

## **Bismillah-hir-Rahmanir Rahim**

**Mr. Speaker,**

I would like to present, with your kind permission, the supplementary budget for the fiscal year 2004-2005 and the budget for the fiscal year 2005-2006, for kind consideration of this august House. Shaheed President Ziaur Rahman, the proponent of Bangladeshi nationalism, began his march towards building a self-reliant and a developed nation through achieving faster economic growth, rural development, poverty reduction and institutionalisation of a multi-party democratic environment. Following his dreams and ideals, we have achieved remarkable success over the past few years in various socio-economic sectors. The unflinching support of our people to the bold and dynamic leadership of the Hon'ble Prime Minister Begum Khaleda Zia has inspired and encouraged us in our efforts to accomplish this success.

**Mr. Speaker,**

2. In the first budget of this coalition government for FY 2002-03, I mentioned in my speech: “ Our politics is for the people. We tried our best to reflect their hopes and aspirations in this budget. In a country where about half of the population is still below the poverty line, the struggle should be to wipe out poverty to make the people smile and to achieve economic emancipation”. This is my eleventh budget presentation to this august House. Each of my budget presentation echoed our Government's commitment to this struggle. This commitment inspired people of all walks of life to devote themselves to build a happy and prosperous nation and their own destiny.

**Mr. Speaker,**

3. As a nation we have many achievements to be proud of. Our success in socio-economic areas as compared to other developing countries has been acclaimed and appreciated throughout the world. I would like to

highlight a few examples of these achievements for kind information of this House:

- We have set a unique example of holding free and fair election through institutionalising the system of caretaker government. We have consolidated a democratic system of governance by holding three successive free and fair elections under caretaker governments.
- Despite internal and external constraints, we have been able to achieve economic growth of broadly about 5.5 percent in recent times. In the last fiscal year due to stronger performance of agriculture, industry and service sectors, the economic growth finally stood at 6.27 percent which is the highest growth rate achieved so far. At the same time, we have restored macro-economic stability.
- We have been able to substantially reduce the level of income-poverty since early nineteen nineties. According to a recent estimate, we have achieved faster rate of reduction of income-poverty during the period 2000-2005. As a result, increasingly a greater number of the poor are coming out of the vicious circle of poverty.
- In reduction of human-poverty in terms of education, health and nutrition, our success has surpassed the achievements of many developing countries.
- We have accomplished remarkable success in improving life-expectancy and level of nutrition, in reducing child and maternal mortality and growth of population and in improving food security.
- We have achieved two targets of Millennium Development Goals (MDGs) by removing gender disparity in primary and secondary education and by ensuring access to safe drinking water. We have ensured enrollment of ninety-seven percent of the children in primary education. This enrollment rate is the highest among the developing countries.
- According to UNDP Human Development Report, Bangladesh has already graduated from low human development to middle human development index category of countries.

- In a recent study titled “Women’s Empowerment: Measuring the Global Gender Gap” by World Development Forum, Bangladesh secured 39<sup>th</sup> position in women’s empowerment index among 58 countries of the world. The ranking of Bangladesh is the highest among the Muslim countries and way ahead of the other South Asian countries. The achievements of Bangladesh in promoting participation of women in economic activities, expansion of female education and improvement in their health and welfare have been praised in the study.
- The Bangladeshi people, especially the farmers have demonstrated extraordinary resilience and courage in facing natural disasters and in successfully managing rehabilitation activities in the aftermath of natural disasters.
- The micro-credit programmes successfully run in Bangladesh through Government-NGO initiative in the reduction of poverty and empowerment of the poor is being replicated as a model in many countries.
- Our private sector entrepreneurs are playing increasingly greater role in economic development. While the existing industrial entrepreneurs are expanding the domain of their businesses, new dynamic entrepreneurs are joining them in industrial development of the country.
- The expatriate Bangladeshis are making substantial contribution to the economic upliftment of the country by remitting their earnings and investing them. Remittance by expatriate Bangladeshis are consistently on the rise and this year it would stand at about US\$ 3.8 billion which is about 47 percent of our total export earnings. At the same time, during employment overseas they are upholding the image of the country through hard work, efficiency and honesty.
- The members of the armed forces continue to bolster the reputation of Bangladesh abroad by participating in United Nations Peace Keeping Missions. To date, our armed forces have served in 19 UN Peace Keeping Missions and they are currently involved as peace-keepers in 11 of them.

**Mr. Speaker,**

4. The credit of this success goes to the people and the nation at large. Neither any individual nor any group nor any political party has the right to belittle these achievements at home or abroad. This success is the source of our inspiration. We will be inspired to turn whatever failures we have into success if we could appropriately project these achievements. We must avoid the mentality to demean our own success. For, this sick mentality is the major impediment to upholding the image of Bangladesh in the international arena.

**Mr. Speaker,**

5. In the seventies, certain quarters branded Bangladesh as “a test case of development” and a “bottomless basket”. Over the past three decades, Bangladesh has persistently disproved this perception by unlocking the development potentials of the country. In recent times too, certain quarters are attempting to label Bangladesh as “communal” and a “failed state”. Our success in various fields does, however, disprove these wrong and baseless perceptions. The present government assumed office in a fast deteriorating law and order environment. Since then, significant progress has been made in improving law and order. Our stand against fundamentalism is firm and total. All Bangladeshis strongly believe in nationalism and communal harmony. Our coexistence in amity and peace, irrespective of religion, caste and creed is a glaring example of that harmony. The people of Bangladesh have taken firm position at home and abroad against all forms of terrorism. Our law enforcing agencies have been playing a praiseworthy role in this area. Despite having the highest population density in the world, our performance in achieving near self-sufficiency in food production and in reduction of poverty is rare. Our annual budget immediately after independence in 1972-73 was only Taka 735 crore. Next year, we will have a budget of over Taka 64 thousand crore. All these achievements bear testimony of a successful state, not of a “failed” one. It is our collective responsibility to truly project our national achievements both at home and abroad.

