917.32.90	Diocetyl orthophthalates	15	20
	2917.33.00	Dinonyl or didecyl orthophthalates	15	20
	2917.34.00	Other esters of orthophthalic acid	15	20
	2917.39.00	Other plasticizer	15	20
32.08	3208.10.90	Other based on polyesters:	15	20
	3208.20.99	Other paints based on acrylic or vinyl polymers, in a non-aqueous medium	15	20
	3208.90.90	Other paint, varnishes & lacquers	15	20
32.09	3209.10.90	Other based on acrylic or vinyl polymers:	15	20
	3209.90.90	Other paint, varnishes & lacquers	15	20
32.10	3210.00.20	Prepared water pigments of a kind used for finishing leather, for cleaning footwear in tablet form	15	20

Heading No.	H.S. Code	Description of Goods	Existing SD Rate	Proposed SD Rate
(1)	(2)	(3)	(4)	(6)
	3210.00.90	Other paints and varnishes	15	20
34.05	3405.10.00	Polishes, creams and similar preparations for footwear or leather	15	20
36.05	3605.00.00	Matches; other than pyrotechnic articles of Heading 36.04	30	20
38.08	3808.91.21	Mosquito coil; aerosol; mosquito repellent	30	20
39.19	3919.10.00 3919.90.90	Other Self-adhesive plates, sheets, film, foil, tape, strip and other flat shapes, of plastics, whether or not in rolls.	20	10
39.20		Other plates, sheets, film, foil and strip, of plastics, non-cellular and not reinforced, laminated, supported or similarly combined with other materials.		
	3920.20.10	Other plates, sheets, film, foil and strip, of plastics of polymers of propylene in printed form	20	10
	3920.69.10	Other plates, sheets, film, foil and strip, of plastics of other polyesters in printed form	20	10
	3920.92.10	Other plates, sheets, film, foil and strip, of plastics of other polyamides in printed form	20	10
	3920.99.90	Other plastic sheets	20	10
39.21	3921.90.91	Other plates, sheets, film, foil and strip, of plastics in printed form	45	30
39.23		Articles for the conveyance or packing of goods, of plastics; stoppers, lids, caps and other closures, of plastics.		
	3923.10.00	Boxes, cases, crates and similar articles	60	45
	3923.21.00	Sacks and bags (including cones) of polymers of ethylene other than plastics	60	45
	3923.29.90	Sacks and bags (including cones) of other plastics	60	45
	3923.30.90	Other carboys, bottles, flasks and similar articles	60	45
	3923.40.90	Other Spools, caps, bobbins and similar supports	60	45
	3923.50.00	Stoppers, lids, caps and other closures	60	45
	3923.90.90	Plastic pallets	60	45
39.24	3924.10.00	Tableware and kitchenware of plastic	60	45
	3924.90.10	Feeding Bottles	20	20

Heading No.	H.S. Code	Description of Goods	Existing SD Rate	Proposed SD Rate
(1)	(2)	(3)	(4)	(6)
	3924.90.90	Other tableware and kitchenware	60	45
39.25	3925.20.00	Doors, windows and their frames and thresholds for doors	60	45
39.26	3926.40.00	Statuettes and other ornamental articles	45	30
	3926.90.99	Other goods of plastic	45	30
40.11	4011.10.00	Tyre of a kind used on motor cars (including station wagons and racing cars)	0	20
42.03	4203.30.00	Belts and bandoliers	0	20
	4203.40.00	Other clothing accessories	0	20
44.10 to 44.12	All H.S. Code(excluding 4411.12.00, 4411.13.00 & 4411.14.00)	All kinds of Particle board, Fibreboard of wood (excluding Medium density fiberboard (MDF), Plywood, veneered panels and similar laminated wood.	15	10
44.18	All H.S. Code	Builders' joinery and carpentry of wood, including cellular wood panels, assembled flooring panels, shingles and shakes.	15	10
48.02	4802.54.90	Other paper and paperboard, not containing fibres obtained by a mechanical or chemi-mechanical process; or of which not more than 10% by weight of the total fibre content consists of such fibres of weighing less than 40 g/m ² (Excl. imported by VAT registered manufacturing industries)	15	10
48.18	All H.S. Code	Toilet paper and similar paper, handkerchiefs, cleansing tissues, towels, tablecloths, serviettes, bed sheets and similar household, sanitary or hospital articles, articles of apparel and clothing accessories, of paper pulp, paper, cellulose wadding or webs of cellulose fibres.	45	30
48.19	4819.10.00	Cartons, boxes and cases, of corrugated paper and paperboard	15	10
	4819.20.00	Folding cartons, boxes and cases, of non-corrugated paper and paperboard	15	10
	4819.30.00	Sacks and bags, having base of a width of 40 cm. or more	15	10

