



# **Bangladesh on Development Highway: The Time is Ours**

**Budget Speech 2017-18**

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

**Bangladesh on Development Highway:  
The Time is Ours**

**Madam Speaker**

1. I seek your kind permission to place before this august House the supplementary budget of FY 2016-17 and the proposed budget of FY 2017-18.

**Chapter I**

**Introduction and Background**

2. First of all, I would like to thank Allah, the most gracious and merciful, for providing me this opportunity to place before the parliament my 11<sup>th</sup> budget as a Finance Minister. Only due to His boundless blessings could I perform the arduous task of formulating budget at this age. Let me take this opportunity to pay respect to the greatest Bengalee of all times, the Father of the Nation Bangabandhu Sheikh Mujibur Rahman. It would not have been possible for me to place a budget before this august house had he not established this sovereign country. I would like to pay tribute to the four national leaders- Shaheed Syed Nazrul Islam, Shaheed Tajuddin Ahmed, Shaheed Captain M. Mansur Ali and Shaheed AHM Kamruzzaman- the competent aides of Bangabandhu. I recall with reverence the sufferings of our dauntless freedom fighters and the oppressed womenfolk during the war of liberation. I remember with a bleeding heart Bangamata Sheikh Fazilatunnesa Mujib and other family members of the Father of the Nation and others martyred on August 15, 1975. I also remember the innumerable martyrs who sacrificed their lives in all the mass movements including the language movement of 1952, the Six-point

demand of 1966 and the mass upsurge of 1969 for establishing human and democratic rights.

3. I am placing this budget at a historic juncture of our economic development. This is the last full budget of our current tenure. With the general election scheduled for be held in FY 2018-19, the next budget will have few initiatives or prospects for opening new horizons. Let us look back a little to realize the essence of the spectacular success we have achieved in different economic indicators including growth. The Father of the Nation Bangabandhu Sheikh Mujibur Rahman dreamt of a happy and prosperous golden Bangla free from all kinds of exploitation and disparity. His love for people and enduring affection for the Bangalee nation and his dream for an inclusive and equitable society constituted the core of his philosophy of life and vision for the state. Let me quote from his writing:

“As a man, what concerns mankind, concerns me. As a Bengalee, I am deeply involved in all that concerns Bengalees. This abiding involvement is born of and nourished by love, enduring love, which gives meaning to my politics and my very being.”

We achieved independence on 16 December 1971 and immediately after he returned home on 10 January 1972, Bangabandhu took the helm of the country. He set an example of wisdom, flair and farsightedness in rebuilding the war-torn and the long neglected economically backward country- rarely seen in contemporary history. He gave us a modern and progressive constitution. In it he identified the fundamental principles of state policy for establishing the unalienable rights of deprived mass and ensuring social justice and eliminating any forms of social inequality.

4. He took a number of time-befitting and realistic steps to salvage the crippled and devastated economy of the country. With an almost empty coffer, he initiated various programmes to provide food and clothing for the people, expand the scope of education and health systems making them pro-people, and encourage pro-poor socio-economic activities. He left the mark of his wisdom and sagacity in all the areas of governance from diplomacy to administrative management. Our nation began reaping benefits from these endeavours. You may remember that per capita GDP grew by 7.7 percent, or, 9.6 percent according to some other opinion, in 1974. I can confidently state that we could become a middle income country by 1996/97 had this growth trend continued. Today we would have belonged to the group of upper middle income countries. When the flow of progress of the newly born country became indomitable despite innumerable domestic and international conspiracies, Bangabandhu along with the most of his family members was brutally killed on August 15, 1975. The momentum of pro-poor economic growth initiated by the great leader came to a sudden halt.

**Madam Speaker**

5. Awami League returned to power after long 21 years and formed coalition government under the leadership of Sheikh Hasina, the worthy daughter of Bangabandhu. A new chapter of glorious success was opened and within five years, the economy of the country rebounded. Discipline returned to both monetary and fiscal sectors of the economy and macroeconomic stability was established. The country achieved food autarky. In the wake of East Asian economic crisis, our economy remained unaffected. Inflation was prudently kept under control despite disruptions in the distribution system due to two consecutive devastating floods. Average economic growth rate

experienced upturn during this time. By strengthening the social safety net programmes, benefits of growth were taken to all.