**Mr. Speaker,**

6. The United Nations Millennium Declaration was adopted in the 55<sup>th</sup> session of the UN General Assembly in December 2000. In the Declaration, goals for acceleration of economic growth and poverty reduction for the developing countries were formulated. The fundamental message of UN Millennium Declaration is that a sovereign and self-respecting nation would build its own destiny.

7. Immediately after assumption of office, the coalition government supported the innovative development ideals enunciated in the UN Millennium Declaration. Our resources may be limited but we are not poor in our sense of self-respect, courage and commitment. We all share this pride. Therefore, the Government prepared an interim strategy for economic growth and poverty reduction based on participation of the people. Nationalism is the foundation of this strategy. Patriotism emanates from nationalism. A nation imbued with the spirit of nationalism can determine its own future.

**Mr. Speaker,**

8. In my budget speech for FY 2004-05, I promised that by December 2004, we would finalise the Poverty Reduction Strategy Paper (PRSP) through broad-based consultative process involving stakeholders at all levels. I am happy to announce in this august House that, as promised, we finalised the draft of a full-blown PRSP in January 2005. The finalisation of the draft strategy involved extensive engagement of over a year with representatives from various professions and levels of society both at national and field level. The nature and dimension of poverty is wide and multi-faceted. That is why the draft goes on to say:

“Poverty is a broad front. It is about income levels. It is about food security. It is about quality of life. It is about asset bases. It is about human resource capacities. It is about vulnerabilities and coping. It is about human security. It is about initiative horizons. It is each of these and all of these together.”

**Mr. Speaker,**

9. In my concluding remarks in the budget speech for FY 2004-05, I mentioned, “The people of Bangladesh are exceptionally enterprising, have tremendous self-confidence and indomitable courage. Given opportunity, they can achieve rare success in shaping their destiny”. The PRSP titled “Unlocking the Potential: National Strategy for Accelerated Poverty Reduction” reflects this conviction. The implementation of this national plan as a strategy to unlock the potential of our beloved country will unfold opportunities for people at large to shape their destiny. The honourable members of Parliament are currently reviewing this important document. The PRSP will be finalised and published after receiving their valued comments and suggestions by July this year.

**Mr. Speaker,**

10. We have identified four strategic blocks and four supporting strategies in the full-blown PRSP document to translate our vision into reality. Our four strategic blocks are:

- Firstly, poverty can be reduced by creating extensive employment opportunities. Our fundamental principle would, therefore, aim at increased economic growth which facilitates creation of jobs for the poor.
- Secondly, according priority to growth-oriented sectors like rural farm and non-farm sectors, SMEs, communications and rural electrification sector.
- Thirdly, implementation of targetted poverty reduction and social safety-net programmes for the poor specially, the poor women.
- Fourthly, augmenting investment in sectors like education, health and nutrition to reduce human poverty.

**Mr. Speaker,**

11. In order to support these four strategic blocks of policies, following four strategies are being implemented:

- Firstly, ensuring participation in economic development and empowerment of the distressed, marginalised, disadvantaged and the retarded section of the poor, specially the poor women.
- Secondly, promoting good governance by establishing transparency, accountability and rule of law and ensuring sound allocation of resources.
- Thirdly, improving the quality of service delivery to meet the basic needs of the people, in particular, the poor.
- Fourthly, ensuring sustainable development and environmental balance.

### **Recent Economic Trends**

**Mr. Speaker,**

12. In the current fiscal year, our economy was subjected to various internal and external shocks. Last year, during July-September, due to devastating floods and excessive rain, the infrastructure as well as the economy was badly affected. However, this natural catastrophe could not hold back the wheel of the economy. The Government, in collaboration with people of all walks of life, political organisations, civil administration, armed forces and NGOs faced this catastrophe with courage and determination. With government's sincere efforts, timely intervention and appropriate economic and disaster management policies, we have successfully implemented the relief operation. At the same time, we have also implemented emergency post-flood rehabilitation programme with our own resources.

13. The budget allocation of Taka 600 crore for subsidies and other assistance in agriculture sector was enhanced to Taka 1,315 crore. Under

this assistance programme, 31 lakh flood affected small and marginal farm-families were provided with free fertiliser and seeds at a cost of Taka 185 crore for cultivating twelve crops. For the first time, the government initiated a programme to provide 25 percent subsidy on imported MOP, DAP and TSP fertilisers.

14. Emergency infrastructure rehabilitation programme was implemented using our own resources. Flood rehabilitation programme at a cost of US\$ 400 million is now being implemented with the assistance of the World Bank and the Asian Development Bank. The United Kingdom and Japan have also come forward to assist in our rehabilitation efforts. Our success, particularly the ability of our farmers, in facing natural disasters has been acclaimed at home and abroad. Our farmers have made good the loss with the support and initiatives of the government.