Heading No.	H.S. Code	Description of Goods	Existing SD Rate	Proposed SD Rate
(1)	(2)	(3)	(4)	(6)
48.21	4821.10.00	Printed labels	30	20
49.01	4901.10.00	Printed Books, Brochures, leaflets, similar printed matter in single sheets, whether or not folded	15	10
49.11	All H.S. Code	Other printed matter, including printed pictures and photographs.	15	10
50.07	All H.S. Code	Woven fabrics of silk or of silk waste.	0, 45	45
58.01	All H.S. Code	Woven pile fabrics and chenille fabrics, other than fabrics of Heading 58.02 or 58.06.	30	20
58.04	All H.S. Code	Tulles and other net fabrics, not including woven, knitted or crocheted fabrics; lace in the piece, in strips or in motifs, other than fabrics of Headings 60.02 to 60.06.	0	20
59.03	5903.10.90	Other textile fabrics, impregnated, coated, covered or laminated with polyvinyl chloride	30	20
	5903.20.90	Other textile fabrics, impregnated, coated, covered or laminated with polyurethane	30	20
	5903.90.90	Other textile fabrics with polyurethane	30	20
60.01	All H.S. Code	Pile fabrics, including "long pile" fabrics and terry fabrics, knitted or crocheted.	30	20
60.02	All H.S. Code	Knitted or crocheted fabrics of a width not exceeding 30 cm, containing by weight 5% or more of elastomeric yarn or rubber thread, other than those of Heading 60.01.	30	20
60.03	All H.S. Code	Knitted or crocheted fabrics of a width not exceeding 30 cm, other than those of Heading 60.01 or 60.02	30	20
60.04	All H.S. Code	Knitted or crocheted fabrics of a width exceeding 30 cm, containing by weight 5% or more of elastomeric yarn or rubber thread, other those of Heading 60.01	30	20
60.05	All H.S. Code	Warp knit fabrics (including those made on galloon knitting machines), other than of Headings 60.01 to 60.04	30	20
60.06	All H.S. Code	Other knitted or crocheted fabrics	30	20

Heading No.	H.S. Code	Description of Goods	Existing SD Rate	Proposed SD Rate
(1)	(2)	(3)	(4)	(6)
61.01 & 61.02	All H.S. Code	Men's or boys', women or girls' overcoats, car-coats, capes, cloaks, anoraks (including ski-jackets), wind-cheaters, wind-jackets and similar articles, knitted or crocheted, other than those of Heading 61.03.	60	45
61.03	All H.S. Code	Men's or boys' suits, ensembles, jackets, blazers, trousers, bib and brace overalls, breeches and shorts (other than swimwear), knitted or crocheted.	60	45
61.04	All H.S. Code	Women's or girls' suits, ensembles, jackets, blazers, dresses, skirts, divided skirts, trousers, bib and brace overalls, breeches and shorts (other than swimwear), knitted or crocheted.	60	45
61.05	All H.S. Code	Men's or boys' shirts, knitted or crocheted.	60	45
61.06	All H.S. Code	Women's or girls' blouses, shirts, and shirt-blouses, knitted or crocheted.	60	45
61.07	All H.S. Code	Men's or boys' underpants, briefs, nightshirts, pyjamas, bathrobes, dressing gowns and similar articles, knitted or crocheted.	60	45
61.08	All H.S. Code	Women's or girls' slips, petticoats, briefs, panties, nightdresses, pyjamas, negliges, bathrobes, dressing gowns and similar articles, knitted or crocheted.	60	45
61.09	All H.S. Code	T-shirts, singlets and other vests, knitted or crocheted.	60	45
61.10	All H.S. Code (excluding 6110.12.00 & 6110.19.00)	Jerseys, pullovers, cardigans, waistcoats and similar articles, knitted or crocheted.	60	45
61.11	All H.S. Code	Babies' garments and clothing accessories knitted or crocheted.	60	45
61.13	6113.00.00	Garments, made up of knitted or crocheted fabrics of heading 59.03, 59.06 or 59.07.	60	45
61.14	All H.S. Code	Other garments, knitted or crocheted.	60	45

Heading No.	H.S. Code	Description of Goods	Existing SD Rate	Proposed SD Rate
(1)	(2)	(3)	(4)	(6)
61.15	All H.S. Code	Panty hose, tights, stockings, socks and other hosiery, including graduated compression hosiery (for example, stockings for varicose veins) and footwear without applied soles, knitted or crocheted.	60	45
61.16	All H.S. Code	Gloves, mittens and mitts, knitted or crocheted.	60	45
61.17	All H.S. Code (excluding 6117.80.90)	Other made up clothing accessories, knitted or crocheted; knitted or crocheted parts of garments or of clothing accessories.	60	45
62.01 to 62.10	All H.S. Code	Men's or boys', Women's or girls' overcoats, car-coats, capes, cloaks, anoraks (including ski-jackets), wind-cheaters, wind-jackets, suits, ensembles, jackets, blazers, trousers, bib and brace overalls, breeches and shorts and similar articles	60	45
62.11	6211.32.00 6211.33.00 6211.39.00 6211.42.00 6211.43.00 6211.49.00	Track suits and other garments.	30	20
64.06	6406.10.90 6406.20.90	Upper and outer soles and heels	30	20
67.02	All H.S. Code	Artificial flowers, foliage and fruit and parts thereof; articles made of artificial flowers, foliage or fruit	30	20
70.03	7003.12.00	Coloured throughout the mass (body tinted), opacified, flashed or having an absorbent, reflecting or non-reflecting layer.	30	20
	7003.19.00	Other Non-wired sheets	30	20
	7003.20.00	Cast or rolled glass wire sheet	30	20
	7003.30.00	Cast or rolled glass profile	30	20
70.04	All H.S. Code	Drawn glass and blown glass, in sheets, whether or not having an absorbent, reflecting or non-reflecting layer, but not otherwise worked.	30	20
70.07	7007.19.00	Other tempered safety glass	15	20
	7007.29.00	Other laminated safety glass	15	20
70.09	7009.91.90	Unframed other glass mirror	15	20
	7009.92.90	Other framed glass mirror	15	20