6. Economic progress again stumbled in 2001 and the country plunged in economic stalemate under the rule of the BNP-led alliance. During this period, power generation and distribution network broke down; many farmers, considered the backbone of our country, were killed for rallying for fertilizer, and spiralling inflation wreaked havoc on public life. Both domestic and foreign investments became stagnant. Poverty and unemployment escalated. Bangladesh's ranking in the assessment of different international organizations against various indicators took a nosedive during this period. At this critical time, we were voted to office for the second term. The economy was in a state of stupor due to various internal and external shocks. The country was devastated by consecutive floods and cyclones. At the same time, power supply and agricultural inputs distribution systems were disrupted. As a result, industry and agriculture sectors became mostly sluggish. The vibrant rural economy lost its momentum. Moreover, the global economy went into recession in 2008. In the wake of this crisis, both global output and employment plummeted. It had a ripple effect on export and remittance inflows. As a result, unemployment swelled while the country's real output slipped further below potential output. Besides, crisis in domestic supply chain got aggravated by rising food, fuel and fertilizer prices in international market. All these factors led to a surge of domestic inflation. Simultaneous rise in unemployment and inflation wreaked boundless misery on public life.

**Madam Speaker**

7. You are aware that at this bleak hour of economy, Sheikh Hasina presented before the nation *Din Bodoler Sanad* (Charter for

Change) with a view to establishing an equitable society as envisaged by Bangabandhu in his inclusive political philosophy. In this Charter, she outlined the vision of a middle income and digital Bangladesh to be achieved by 2021. With overwhelming popular support, we formed government at the beginning of 2009. The Perspective Plan 2010-2021 and the 6<sup>th</sup> and 7<sup>th</sup> Five Year Plans were formulated in the light of the Charter for Change. We completed the Millennium Development Goals (MDGs) journey with tremendous success by the end of 2015. We then stepped into the era of the Sustainable Development Goals (SDGs). We have already identified the lead and associate ministries involved in achieving each SDG. The steps the ministries will take to achieve their respective targets during the 7<sup>th</sup> FYP period have also been identified. Now SDGs are being linked with the performance indicators of different ministries/ divisions as mentioned in the Medium Term Budgetary Framework. Besides, Annual Performance Agreements of various ministries/divisions have been aligned with the SDGs.

**Madam Speaker**

8. During the last eight years, the path to economic progress was not strewn with roses. Great many hindrances were created at every step. In the name of political protest, human lives and resources were destroyed through calculated use of violence. Appalling destruction and heinous crimes like burning people to death by petrol bombs were perpetrated during blockades and arson attacks. Evil designs were rampant to frighten local and foreign investors. Fundamentalist forces were incited. There was no dearth of malafide actions to label Bangladesh as a terrorist and fundamentalist country. But defying all conspiracies, Bangladesh stands high before the world as a development surprise. We are not faltering behind in any indicators like GDP growth, per capita income, employment generation, food

production, inflation control, imports and exports. Significant progress has been made in education, health and sanitation sectors. We have achieved unprecedented success almost in all socioeconomic indicators including reduction of poverty and inequality.

9. In tandem, Bangladesh received ample international recognition. In recognition of outstanding achievements and contributions both at home and abroad, Bangladesh and the Hon'ble Prime Minister were awarded the MDG Award, Indira Gandhi Peace Prize, UNESCO Cultural Diversity Award, FAO Diploma Award, South-South Co-operation Visionary Award and the Champions of the Earth Award. We have been able to sustain satisfactory credit ratings from international rating watchdogs. Bangladesh is now one of the top ranking countries in the world in terms of social and political empowerment of women. It has set an imitable example for the world in achieving inclusive and eco-friendly growth and reducing poverty at a high rate with limited resources. The world intelligentsia now brand Bangladesh as a 'Role Model for Development'.