**Mr. Speaker,**

15. In this age of globalisation, the developments in international arena have critical impact on our economy. This year, due to excessive price hike of oil and some other importables in international market, our external trade balance was subjected to additional pressure. In the first nine months of this fiscal year, import registered an increase of 26 percent compared to the previous fiscal. To meet the increasing demand of industrialisation, import of capital machinery and intermediate goods increased by 53 percent and 54 percent respectively. Adoption of a slightly expansionary monetary policy in the backdrop of implementation of post flood emergency rehabilitation programme, resulted in credit expansion in private sector which posted a growth of 12.6 percent as compared to 7.6 percent in the corresponding period of the previous fiscal year. Due to sharp rise in oil price in international market, an additional US\$ 600 million, equivalent to over Taka 3,600 crore will be required this year, only to import oil. As a result, like many countries, including our neighbouring ones, Bangladesh experienced some upward inflationary pressures. I firmly believe that with growth trend in agriculture along with other sectors continuing, the inflationary pressure will ease and inflation will remain within tolerable and manageable limit.

**Mr. Speaker,**

16. Amidst all these constraints, we have been able to infuse fresh dynamism in the economy. I trust that had there been no odds, we could have achieved a growth of over 6 percent this year. Current provisional estimates suggest that there will be a negative growth of 3.3 percent in crop and vegetables sub-sector this year compared to a positive growth of 4.27 percent last year owing to adverse effect of flood. This might limit economic growth in the vicinity of 5.4 percent this fiscal year. The growth in manufacturing sector is expected to be 8.43 percent while export will grow as targetted. The overall budget deficit for the current fiscal year will remain within 4.5 percent of GDP. The foreign exchange reserve will continue to remain at the level of US\$ 3 billion mark and the macro-economic fundamentals will remain stable.

#### **Revised budget for FY 2004-05**

**Mr. Speaker,**

17. The revenue target originally budgeted in FY 2004-05 was Taka 41,300 crore. This has been reduced to Taka 39,200 crore in the revised budget. The revenue target had to be scaled down due to reduction of tariff on some imported goods as well as disruption of economic activities owing to the floods. The size of original Annual Development Programme (ADP) was fixed at Taka 22,000 crore in the current fiscal year. Slow rate of use of project aid in a number of foreign aided projects caused downward revision of ADP to Taka 20,500 crore. The total expenditure budget, including development and non-development components, was Taka 57,248 crore in original budget of FY 2004-05, which has been reduced to Taka 55,632 crore in the revised budget.

## **Budget for FY 2005-06**

**Mr. Speaker,**

18. The revenue receipt for FY 2005-06 has been estimated at Taka 45,722 crore, which is 16.6 percent higher than that of the revised budget for the current fiscal year. For FY 2005-06, the ADP has been estimated at Taka 24,500 crore which is 19.5 percent higher than that of the revised ADP of the current fiscal year. In the budget for FY 2005-06, Taka 773 crore has been proposed for Non-ADP Food for Works Programme, Taka 790 crore for development programmes financed from revenue budget and Taka 491 crore for employment generation programme. As a result, the total development-related expenditure will stand at Taka 26,554 crore which is 17 percent higher than the development expenditure in the revised budget. The total revenue and development budget together will amount to Taka 64,383 crore in FY 2005-06, which will be 15.7 percent higher than the revised budget of current fiscal year. 52 percent of ADP outlay for FY 2005-06 will be financed from our own resources, while remaining 48 percent will be resourced from foreign assistance. The budget deficit is expected to be 4.5 percent of GDP. Given favourable external and domestic environment, I believe economic growth may exceed 6 percent in the next fiscal year.

**Mr. Speaker,**

19. Fifty-four percent of revenue and development budget will be spent to finance direct and indirect poverty reduction programmes in next fiscal year. I would like to present a few of the major proposals included in the budget for next fiscal year to fulfill our commitment to accelerate the pace of poverty reduction and economic growth.

## **Human Resource Development**

### **Education**

#### **Mr. Speaker,**

20. For FY 2005-06, I propose a combined allocation of Taka 9,686 crore from revenue and development budget for the education sector. The proposed allocation is Taka 1,827 crore higher than the original allocation for the current fiscal and constitutes 15 percent of the total proposed outlay. Clearly, this sector will be receiving the highest allocation. This allocation includes a provision of Taka 3,360 crore as development outlay for implementation of 78 projects.

21. I am happy to inform this august House that according to a recent statistics, 53 out of 100 students enrolled at secondary level are girls. The results of public examination recently held at secondary level also show that the pass rate of girls is higher than that of the boys. This statistics is of tremendous significance for a developing country like Bangladesh. Napoleon Bonaparte aptly said, "Let France have good mothers and she will have good sons". We are now giving the nation hundreds of thousands of educated good mothers. I can proudly say that this achievement has been possible because of a range of far-sighted policies and steps taken by the BNP Government in recognition of the importance of female education.

#### **Mr. Speaker,**

22. In continuation of BNP's policies adopted in 1991, the BNP Government started implementation of compulsory primary education since 1993 and also introduced at the same time "Food for Education Programme". As a result, enrollment in primary education, specially of girl students improved significantly. This enrollment recently rose to 50 percent from 45.9 percent in 1992. Another remarkable decision taken by the then BNP Government at the beginning of 1990s was recruitment of at least 60 percent female teachers in primary schools. Following this decision, the number of female teachers has almost doubled to 40 percent today. The

previous BNP government introduced stipend programme for girls in order to ensure women empowerment and improvement of their socio-economic condition through huge expansion of women education. Soon after assumption of power this time, our coalition government expanded this stipend programme up to 12<sup>th</sup> class in fulfillment of election pledge. 55 lakh children are receiving primary education under “Primary Education Stipend Project” with an outlay of Taka 520 crore financed from our own resources. In addition, our Government has introduced tuition waiver programme as well as provided financial assistance for purchasing books for the girls and their participation in public examination.