Heading No.	H.S. Code	Description of Goods	Existing SD Rate	Proposed SD Rate
(1)	(2)	(3)	(4)	(6)
70.16	All H.S. Code	Paving blocks, slabs, bricks, squares, tiles and other articles of pressed or moulded glass, whether or not wired, of a kind used for building or construction purposes; glass cubes and other glass smallwares, whether or not on a backing, for mosaics or similar decorative purposes; leaded lights and the like; multi-cellular or foam glass in blocks, panels, plates, shells or similar forms.	15	20
71.02	7102.10.00 7102.31.00	Unsorted daimonds	15	20
71.17	All H.S. Code	Imitation jewellery.	15	20
73.03	7303.00.00	Tubes, pipes and hollow profiles, of cast iron.	0	20
73.04	7304.11.20 7304.19.20	Line pipe of a kind used for oil or gas pipelines of stainless steel 8 inch inner dia or less	15	20
	7304.90.00	Other tubes, pipes and hollow profiles, seamless, of iron	15	20
73.06	7306.11.20 7306.19.20	Line pipe of a kind used for oil or gas pipelines of stainless steel 8 inch inner dia or less	15	20
	7306.21.20 7306.29.20	Casing and tubing of a kind used in the drilling for oil or gas Welded, of stainless steel 8 inch inner dia or less	15	20
	7306.30.00	Other, welded, of circular cross-section of iron or non-alloy steel	15	20
	7306.40.00	Other, welded, of circular cross-section, of stainless steel	15	20
	7306.50.00	Other, welded, of circular cross-section, of other alloy steel	15	20
	7306.61.00	Other, welded, of non-circular cross-section of square or rectangular cross-section	15	20
	7306.69.00	Other, welded, of non-circular cross-section of other non-circular cross-section	15	20
	7306.90.00	Other, welded, of non-circular cross-section: Other	15	20
73.21	7321.11.00	- Cooking appliances and plate warmers for gas fuel or for both gas and other fuels	15	20

Heading No.	H.S. Code	Description of Goods	Existing SD Rate	Proposed SD Rate
(1)	(2)	(3)	(4)	(6)
73.23	7323.93.00 7323.94.00 7323.99.00	Table/kitchenware of stainless steel	15	20
73.24	All H.S. Code	Sanitary ware and parts thereof, of iron or steel.	15	20
74.18	7418.20.00	Sanitary ware and parts thereof	15	20
76.15	7615.20.00	Sanitary ware and parts thereof	15	20
83.01	All H.S. Code (excluding 8301.20.10)	Padlocks and locks (key, combination or electrically operated), of base metal; clasps and frames with clasps, incorporating locks, of base metal; keys for any of the foregoing articles, of base metal.	15	20
84.07 & 84.08	8407.31.10 8407.32.10 8407.33.10 8408.20.10	Two-stroke engine for 3 wheeler/auto rickshaw	15	20
	8407.31.20 8407.32.20 8407.33.20 8408.20.20	Four-stroke engine for 3 wheeler/auto rickshaw	15	20
84.21	8421.23.00 8421.29.90	Filter	15	20
85.04	8504.32.00	Other transformer having a power handling capacity exceeding 1 kVA but not exceeding 16 kVA	15	20
	8504.33.00	Other transformer having a power handling capacity exceeding 16 kVA but not exceeding 500 kVA	15	20
85.06	8506.10.00	Manganese dioxide battery	15	20
	8506.30.00	Mercuric oxide battery	0	20
	8506.40.00	Silver oxide battery	0	20
	8506.50.00	Lithium battery	0	20
	8506.60.00	Air-zinc battery	0	20
	8506.80.00	Other primary cells and primary batteries	15	20
85.19	8519.20.00	Apparatus operated by coins, banknotes, bank cards, tokens or by other means of payment	15	20
	8519.30.00	Turntables (record-decks)	15	20
	8519.81.20	Other apparatus Using magnetic, optical or semiconductor media in CBU	15	20
	8519.89.20	Other apparatus in CBU	15	20