**Madam Speaker**

10. I have always endeavoured to make the budget formulation process transparent and participatory. With this view in mind, like previous years, I had a series of dialogues with standing committee members of the parliament, eminent citizens, renowned economists, professional and business associations, NGO leaders, journalists and secretaries of all ministries and divisions. I also participated in an opinion exchange meeting with the farmers in Jhalakathi to be apprised of their ideas about the budget. This meeting was organized by 'Channel i' under the banner of '*Mati O Manush*' programme. The Channel i also provided me a list of recommendations after hosting six

programmes of *Krishoker Budget Vabna* (Farmers' Budget Thoughts). Participants of 11 other discussion meetings also provided me various suggestions from different perspectives. We have also heard the opinions of children for the first time. I was enlightened by their valuable suggestions which I tried to incorporate in our budget decisions. The concerned officers of Finance Division, National Board Revenue, and all other ministries, through their untiring efforts, have accomplished the massive and strenuous task of preparing the budget. I take this opportunity to congratulate them. Above all, like previous years, Hon'ble Prime Minister *Deshratna* Sheikh Hasina extended her support by giving directives on various issues and providing prudent opinion and advice in the formulation of the budget. I express my sincere gratitude to her for reposing her continued and unwavering trust on me.

11. We have traversed many a mile in our journey of making Bangladesh a prosperous country by 2041. Efforts are going on in full swing to make the economic structure and legal framework of the country befitting for a developed country. Patriotic people from all walks of life have totally rejected destructive activities of evil forces. Hartals and shutdowns nowadays have lost appeal to the people engaged in improving their lot. From 2015 onwards, the nation has remained ceaselessly devoted to the colossal task of changing its fortune. Entrepreneurial and creative youths are now engaged in the mirth of creating something novel with renewed vigour. Hence, our never-ending march on the development highway will continue until we reach our final destination. The time is ours, the time is for Bangladesh.

## **Chapter II**

### **A Year of Success: Implementation Progress**

#### **Madam Speaker**

12. I will now briefly present the implementation status of our budget commitments before this August House.

#### **Socio-economic Status**

13. We continue to make progress in all major economic indicators. As per provisional estimates of Bangladesh Bureau of Statistics, by the end of current fiscal year, our per capita income will grow to USD 1602 which was only USD 543 in FY 2005-06. During the same period, poverty and extreme poverty has been reduced to 23.2 and 12.9 per cent from 38.4 and 24.2 percent respectively. Side by side, life expectancy rate has increased from 65.4 years in 2006 to almost 72 years now which, indeed, is an indication of our inclusive development. Side by side, our position in socio-economic indicators like inequality, women empowerment, sanitation, mother and child mortality rate, population growth rate and social mobility has been strengthened further.

#### **Agriculture and Food Security**

14. In order to increase agricultural production, in addition to regular subsidy we are providing 30 percent cash incentives on agricultural export. A 20 percent rebate is being provided on bills of electricity consumed by irrigation pumps. At present, the rate of incentive for mechanized agriculture has been set at 70 percent at *Haor* areas and coastal parts of southern Bangladesh and 50 percent elsewhere. Though crop production in Sylhet, Sunamganj,

Moulvibazar, Habiganj, Netrakona and Kishoreganj districts was affected by flash floods in last April, the target of overall food production is expected to be reasonably achieved. Meanwhile, we have achieved significant success in production of fisheries and vegetables with the aid of new technology in the agriculture sector. With the help of the decoded genome sequence of jute, forward lines of 2 varieties of Tossa jute and one variety of white jute have been invented; these varieties are short in length and can sustain in lower temperature. To recognize special contributions in agriculture and encourage research, every year ‘Bangabandhu National Agricultural Award’ is being conferred on persons and institutions engaged in agriculture sector.

### **Electricity and Energy**

15. In 2009, our power generation capacity was only 4,942 megawatts. Now it has reached 15,379 megawatts. At the same time, system loss has been reduced to 9.3 percent from 15.6 percent.

16. In order to meet the growing demand of energy in the country, necessary steps are being taken to import LNG within the shortest possible time. Terminal Use Agreement (TUA) and Implementation Agreement (IA) have already been signed with a view to setting up a Floating Storage and Re-gasification Unit (FSRU) based LNG terminal in Maheshkhali on Build-Own-Operate-Transfer (BOOT) basis under Public-Private Partnership (PPP). Hopefully we will be able to supply gas to all industrial units by the end of 2018.