**Mr. Speaker,**

23. We are ensuring with due importance the implementation of the strategic goals, programmes and priorities identified in the PRSP. Recognising the need for expansion and qualitative improvement of primary education, the Government has taken up two important projects with an outlay of Taka 5,000 crore for “Primary Education Development Programme-II” and another involving Taka 400 crore for “Reaching Out of School Children”. We hope, we will be able to provide soon quality primary education to 100 percent children in the country.

**Mr. Speaker,**

24. In secondary and higher education sub-sector, building new infrastructure for both government and private educational institutions, repair and maintenance of existing buildings, provision of teaching inputs, furniture and scientific appliances have been given priority under various projects. In FY 2005-06, about Taka 400 crore will be spent to provide stipends to 29 lakh female students under the female students stipend programme. In FY 2004-05, we have substantially increased both the coverage and monthly rate of scholarships to provide further incentive to meritorious students. I propose an increase of number of scholarships between primary and secondary stages, at different levels by 10 percent in FY 2005-06. At present, only 2 to 3 percent of students at secondary and higher secondary levels receive technical and vocational education. A plan is in place to scale up this share to 25 percent in next 15 years. We have

taken steps to extend technical education by modernising polytechnic institutes and also setting up new institutes. We have also taken measures to establish 3 polytechnic institutes for women to enhance their participation in technical education.

**Mr. Speaker,**

25. We are committed to further encourage women education at bachelor's degree level.

- Currently, on the basis of Higher Secondary Certificate results, about 5,000 female students receive monthly general stipend of Taka 225 each. I propose to increase the monthly stipend for both boys and girls from Taka 225 to Taka 250.
- To promote higher education of female students, I propose to award monthly scholarship of Taka 200 to a further 10,000 female students pursuing studies in specialised subjects at graduate honours level in public universities, government colleges, and MPO-listed non-government colleges. Female students studying at public technical and specialised colleges and universities will also come under the purview of this programme. At the same time they will enjoy tuition fee waiver.

### **Health and Nutrition**

**Mr. Speaker,**

26. I propose a total allocation of Taka 4,240 crore, revenue and development budget combined, for FY 2005-06 in the health sector exceeding the original budget of current fiscal year by Taka 508 crore.

27. Consistent with our poverty reduction strategy, we are implementing a programme titled "Health, Nutrition and Population Sector Programme" (HNPSP) with an outlay of about Taka 9,500 crore. In keeping with the needs of the larger segment of the rural population the Government has taken up a programme to increase the number of beds from 31 to 50 in each

Upazilla Health Complex. Similarly, a programme is being implemented to increase the number of beds from 50 to 100 in new district hospitals and from 100/150 to 250 in old district hospitals. Besides, a programme is underway to increase the number of beds in quite a few hospitals. Shaheed Ziaur Rahman Medical College with a 500-bed hospital at Bogra and another medical college with a 500-bed hospital at Dinajpur are being built. Meanwhile, 3,000 health assistants have been recruited. In addition, recruitment of 3,200 doctors, 2,000 senior staff nurses and 800 nursing supervisors is in progress.

28. Post graduate courses have been introduced in government medical colleges across the country to enhance opportunities for specialised medical treatment and to provide higher education to the doctors. A Revised National Drug Policy 2005 has been formulated to modernise and expand pharmaceutical industries and to attract increased foreign investment. Under National Nutrition Programme, about 3 crore people are receiving nutritional service through 24,000 nutrition centres at 105 Upazillas since 2004. The Government has approved National Population Policy, 2004.

### **Agriculture, Water Resources, Rural Development and Rural Infrastructure**

#### **Agriculture**

**Mr. Speaker,**

29. I propose a total allocation of Taka 2,213 crore, revenue and development budget combined, for FY 2005-06 in the agriculture sector, which is Taka 436 crore more than the original budget of current fiscal year. In the next fiscal year, the programme for agricultural extension, research, field training, production, preservation and distribution of HYV seeds, storage and marketing of agriculture produces, and irrigation will be further strengthened. Bangladesh Agricultural Development Corporation (BADC) would be restructured and the Corporation's work of seed production, preservation and distribution will be further expanded. For reduction of the cost of agricultural production, I would like to highlight the specific steps

that have been taken in current fiscal year and those which will be taken in FY 2005-06:

- Like urea fertiliser, the programme introduced in current fiscal year for providing 25 percent subsidy on imported DAP, MOP and TSP fertilisers will continue in FY 2005-06. As a result, the amount of subsidy and assistance to agriculture sector will increase two-fold to Taka 1,200 crore from Taka 600 crore allocated in the current year's original budget.
- From 1<sup>st</sup> of July 2005, interest on agricultural loan provided for production of pulses, mustard seeds, spices and maize will be reduced to 2 percent from existing 8 percent.
- The Government has waived interest on classified agricultural loan up to Taka 5,000 as on 31<sup>st</sup> December 2003. The repayment period of principal amount will be extended from 30 March 2005, as fixed earlier, to 30 March 2006.
- 20 percent subsidy on electricity bills of *Palli Bidyut Samities (PBS)* for electricity use in irrigation will continue. In addition, the minimum charge for all electricity connections throughout the country for irrigation will be waived with effect from 1<sup>st</sup> July, 2005.
- 30 percent cash subsidy introduced for export of agricultural commodities, vegetables and fruits will continue in next fiscal year.
- 20 percent subsidy on electricity used in agro-based industries will continue in next fiscal year.
- Up to April 2005 of current fiscal year, Taka 4,200 crore has been disbursed as agricultural loan which is 47 percent higher than the disbursement of the corresponding period in the last fiscal year. In next fiscal year, Bangladesh Bank will provide refinancing as required to relevant banks at 5 percent interest rate to enhance the agricultural credit flow.