Heading No.	H.S. Code	Description of Goods	Existing SD Rate	Proposed SD Rate
(1)	(2)	(3)	(4)	(6)
85.21	All H.S. Code	Video recording or reproducing apparatus, whether or not incorporating a video tuner.	15	20
85.22	8522.90.20	Loaded printed circuit board for apparatus of Heading 85.21	15	20
85.27	8527.12.00	Pocket-size radio cassette-players	15	20
	8527.21.00	Radio broadcast receivers not capable of operating without an external source of power, of a kind used in motor vehicles combined with sound recording or reproducing apparatus	15	10
	8527.91.00	Other combined with sound recording or reproducing apparatus	15	10
85.39	8539.21.90	Tungsten halogen	20	10
	8539.32.90	Other mercury or sodium vapour lamps;	15	10
	8539.39.90	metal halide lamps:		
85.42	8542.39.10	SIM card	15	20
85.44	8544.19.90	Other winding wire	15	20
	8544.20.00	co-axial cable and other co-axial electric conductors	15	20
	8544.42.00	Other electric conductors for a voltage not exceeding 1,000 V fitted with connectors	15	20
85.45	8545.90.90	Lamp carbons, battery carbons and other articles of graphite or other carbon	15	10
87.03.	8703.90.40	Electric battery operated motor car	0	20
87.11	8711.10.21	Four stroke motorcycle in CKD	30	45
	8711.10.92			
	8711.20.21			
	8711.20.92			
90.03	9003.11.00	Frames and mountings for spectacles, goggles or the like	15	10
	9003.19.00			
90.04	All H.S. Code	Spectacles, goggles and the like, corrective protective or other	15	10
93.02	9302.00.90	Other revolvers and pistols	100	150
93.05	All H.S. Code	Parts and accessories of articles of heading 93.01 to 93.04.	15	10
94.01	9401.20.10	Seats of a kind used for motorcycle	15	20
95.04	9504.40.00	Playing cards	30	20
96.03	9603.21.00	Tooth brushes, including dental plate brushes	30	20
96.19	9619.00.00	Sanitary towels (pads) and tampons, napkins and napkin liners for babies and similar articles, of any material.	60	45

Table-17: Existing and Proposed Price Slab & SD Rate of Cigarette

Existing Price slab (for 10 sticks) Tk.	Existing Tax rate	Proposed Value (for 10 sticks) Tk.	Proposed Tax rate (SD rate)
15.00-16.50	43%	Lowest: Tk. 19.00	48%
32.50-35.00	60%	Low: Tk. 20.00-39.00	60%
50.00-54.00	61%	Medium: Tk. 40.00-69.00	61%
90 and above	61%	High: Tk. 70 and above	63%

Table 18: Proposals for Increase/Decrease of Duty and Taxes at Import Stage

a) Goods attracting 25% of customs duty, exempted from regulatory duty:

Sl.	H.S. Code	Description
(1)	(2)	(3)
1.	1513.29.00	Palm kernel or babassu oil and fractions thereof (excl. crude)
2.	1901.90.20	Dry mixed ingredients of food preparations imported in bulk
3.	1901.90.91	Malt extract; food preparations imported in bulk by VAT registered food processing industries
4.	2710.19.21	Lubricating Oil
5.	3919.10.00	Self-adhesive plates, sheets, film, foil, tape, strip in rolls of a width not exceeding 20 cm
6.	3919.90.20	Performance Tape/Closure/Side Tape
7.	4010.31.00 4010.32.00 4010.33.00 4010.34.00	Endless transmission belts of trapezoidal cross-section (V-belts)
8.	4011.20.10	New pneumatic tyres, of rubber of a kind used on buses or lorries of rim size upto 16 inch
9.	4823.90.94	Air laid paper imported by VAT registered sanitary napkin manufacturers
10.	5603.12.10	Textile back sheet/Non woven air through bonded (ADL)
11.	7213.91.20	Wire rod imported by VAT registered bicycle manufacturing industries
12.	7318.15.00	Other screws and bolts, whether or not with their nuts or washers
13.	7318.16.00	Nuts
14.	7610.90.10	Aluminium composite panel
15.	8516.79.10	Vaporizer heating machine
16.	8523.21.00	Cards incorporating a magnetic stripe
17.	9602.00.10	Gelatin capsules (empty)

b) Regulatory duty to be imposed on goods attracting 10% of customs duty:

Sl.	H.S. Code	Description
(1)	(2)	(3)
1.	0910.91.91	Spices premix imported by VAT registered foodstuffs manufacturing industries
2.	1104.12.10	Oats rolled or flaked grains of oats wrapped/canned upto 2.5 kg
3.	2103.90.10	Mixed seasonings
4.	2106.90.40	Stabilizer for milk imported by VAT registered milk foodstuffs manufacturing and agro-processing industries
5.	2902.90.10	Refined naphthalene
6.	3208.20.91	Cover coat/medium imported by VAT registered ceramic ware manufacturers
7.	3215.11.10	Flexo/Gravure in liquid form imported by VAT registered manufacturers
8.	3215.19.10	Flexo/Gravure in liquid form imported by VAT registered manufacturers
9.	3402.11.10	Linear Alkyl Benzene Sulphonic Acid (LABSA)
10.	3920.62.90	Other poly(ethylene terephthalate)
11.	4411.12.00 4411.13.00 4411.14.00	Medium density fiberboard (MDF)
12.	4811.59.20	Melamine impregnated decorative paper
13.	5512.19.10	Silk screen imported by VAT registered ceramicware manufacturers
14.	7304.19.10	Line pipe of a kind used for oil or gas pipelines Exceeding 8 inch inner dia
15.	7306.19.10	Line pipe of a kind used for oil or gas pipelines Exceeding 8 inch inner dia
16.	7307.92.11	Sleeves imported by VAT registered tyre manufacturing industries
17.	7311.00.20	LP gas cylinder capacity below 5000 litres
18.	7408.11.00	Copper wire of refined copper
19.	7605.11.00	Aluminium wire rod
20.	7607.11.90	Aluminium foil not backed
21.	8309.10.00	Crown corks
22.	8309.90.10	Lug caps
23.	8309.90.30	Combination seal for vials
24.	8448.20.10	Jute Pin; Jute Staves
25.	8704.21.16 8704.22.14 8704.23.13 8704.31.16 8704.32.13 8704.90.13	Dump Truck/Tipper (including CNG operated)

Sl.	H.S. Code	Description
(1)	(2)	(3)
26.	9403.20.20	Racks of a kind used in the pharmaceutical laboratory imported by VAT registered pharmaceutical industries
27.	9403.60.10	Furniture of a kind used in pharmaceutical laboratory imported by VAT registered pharmaceutical industries

c) Concession of duty and taxes on inputs for poultry and dairy feed:

Sl. No.	H.S.Code	Description of goods
(1)	(2)	(3)
1.	2517.49.00	Limestone (Feedgrade)
2.	2801.10.00	Chlorine
3.	2805.12.00	Calcium
4.	2833.19.00	Sodium Hydrogen Sulfate
5.	2836.30.00	Sodium Hydrogen Carbonate
6.	1212.21.19	Sea weeds & Other Algae use in dairy & poultry
7.	2942.00.00	Poultry Dung Fermentation leaven

d) Concession of duty and taxes on poultry and dairy machinery and accessories:

Sl. No.	H.S.Code	Description of goods
(1)	(2)	(3)
1.	3808.90.10	Biological deodorant for biogas plant
2.	4821.90.10	Mini pipette for semen sampling

e) Increase of duty and taxes on silk products to protect local silk industry:

Sl. No.	H.S.Code	Description of goods	Existing CD Rate	Proposed CD Rate
(1)	(2)	(3)	(4)	(5)
1.	5002.00.00	Raw Silk (not thrown).	10	25
2.	5003.00.00	Silk waste (including cocoons unsuitable for reeling, yarn waste and garnetted stock).	10	25
3.	5004.00.00	Silk yarn (other than yarn spun from silk waste) not put up for retail sale.	10	25
4.	5005.00.00	Yarn spun from silk waste, not put up for retail sale.	10	25
5.	5006.00.00	Silk yarn and yarn spun from silk waste, put up for retail sale; silk-worm gut.	10	25

f) Concession of duty and taxes on inputs for local weaving industry:

Serial No.	H.S. Code	Description
(1)	(2)	(3)
1.	2815.12.00	Caustic Soda
2.	2830.10.00	Sodium sulphide
3.	2832.20.00	Hydros
4.	2833.11.00	Glauber salt
5.	2836.20.00	Soda ash
6.	3204.13.00	Basic dye
7.	3204.15.00	Vat dye
8.	5402.47.00	Polyester yarn
9.	5402.52.00	Polyester yarn

g) Concession of duty and taxes on electrical and electronic accessories for export oriented garment industry:

Serial No.	H.S. Code	Description
(1)	(2)	(3)
1.	7308.30.00	Fire Resistant Door
2.	8424.20.30	Sprinkler System and equipments
3.	8528.69.00	Video conference device
4.	8531.20.00	Indicator panels incorporating liquid crystal devices (LCD) or light emitting diodes (LED)
5.	9405.40.49	LED tube light or LED bulb or LED lamps including rechargeable LED lamps
6.	9405.40.90	Emergency light with Exit sign and double heads

h) Concession of duty and taxes on inputs for pharmaceutical industry:

Table-I

Sl. No.	H.S. Code	Description of goods
(1)	(2)	(3)
1.	2907.19.00	Propofol
2.	2932.19.00	Eribulin Mesylate INN
3.	2932.99.00	Sucralose USNF
4.	2933.21.00	Phenytoin Sodium
5.	2933.59.90	Piperazine Citrate
6.	2933.99.00	Racecadotril
7.	2934.10.00	Dasatinib Monohydrate INN
8.	2934.30.00	Flutamide USP
9.	2935.00.00	Sildenafil Citrate