### **Transport and Communication Infrastructure**

17. As part of our strategy to expand transport and communication infrastructures in the country, construction of second Kanchpur Bridge on the Shitalakshya river, second Meghna Bridge on the Meghna river,

and second Gumti Bridge on the Gumti river on the Dhaka-Chittagong Highway is in progress. In addition, Payra Bridge on the Payra river in Patuakhali and third Shitalakshya Bridge on the Shitalakshya river in Narayanganj are also under construction. Besides, 60 narrow and damaged bridges and culverts have been re-constructed on the highways of the western part of the country. In the current fiscal year, under 10 zone-based district highway development projects, 1,595 km long district highways have been restored, repaired and re-constructed throughout the country. As of March 2017, 41 percent of physical progress has been achieved in the construction of the long awaited Padma Multipurpose Bridge. The Bridges Division firmly believes that construction of the bridge will be completed by 2018.

18. With the aim of developing the road transport sector, we have formulated the ‘Revised Strategic Transport Plan (RSTP) 2015-2035’. We have started constructing the 20 km long elevated Mass Rapid Transit (MRT) Line-6 from Uttara to Bangladesh Bank. In addition, two elevated expressways- one starting from Hazrat Shahjalal International airport to Kutubkhali on the Dhaka-Chittagong Highway, and the other from Ashulia to Dhaka EPZ- are under construction. Furthermore, construction of a tunnel under the Karnaphuli river is underway.

19. The present government has given priority to the railway sector which remained neglected as a mode of public transport for long. In continuation of the projects so far taken, the railway sector has achieved significant progress in current fiscal year as well. Examples of this progress include transformation of 20.60 km meter gauge line into dual gauge line, reconstruction/servicing of 21 km railways, construction of 41 new rail bridges, procurement of 151 new passenger coaches, restoration of 59 passenger coaches and introduction of 6 new trains.

## **Information Technology**

20. In order to expand ICT education, 'Sheikh Russel Digital Lab and Multimedia Classroom' has been established in 23,331 secondary schools and 15,000 primary schools across the country. The e-Filing system has already been introduced in 20 ministries/divisions including the Prime Minister's Office, 64 deputy commissioner's offices and 7 divisional commissioner's offices. Apart from this, around 18,500 government offices throughout the country have been brought under a single network. The existing capacity of the submarine cable has been increased to 200 gbps from 44 gbps. As of April 2017, the number of mobile telephone and internet subscribers has increased to around 13.31 crore and 7 crore respectively.

## **Education**

### **Madam Speaker**

21. You are well aware that we have so far nationalized 26,193 primary schools. As a result, almost every village of the country now has a public primary school. In the secondary level, Upazila ICT Training and Resource Centres have been established and 295 non-government schools have been transformed into model schools in 315 upazilas having no government schools. Computer labs in 3,550 educational institutions and multimedia classrooms in 23,331 educational institutions have also been set-up. From 01 July 2016, house rent and medical allowances of teachers and staffs of non-government educational institutions have been increased. Construction of new buildings for 1,500 non-government colleges, 3,000 non-government schools and 1,000 non-government madrassas is underway. Like past years, in FY 2016-17 around 38 lakh students from 6<sup>th</sup> grade to bachelor degree (pass) and equivalent level have been provided with stipends and other assistances amounting Tk. 675.38 crore.

## **Health**

22. To make healthcare readily available in rural areas, 13,339 community clinics have been set-up. Maternal Health Voucher scheme for poor, vulnerable and critically pregnant women has been introduced in community clinics of 53 upazilas. Besides, emergency pregnancy support service has been strengthened in 132 upazilas. All districts and 418 upazilas have been brought under mobile phone healthcare service. As many as 43 hospitals have been brought under telemedicine service. A round the clock call center named “*Shastho Batayan*”(Health Window) has been launched which will provide 24 hour health advice free of cost to the people.