- Steps have been taken to introduce strong monitoring, both at central and local levels, so that the farmers can smoothly avail of the agricultural credit facility on time.

## **Water Resources**

**Mr. Speaker,**

30. The target of food production is not achievable without efficient water resource management including flood control and development of drainage and irrigation system. I propose an allocation of Taka 1,234 crore in the revenue and development budget for fiscal year 2005-06 for the Ministry of Water Resources.

## **Rural Development and Rural Infrastructure**

**Mr. Speaker,**

31. I propose a total allocation of Taka 6,383 crore, revenue and development budget combined, for local government and rural development sector in the budget for fiscal year 2005-06 which is Taka 1,481 crore more than the original budget of the current fiscal year.

32. To strengthen the local government institutions and to provide support to *Union Parishads*, I am proposing for the first time an allocation of Taka 100 crore in the revised budget for current fiscal year and Taka 120 crore in budget for next fiscal year for carrying out their development activities. The Government has also introduced another special programme titled “Development Support through *Gram Sarker*”. I propose an allocation of Taka 60 crore for the next fiscal year to support this programme.

**Mr. Speaker,**

33. In FY 2005-06, about 10 thousand kilometres of paved road and 9 thousand and 5 hundred kilometres of kutchra road will be constructed

and/or rebuilt by Local Government Engineering Department (LGED) under rural infrastructure programme. Besides constructing 346 *union parishad* complex buildings and 20 cyclone centres, 435 growth-centres/*hat-bazars* will be developed. Under flood rehabilitation programme of urban infrastructure development initiative, 570 kilometres of road together with drainage system will be constructed. These programmes will create employment opportunities for a huge number of male and female workers.

34. To meet the additional demand of drinking water in arsenic-affected areas, the Government has established one lakh fifty thousand new water sources across the country. Following implementation of arsenic mitigation programme by the Government, availability of safe drinking water rose to 80 percent in rural areas. Besides, the Government has declared to provide sanitation facilities for all families by 2010. Development of sanitation has, therefore, been included in ADP as a priority.

**Mr. Speaker,**

35. There is an ongoing Char Livelihood Project with an outlay of Taka 475 crore to provide livelihood during lean seasons to the communities living in char areas encompassing 150 poverty-stricken unions along the banks of the Brahmaputra. A rehabilitation programme to house 65 thousand landless and uprooted families is being implemented successfully by the Prime Minister's Office through "*Abashan Prokalpa*" (Housing Project) having an outlay of Taka 447 crore. There is an initiative to rejuvenate *Upazilla* Central Cooperative Societies under Bangladesh Rural Development Board (BRDB) by providing agricultural credit fund. The *Samabaya* Bank (co-operative bank) is being restructured to bring in further dynamism in its activities and a process has been initiated to inject fresh capital to this entity. I propose a total allocation of Taka 2,214 crore, from revenue and development budget, to the Ministry of Fisheries and Livestock, Ministry of Social Welfare, Ministry of Women and Children Affairs, Ministry of Labour and Manpower and Ministry of Youth and Sports to implement 113 projects to accelerate development of the rural non-farm sector and to create additional employment opportunities in the rural areas.

## **Targetted Employment Generation and Poverty Reduction Programmes**

**Mr. Speaker,**

36. It is our fundamental responsibility to create opportunities for minimum subsistence for the disadvantaged and poor segment of the population. In addition to provisioning in ADP, I propose an allocation of Taka 4,600 crore from the non-development budget for the next fiscal year for targetted poverty reduction, social safety-net and employment generation programmes. Through you, Mr. Speaker, I would like to place before this august House some of the major targetted programmes:

### **Social Safety-net**

- One of the major commitments of our Government is to ameliorate the sufferings of the helpless elderly poor people of the country. We mentioned this commitment in BNP's 1996 Election Manifesto. Despite resource constraints, in fulfillment of our commitment, old-age allowance has been scaled up from Taka 100 to Taka 165 and the number of beneficiaries raised from 4 lakh 15 thousand to 13 lakh 15 thousand over the past few years. Under the **Old-age Allowance Programme**, I propose to enhance the monthly allowance from Taka 165 to Taka 180 and to raise beneficiary coverage from 13 lakh 15 thousand to 15 lakh effective from 1<sup>st</sup> of July 2005.
- Under the **Allowances Programme for the Widowed, Deserted and Destitute Women**, I propose to enhance the monthly allowance from Taka 165 to Taka 180 and to raise the number of beneficiaries from 6 lakh to 6 lakh 25 thousand from 1<sup>st</sup> of July 2005.
- Under **Honorarium Programme for Insolvent Freedom Fighters**, I propose to enhance the number of beneficiaries from 60 thousand to 70 thousand from 1<sup>st</sup> of July 2005.
- I propose an additional allocation of Taka 75 crore to the **Fund for Mitigating Risks due to Natural Disasters**.