Sl. No.	H.S. Code	Description of goods
(1)	(2)	(3)
10.	2936.29.00	Calcium Folate BP
11.	2937.19.90	Goserelin Acetate INN
12.	2937.29.00	Abiraterone Acetate INN
13.	2937.29.00	Exemestane INN
14.	2939.51.00	Doxofyline
15.	2939.99.90	Pilocarpine HCL
16.	2939.99.90	Irinotecan
17.	2939.99.90	Vinorelbine USP
18.	3004.90.99	Hydroxyurea (compact) USP

Table-II

Sl. No.	H.S. Code	Description of goods
(1)	(2)	(3)
1.	2905.17.00	Kolliwax CSA
2.	2915.29.90	Calcium Acetate
3.	2917.19.00	Sodium Stearyl Fumarate USP

i) Concession of duty and taxes on inputs for other industrial sectors:

1. A good number of Active Pharmaceutical Ingredients (API) are now produced in Bangladesh. Specific HS codes have been proposed for two API (Acetonitrile HPLC I Methanol HPLC) to address the request from local manufacturers.
2. Value Added Tax (VAT) at import stage on the inputs (Simeprevir Sodium, Lepipasvir, Sofosbuvir, Ombitasvir, Paritaprevir, Ritonavir, and Dasabuvir) for the medicament of Hepatitis-C has waived as recommended by Directorate of Drug Administration and Tariff Commission.
3. In order to promote local toy industry exemption of custom duty excess of 5% and full exemption of VAT at import stage have been proposed for the inputs for toy.
4. Concessionary rate of duty and taxes for capital machinery has been proposed for Busbar Trunking System (H.S. Code 8537.10.11) imported by Textile Mills and Garment industry as local manufacturers are yet to manufacture high capacity quality goods in this regard. Similarly capital machinery status has also been proposed for the import of fire extinguishers (HS. Code 8424.10.00) transformers having power handling capacity exceeding 120MVA.
5. Notification No. 73/1997 has been amended to provide same concessionary benefit to Public power generation plants like the private plants.

6. i) Complete exemption of VAT at import stage has been proposed for the import of Grand Master Clock, Modulator, Multiplexer, Optical fiber platform, Network Management system (NMS) (H.S. Code 8517.62.40) as requested by Ministry of Information and communication technology.
- ii) Nationwide Telecommunication Transmission Network (NTTN) operators have been provided with same concessionary facility as International Gateway (IGW), Interconnection Exchange (ICX) & International Internet Gateway (IIG) operators. Besides the concessionary rate of custom duty has been amended to 5% for all these operators and at the same time fibre optic cable has been excluded from the concession list.
7. Concessionary facility for local shipbuilding industry has been extended as new electrical & signalling equipment (H.S. Code 8530.80.00, 8537.10.90), Brand new door, window (H.S. Code 7610.10.00) and Brand new Air vent head (H.S. Code 7304.90.00) have been included in the related notification (SRO 150/2013).
8. Import duty rates of a number of other commodities have been rationalized:-

Sl. No.	H.S.Code	Description of goods	Existing CD Rate	Proposed CD Rate
(1)	(2)	(3)	(4)	(5)
1.	1006.30.10	Fortified rice kernels	10	10
2.	1104.12.10	Rolled or flaked grains of oats (Wrapped/canned upto 2.5 kg.)	5	10
3.	1104.12.90	Other oats in bulk	5	10
4.	1108.11.00	Wheat starch	5	10
5.	1108.12.00	Maize (corn) starch	10	25
6.	1108.14.00	Manioc (cassava) starch	5	10
7.	1108.19.00	Other starches	5	10
8.	1208.10.00	Soya meals	0	5
9.	1701.12.00 1701.13.00 1701.14.00	Raw sugar	Bangladesh Tk. 2000/- per Metric Ton	Bangladesh Tk. 4000/- per Metric Ton (Effective from 1st August, 2015)
10.	1701.91.00 1701.99.00	Refined sugar	Bangladesh Tk. 4500/- per Metric Ton	Bangladesh Tk. 8000 per Metric Ton (Effective from 1st August, 2015)

Sl. No.	H.S.Code	Description of goods	Existing CD Rate	Proposed CD Rate
(1)	(2)	(3)	(4)	(5)
11.	2106.90.40	Stabilizer for milk imported by VAT registered milk foodstuffs manufacturing and agro-processing industries	25	10
12.	2306.41.00	Oil cake of low erucic acid rape or colza	0	5
13.	2526.20.00	Crushed or powdered natural steatite	5	10
14.	3206.19.10	Filler master batch	5	10
15.	3208.20.91	Cover coat/medium imported by VAT registered ceramicware manufacturers	25	10
16.	3215.11.10	Flexo/Gravure in liquid form imported by VAT registered manufacturers	25	10
17.	3215.19.10	Flexo/Gravure in liquid form imported by VAT registered manufacturers	25	10
18.	3402.90.20	Cleaning preparation imported by VAT registered steel manufacturing industries	25	10
19.	3824.90.30	Barium/strontium ferrite powder imported by VAT registered manufacturers	10	5
20.	3909.30.10	Polymeric-methylene diphenyl di-isocyanate imported by VAT registered refrigerator/ freezer manufacturers	10	5
21.	3917.40.10	Silicone tube imported by VAT medical instruments manufacturing industries	25	10
22.	3920.40.30	PVC film imported by VAT medical instruments manufacturing industries	25	10
23.	3920.62.90	Other	25	10
24.	3923.90.10	Trays for transportation and keeping of chicks and eggs	10	25
25.	4001.21.10	Natural rubber imported by VAT registered tyre manufacturing industries	5	10
26.	4203.30.00	Belts and bandoliers	10	25
27.	4203.40.00	Other clothing accessories	10	25
28.	4410.11.00	Particle board imported by furniture exporting industries	10	25