- I propose an additional allocation of Taka 20 crore to the **Fund for Rehabilitation of the Acid-burnt and the Physically Handicapped.**
- I propose an additional allocation of Taka 75 crore to the **Fund for Housing the Homeless** in the next fiscal year.
- In the revised budget of the current fiscal year, there is an allocation of 8.70 lakh tons of food grains for **VGD, VGF, Food for Works Programmes, Test Relief and Gratuitous Relief (GR).** I propose to increase the allocation by 1.62 lakh tons raising it to 10.32 lakh tons next fiscal year.
- I propose to raise the allocation of Taka 264 crore in the original budget for **Food for Works Programme (Cash)** to Taka 300 crore in the next fiscal year.
- I propose to allocate Taka 100 crore in lump to the Ministry of Food and Disaster Management to meet the **emergencies due to natural disaster.**

**Mr. Speaker,**

37. I propose to introduce two new programmes in the next fiscal year in addition to the ongoing social safety-net programmes:

- **Allowance for the Fully Retarded:** To provide subsistence to 1 lakh 4 thousand fully retarded persons, a programme for paying monthly allowance of Taka 200 will be introduced from 1<sup>st</sup> of July of next fiscal year. I propose to allocate Taka 25 crore to this programme in the next fiscal year.
- **Seasonal Unemployment Reduction Fund:** The marginalized poor of some specific areas in Bangladesh remain unemployed *per force* for certain periods in a year owing to natural and geographical constraints. To mitigate their miseries and to create employment for them, I propose to create a fund of Taka 50 crore in tandem with development projects operating in those areas.

## **Programme for Mitigating Economic Shocks**

**Mr. Speaker,**

38. I propose to allocate Taka 30 crore and Taka 20 crore to the special funds introduced in FY 2004-05 for **Retraining and Employment of the Voluntarily Retired/Retrenched Employees/Labourers** and **Retraining and Employment of Workers/Employees of Readymade Garment Industries** respectively.

## **Special Credit Programmes for Employment Generation**

**Mr. Speaker,**

39. The government has taken up quite a few special credit programmes under both revenue and development budget for creation of employment for the poor:

- Up to December 2004, within the purview of different development programme micro-credit amounting to Taka 6,000 crore has been disbursed from Government's own resources through different ministries /divisions/ departments. Government is also operating micro-credit programmes under the revenue budget. In view of the successful implementation of these programmes, I propose a further allocation of Taka 200 crore from the revenue budget to the micro-credit fund already created under **Rural Development and Cooperative Division, Ministry of Fisheries and Livestock, Ministry of Youth and Sports, Ministry of Liberation War Affairs and Ministry of Women and Children Affairs.**
- Since its establishment in 1994 by the BNP Government, PKSF (*Palli Karma Shahayak Foundation*) has, with Government resources, disbursed micro-credit amounting to Taka 2,125 crore up to April 2005 among 54 lakh poor people through 225 large and small NGOs. More than 90 percent of the beneficiaries are women. I propose an allocation of Taka 281 crore to PKSF to implement **micro-credit programme through NGOs** in FY 2005-06.

- The **Bangladesh NGO Foundation** has begun its activities this year with a fund of Taka 50 crore allocated by the Government to accelerate the pace of development of rural social sector. I propose a further allocation of Taka 50 crore to this fund for FY 2005-06. As a result, this Fund will increase to Taka 100 crore.
- Taka 100 crore was allocated for the current fiscal year to the **Special Fund for Employment Generation of the Hard-core Poor** operated by PKSf. 34 NGOs, funded through PKSf, implemented various programmes for providing training and creating employment opportunities through disbursement of micro-credit to 3 lakh hard-core poor of 30 districts in the country. I propose an additional allocation of Taka 100 crore to this Fund in next fiscal year.
- In current fiscal year, a fund with an allocation of Taka 50 crore was created for **development of micro-enterprises in the rural areas**. PKSf is implementing this programme through 70 NGOs. I propose a further allocation of Taka 50 crore for next fiscal year to this fund.
- In current fiscal year, the Government has provided credit support of Taka 100 crore through *Bangladesh Krishi Bank, Rajshahi Krishi Unnayan Bank, BASIC Bank* and *Karma Sangsthan Bank* to **promote agro-based industries**. In the next fiscal year, I propose to further allocate Taka 100 crore on this account.
- Bangladesh Bank is operating an **Equity Entrepreneurship Fund** for development of agro-based industries, food processing and computer software. So far, investment assistance amounting to Taka 730 crore has been sanctioned from this fund to 212 projects. I propose a further allocation of Taka 150 crore to this fund in the next fiscal year

## **Infrastructure**

### **Power and Energy**

**Mr. Speaker,**

40. Recently with the addition of three new gas fields to gas production, 1,690 million cft gas will be produced in the next fiscal year. It would be possible to extract annually 10 lakh tons of coal following implementation of Barapukuria Coal Mine Project. Over the last three years, power generation has increased by 1,020 MW, transmission lines increased by 180 kilometres and distribution lines by 50 thousand kilometres. Besides, 9,000 new villages have been electrified. Given the projects under consideration are implemented, it would be possible to generate additional 2,910 MW electricity in the next 3-5 years. The Government has decided to allow installation and operation of 10-50 MW- power stations entirely by the private sector. The Government has adopted a long-term strategic plan up to 2015 for development and expansion of the power sector. I propose an allocation of Taka 4,270 crore to the power and energy sector in the development budget, which is 17 percent of the total pie.

### **Roads and Highways**

**Mr. Speaker,**

41. I propose a total allocation of Taka 4,832 crore in the revenue and development budget for the Ministry of Communication in the next fiscal year. In the current fiscal year a number of major bridges including Khan Jahan Ali Bridge, Haji Shariatullah Bridge and Kushiara Bridge have been constructed. In addition, about 1,700 kilometres of road have been rebuilt under various periodic maintenance programmes. In the next fiscal year, a programme has been taken up with Government's own resources to upgrade Dhaka-Chittagong highway into 4 lanes. I hope Chittagong-Feni section of the highway will be converted into 4 lanes in next 2 years. I am happy to announce that only a few days ago the Government of Kuwait has informed us of their final decision to provide Taka 315 crore to support building the

3rd Karnaphuli Bridge and expressed their hope that work of building the bridge will be taken up soon. Therefore, we will commence construction of the 3rd Karnaphuli Bridge in the beginning of next year. Besides, the Government will take up the work of rebuilding of about 4,000 kilometres of road including 3<sup>rd</sup> Buriganga, Teesta, 2<sup>nd</sup> Shitalakshya and Dapdapia Bridge. The World Bank, the Asian Development Bank, JBIC, DFID and governments of Denmark and Kuwait are offering financial assistance in building these important bridges and roads. Building flyovers at Mahakhali and Khilgaon having lengths of 1,012 metres and 1,900 metres respectively is a bold step by the present government towards easing up increasing traffic jam in the city.

**Mr. Speaker,**

42. Reconstruction and remodelling of a number of railway stations including procurement of locomotives and modernisation of signaling system have been completed for development, expansion and improved service delivery of the railway. Container handling capacity and container transportation capacity have also been increased. Modernisation of different stations and branch lines including signaling system and renovation of locomotives will continue in the next fiscal year.

**Telecommunications**

**Mr. Speaker,**

43. Over the past four years, the telephone capacity of Bangladesh Telegraph and Telephone Board (BTTB) rose from 6.75 lakh to 10 lakh and the number of connections to 8 lakh 50 thousand in phases. The Teletalk Bangladesh Limited has already begun its operation under “10-Lakh Mobile Phone Project of BTTB”. At present, digital phones and internet service are in place in all districts and 175 Upazillas. A programme is underway to introduce digital exchanges in all Upazillas in the next fiscal year. Very soon Bangladesh will be connected with global information super highway through submarine cable. I propose to allocate Taka 1,426 crore in the revenue and development budget to the Ministry of Post and Telecommunications in the next fiscal year.

**Mr. Speaker,**

44. There is an initiative to promote and encourage private sector participation in building infrastructure. As part of this initiative, the Government has prepared “Private Sector Infrastructure Guidelines”. It is expected that the implementation of the facilities as enunciated in the guidelines will encourage private sector entrepreneurs to invest in infrastructure sector.

## **Financial Sector, Private Sector Investment and External Trade**

### **Financial Sector**

**Mr. Speaker,**

45. Immediately after assumption of office, the present Government reinitiated reforms in the banking sector. Besides providing autonomy to the central bank, activities related to enhancement of its technical and professional skills are under way. At the same time, the process of privatising Rupali Bank and improving the quality of management of the 3 remaining nationalised commercial banks (NCBs) is continuing. The amount of classified loans has reduced substantially. Transparency and efficiency in granting quality loans and their recovery have enhanced further. We have successfully restored transparency and dynamism in the capital market. In future, the Government shares, invested in various agencies will be gradually off-loaded to the private sector.

### **Private Sector Investment**

**Mr. Speaker,**

46. Bangladesh is increasingly becoming an attractive destination of foreign direct investments (FDI) following implementation of investment-friendly economic policies and strategies by the Government during the last four years. During calendar year 2004, the actual FDI in Bangladesh rose to

US\$ 653 million recording an annual growth of 48 percent over 2003. The leading entrepreneurs of different countries have expressed their interest to invest in Bangladesh. It is estimated that the total amount of investment only from their major proposals will reach around US\$ 12 billion. Given the negotiations completed on time, it would take three to four years to implement the proposed projects. At the same time, local private investment is also increasing at a faster pace. In the first nine months of current fiscal year, the disbursement of industrial term-loan by the banks and financial institutions increased by 43 percent compared to the corresponding period of the previous fiscal year. The Government has formulated appropriate policies for the development of small and medium enterprises (SMEs) and has also taken fresh initiatives to finance them.

## **Foreign Trade**

### **Mr. Speaker,**

47. Our exports continue to grow despite external constraints. There has been no perceptible adverse impact on our export of readymade garments even after the abolition of Multi-Fibre Arrangements (MFA) from January 2005. Government actions coupled with unrelenting efforts of the entrepreneurs of garment industries is playing a vital role in making our ready-made garments industry competitive in the world market. Consolidation and expansion of markets for readymade garment require a strong complementing textile sector with enhanced efficiency and increased productivity. To this end, the Government has taken an initiative to formulate a programme titled “Post-MFA Action Programme” at a cost of US\$ 40 million with the assistance from development partners. Following a range of initiatives of the Government at bilateral and multilateral levels, we have been able to gain duty-free access for our exports to European Union and also to a number of countries like Canada, Australia, Norway and New Zealand. The Government, in association with Bangladesh Garments Manufacturers’ and Exporters’ Association (BGMEA), is continuing its efforts to gain duty-free access of our exports to USA. There was a decision to abolish cash subsidy to textile exports from the next fiscal year. In the interest of textile export, we reconsidered our earlier decision and I now propose to continue the current provision of 5 percent cash

subsidy in the next fiscal year. I also propose to continue the existing cash incentives to other exportables in the next fiscal year.

## **Governance and Reforms**

**Mr. Speaker,**

48. Our Government has demonstrated its efficiency and prudence in allocating limited resources to different sectors to achieve economic progress and poverty reduction. Good governance in all spheres is an essential prerequisite for efficient utilisation of resources. The pace of reforms should, therefore, be further geared up. Consistent with our socio-economic reality, we, at our own initiative, have designed our reform programme in a way that it ensures appropriate and transparent utilisation of resources and supports poverty reduction.