Sl. No.	H.S.Code	Description of goods	Existing CD Rate	Proposed CD Rate
(1)	(2)	(3)	(4)	(5)
29.	5301.29.10	Flax fibre	5	0
30.	5512.19.10	Silk screen imported by VAT registered ceramicware manufacturers	25	10
31.	7206.10.00 7206.90.00	Iron and non-alloy steel in ingots or other primary forms	Bangladesh Tk. 5000/- per Metric Ton	Bangladesh Tk. 7000/- per Metric Ton
32.	7207.11.00 7207.12.00 7207.19.00 7207.20.00	Semi-finished products of iron or non-alloy steel.	Bangladesh Tk. 5000/- per Metric Ton	Bangladesh Tk. 7000/- per Metric Ton
33.	7216.21.00	L sections	10	25
34.	7225.99.10	Metal frames for LCD/LED TV panel imported by VAT registered TV manufacturers	10	5
35.	7307.92.11	Sleeves imported by VAT registered tyre manufacturers	25	10
36.	7310.21.20	Tin plated printed cans imported by VAT registered manufacturers	25	10
37.	8101.99.10	Tungsten filament imported by VAT registered incandescent light bulb manufacturers	10	5
38.	8481.80.21	Hand diaphragm valve	25	10
39.	8472.90.10	Automated teller machine (ATM)	10	5
40.	8523.21.00	Cards incorporating a magnetic stripe	10	25
41.	8523.29.13	Other computer software (customized)	2	5
42.	8523.49.29	Other computer software (customized)	2	5
43.	8523.59.10	Proximity Cards and tags	2	5
44.	8526.91.10	GPS vehicle tracking system	2	25
45.	8535.21.10	Automatic circuit recloser	5	10
46.	8535.21.10	Automatic circuit recloser	5	10
47.	8536.10.00	Fuses	10	25
48.	8544.11.10	Welding copper wire imported by VAT registered fan manufacturing industries	25	10
49.	8544.70.00	Optical fibre cables	5	10
50.	9018.39.12	Blood transfusion set	5	10
51.	9018.39.13	Feeding tube	5	10

Sl. No.	H.S.Code	Description of goods	Existing CD Rate	Proposed CD Rate
(1)	(2)	(3)	(4)	(5)
52.	9018.39.14	IV cannulae	5	10
53.	9018.39.15	Scalp vein set	5	10
54.	9018.39.16	Suction catheter	5	10
55.	9018.39.30	Urine drainage bag	5	10
56.	9403.20.20	Racks of a kind used in the pharmaceutical laboratory imported by VAT registered pharmaceutical industries	25	10
57.	9403.60.10	Furniture of a kind used in pharmaceutical laboratory imported by VAT registered pharmaceutical industries	25	10
58.	9405.40.49	Other LED lamps and bulb	5	10

j) Reduction/exemption of custom duty on items related to renewable energy

Serial No.	H.S. Code	Description	Existing CD Rate	Proposed CD Rate
(1)	(2)	(3)	(4)	(5)
1.	3923.29.10	Airtight storage bags with zipper	10	0
2.	7019.90.10	Biogas digester imported by VAT registered bio-gas plant	5	0
3.	8419.19.10	Solar thermal water heater	10	0
4.	8513.10.10	Solar powered lantern/lamps having no provision for electrical power	25	0
5.	8535.90.10	Automatic sensor switch for lighting control	10	5

k) Reduction/exemption of custom duty on items related to retrofitting and disaster management:

Sl. No.	Description	Proposed CD Rate
(1)	(2)	(3)
1.	Sand compaction machinery, Jet grouting machinery, Bibro compaction machinery, Cement grouting machinery, Soil Anchoring, Grouting Apparatus, CPT with seismic probe, Accelerometer, Seismometer,	CD-0%
2.	Truck mounted CPT, Shake table, Fibre reinforced polymer (FRP), Rubber bearing	CD-5%