**Mr. Speaker,**

49. I would like to place in brief before this august House the ongoing and future reform programmes of the Government:

- We have introduced new procedures for formulation of development projects by way of reforming the existing process to bring in speed and efficiency in this important area. This will allow gearing of project objectives towards the goal of economic growth and poverty reduction and would also facilitate transparent evaluation of achievements against project objectives. The financial and administrative powers of implementing agencies have been enhanced to accelerate the process of project implementation.
- As part of the process of budget decentralisation, steps have been taken to formulate budget within the indicative resource ceiling using medium-term budgetary framework. Within the new framework, revenue and development budget will be merged into a single document. Four ministries that include Ministries of Agriculture, Education, Women and Children Affairs and Social Welfare have prepared their budgets for next year within their medium-term

resource-ceilings. This will be rolled out to further 11 ministries in FY 2006-07 and I hope, thereafter, all the ministries would be able to formulate their budgets within the medium term budgetary framework.

- Guidelines have been prepared on how to make pro-poor and gender-focussed budget and the implementation of the guidelines is under way.
- Preparation of relevant guidelines is at the final stage to further improve public expenditure management and establish internal control and internal audit in all ministries. Required allocation has been made to major ministries including Education, Health and Agriculture to conduct Public Expenditure Tracking Surveys to study the impact of public spending.
- The process of transformation of “The Public Procurement Guidelines”, introduced this year, into a law is at the final stage. This will ensure further transparency and accountability in public procurement.
- Relevant law is being framed to create an oversight regulatory body to improve the quality of accounting and auditing in the private sector.
- The organisational structure of the police forces and Rapid Action Battalion (RAB) has been strengthened to improve the law and order situation. Adequate logistics including vehicles, ammunition and equipment have been provided to the law enforcing agencies. Required reforms are being implemented with the support of development partners to enhance efficiency and to bring in transparency in their activities.
- Over the last four years, we have been continuing our efforts to frame new laws and amend existing ones to ensure speedy trial, women empowerment, protection of children’s rights, provision of legal aid to the poor and socio-economic development.
- To make Anti-Corruption Commission effectively operational, the preparation of organisational structure of the Commission is under way. We hope, the Commission will be able to play soon its effective role in curbing corruption.

- In fulfillment of our commitment, we have enhanced the pay and allowances of the employees of Government and autonomous bodies and also the salary support to the teachers and employees of MPO-listed non-government schools and colleges from January 2005. The enhanced new pay scales being implemented in three phases would require an additional expenditure to the tune of Taka 4,000 crore. The Government firmly believes that this will inspire all classes of officers, employees and teachers engaged in administration and educational institutions to devote themselves to public service with increased efficiency and honesty.
- We have adopted a new approach to enhance the effectiveness of foreign aid utilisation in consultation with our development partners. The development partners are bringing in harmonisation in their policies, practices and procedures in channeling aid. At the same time, steps have been taken to establish harmonisation between our policies and procedures reflected in our poverty reduction strategy and those of the development partners. As a result, delay and duplication in receiving and utilising aid would be largely reduced.

**Mr. Speaker,**

50. Good governance at the national level presupposes good governance at the sectoral levels. Our aim is, therefore, to improve the quality of governance in every sector. In view of this imperative, we have adopted required reform programmes in all sectors in the light of our poverty reduction strategy. The positive outcome of our reform efforts is already evident in many sectors.

**Mr. Speaker,**

51. We believe that a strong monitoring and evaluation system is a must for establishing transparency and accountability in each sector. In view of this, we are taking steps to introduce a robust system of monitoring implementation of poverty reduction strategy and to carry out *ex post* evaluation of the outcomes.

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Mr. Speaker,

I believe, I have been able to reflect the hopes and aspirations of the people in this budget as all my budget proposals are based on poverty reduction strategy prepared through extensive consultations with cross-sections of the society. I take this opportunity to express my sincere thanks to the Hon'ble Prime Minister Begum Khaleda Zia for giving me valuable guidelines in preparation of this budget. The Hon'ble members of the Cabinet, Hon'ble MPs, distinguished economists, members of the civil society, business people, industrialists, journalists and representatives of NGOs have helped me with their valuable comments in preparation of the budget. I express my sincere thanks to all of them.

Mr. Speaker,

The Government has been trying its best to build a happy, prosperous and poverty-free country through creation of extensive employment opportunities and providing education, health and nutritional services to the poor at large. We are firmly committed to accelerate these efforts in spite of limitations of resources. Side by side with the Government, the private sector, the NGOs, the mass media, the civil society, all agencies and people of all walks of life must come forward to face the challenge of eradication of poverty. All of us together must create a development-friendly proper environment to accelerate the process of uninterrupted economic growth. The involvement of all must not remain within the confines of policy formulation, it must go beyond and extend to policy implementation as well. Therefore, we have mentioned in our PRSP "The engagement is not just for policy planning. It is importantly an engagement for results, for inclusion, for imaginative solutions, and ultimately an engagement to unlock the potentials of the nation".

Mr. Speaker,

As a nation, we have demonstrated outstanding determination and firmness in facing all odds, crises and natural disasters. We have achieved rare progress in successfully utilising our limitless potentials since achieving independence until now through unparalleled self-sacrifice. Our achievements are many, so are our problems. Nevertheless, we dream of a Sonar Bangla, a self-reliant nation full of amity happiness and justice based on equity. I invite you all to join together to unlock the potentials of our beloved country by utilising our endless devotion to duty, deep sense of nationalism and our unlimited inherent strength.

Allah Hafez  
Bangladesh Zindabad