1) Tariff rationalization proposals

1. Customs duty has been made 0 (Nil) in the Bangladesh Customs Tariff rescinding the SRO No. 134-Law/2009 dated 11 June, 2009 on import of Onion having H.S.Code 0703.10.11 & 0703.10.19.
2. Effective date of the SRO No. 325/2000 dealing with De-inking Chemicals an essential chemical for making newsprint from waste paper, has been extended upto 30 June, 2016.
3. H.S.Code 7209.18.10 for secondary quality iron or non-alloy steel has been rescinded for being inconsistent with existing policies and creating scope for duty tax evasion.
4. The description "of a thickness of more than 0.6 mm" for coated or colour coated sheet against H.S.Code 7210.70.30 has been changed to "of a thickness of more than 1.0 mm" as because such sheets of upto 1.0 mm thickness are now produced in the country.
5. Presently 10 percent import duty and 15 percent VAT are applicable on Fan motor with or without revolving mechanism. For the protection of industries manufacturing fan by imported motor with revolving mechanism and other components, the description against respective H.S.Code has been changed to "Fan motor with revolving mechanism" maintaining the duty and tax unchanged.
6. For the prevention misdeclaration and duty evasion 45 percent Supplementary duty has been imposed on all kinds of Fans, merging together H.S.Codes 8414.51.10 & 8414.51.90.
7. An apparatus named Set-top Box is increasingly used to watch satellite channel by cable line. Complexities in classification and scopes for misdeclaration are created centering this machine since it has no specific H.S.Code. Hence this item has been classified dividing H.S.Code 8528.71.00 under Heading 85.28 and made chargeable to 25 percent duty.
8. In or to avoid difficulties in assessment, statistical units against H.S.Code 8414.90.10, H.S.Code 8443.91.00, H.S.Code 9503.00.00 & H.S.Code 9503.00.30 has been changed to 'kg'.
9. In addition the above, the duty rates of the following goods has been rationalized:

Sl. No.	H.S.Code	Description of goods	Existing CD Rate	Proposed CD Rate
(1)	(2)	(3)	(4)	(5)
1.	2520.10.10	Gypsum, imported as fertilizer	0	0
2.	2520.10.90	Gypsum other than fertilizer	0	5
3.	2840.20.10	Solubor	5	0
4.	2908.19.10	Chlorophenols	2	25
5.	2921.21.10	Zinc salt as fertilizer	5	0
6.	3204.13.10	Azo dyes	5	25
7.	3812.30.10	Organotin compounds	5	25
8.	4809.90.90	Other copying or transfer papers	10	25
9.	5502.00.00	Artificial filament tow.	5, 10	25
10.	8202.31.00	Circular saw blade with working part of steel	2	10
11.	8202.39.00	Other, including parts	2	10
12.	8202.40.00	Chain saw blades	2	10
13.	8202.91.00	Straight saw blades, for working metal	2	10
14.	8202.99.90	Other saw blades	2	10
15.	8204.20.00	Interchangeable spanner sockets, with or without handles	2	10
16.	8443.31.00	Machines which perform two or more of the functions of printing, copying or facsimile transmission, capable of connecting to an automatic data processing machine or to a network	10	5
17.	8443.39.91	Copying machines and facsimile machines	10	5
18.	8506.30.00	Mercuric oxide battery	10	25
19.	8506.40.00	Silver oxide battery	10	25
20.	8506.50.00	Lithium battery	10	25
21.	8506.60.00	Air-zinc battery	10	25
22.	8507.80.10	Power bank for charging mobile phone	25	10
23.	8525.80.90	Other cameras	25	10
24.	8543.70.30	Electronic insects repelling devices	5	25
25.	8546.90.00	Other electrical insulators	2	10
26.	8704.21.16	Dumper/tipper in CBU (including CNG operated)	25	10
	8704.22.14			
	8704.23.13			
	8704.31.16			
	8704.32.13			
	8704.90.13			

m) Goods against which import VAT has been exempted

Sl. No.	H.S. Code	Description	Existing VAT rate	Proposed VAT rate
(1)	(2)	(3)	(4)	(5)
1.	2520.10.10	Gypsum, imported as fertilizer	15	0
2.	2840.20.10	Solubor	15	0
3.	2921.21.10	Zinc salt as fertilizer	15	0
4.	2942.00.10	Simeprevir sodium, Lepipasvir, Sofobuvir, Ombitasvir, Partitaprevir, Ritonavir, Dasabuvir	15	0
5.	3916.90.20	Fibre reinforced polymer (FRP) sticks and profile shapes	15	0
6.	4016.99.20	Rubber bearing	15	0
7.	8430.61.10	Sand/Vibro compaction machinery	15	0
8.	8430.61.20	Jet/Cement grouting machinery	15	0
9.	8430.61.30	Soil anchoring/Grouting apparatus	15	0
10.	8705.90.10	Truck mounted CPT	15	0
11.	8517.62.40	Grandmaster clock; modulator; multiplexer; optical fibre platform; network management system	15	0
12.	8705.90.10	Truck mounted CPT	15	0
13.	9014.80.10	Accelerometer	15	0
14.	9015.80.10	Seismometer	15	0
15.	9024.80.10	Shake table/CPT with seismic probe machine	15	0