## **Women Development**

23. We are involving women in all development activities. Special programme has been undertaken to improve the fate of under privileged and destitute women. Under the VGD programme, 10 lakh destitute women have been provided with 30 kg rice each for 24 months. A total of 60 One-Stop Crisis Cells (OCC) have been established in 40 district hospitals and 20 upazila hospitals to support women and children falling victims to violence and oppression. As part of providing security and low cost housing facility to the working women, a new working women hostel -cum-training center has been built in Nalitabari upazila of Sherpur district.

## **Children Budget**

24. Around 40 percent of the total population of the country is children. To build the future Bangladesh of our dream, we attach special emphasis to the physical and mental development of our children. With this view, we have already drafted National Child Policy

and an integrated policy for primary care and development of our future generation. In order to mainstream child development in our national planning and budgeting, we presented Child Budget in the last two fiscal years. In FY 2016-17, we published a report titled '*Bikoshito Shishu: Somriddho Bangladesh*' (Blooming Children, Prosperous Bangladesh) which is a collection of child related activities undertaken by seven ministries/divisions. In continuation, this year also I have placed a report under the same title compiling the child related activities of 13 ministries/divisions.

### **Social Security**

25. As part of our continuous efforts to strengthen social security services, we are operating 4 Drop-in-Centers (DIC), 2 Emergency Night Shelters (ENS), 16 Child Friendly Spaces (CFS) and 3 Open Air Schools (OAS) for street children in Dhaka and Barisal. A centralized call center has been established in the Social Welfare Directorate to run Child Helpline '1098'. Through this helpline, necessary services are being provided to vulnerable, helpless and destitute children across the country.

26. A total of 103 care and service centers for physically challenged people have been set up in 64 districts and 39 upazilas. These centers offer a variety of cost free services and products to autistic children/persons and other physically challenged people. Let me mention here that the daughter of the Hon'ble Prime Minister Sayma Wazed has made us proud by receiving the Excellence Award from WHO for her contribution in treatment of and in healthcare services for autism. Particularly in remote areas, through 32 mobile therapy vans cost free services are being provided to disabled persons including the autistic ones. Furthermore, efforts are underway to bring social security

services under automation. The data of 32.35 lakh beneficiaries of different social security services have already been recorded in a database. Besides, distribution of transfer payments through G2P digital system has been undertaken in 45 unions on a pilot basis. Six old homes have been established in 6 divisions to ensure a respectable, poverty-free, productive, healthy and secured social life for the elderly people.

### **Environment and Climate**

27. In FY 2016-17, 44 new and 2 revised projects have been adopted under the 'Climate Change Trust Fund' which has been established with the government's own resources. We are formulating a Road Map to develop 'National Adaptation Plan (NAP)' in a bid to adopt comprehensive and long term adaptation strategy and actions against climate change. The Biodiversity Act, 2017 has been enacted which has strengthened Bangladesh's position as a signatory of Convention on Biological Diversity (CBD). National Biodiversity Strategy and Action Plan of Bangladesh (2016-2021) have also been formulated. As part of the plan to develop green belt along the entire coast, suitable coastal areas have already been selected. An area of 1,738 square kilometers in the Bay of Bengal has been declared as 'Marine Protected Area' which is the first of its kind in the country. Repair work of embankments built in coastal areas in the '60s and '70s is underway.

28. All macroeconomic indicators including GDP growth in the real sector, investment climate, per capita income, imports and exports in the external sector, internal credit flow in the financial sector, etc. are moving in a positive direction. The progress in real and other sectors is given in **Appendix A**.

## Chapter III

### Supplementary Budget for FY 2016-17

#### Madam Speaker

29. You are aware that we set revenue target considering various reform initiatives such as automation, reduction of the rate of tax rebate, expansion of tax administration and expansion of tax net and tax base under the National Board of Revenue (NBR). So far this fiscal year, the progress of NBR revenue collection is better than the last few years. However, considering its growth till now, revenue collection target has been slightly lowered in the revised budget. On the other hand, non-tax revenue collection would fall short of the original estimate as lower than expected dividend was received from Bangladesh Bank and auctions for unused 2G and 3G spectrums were not held. Under these circumstances, I propose to reduce the target of revenue collection by 10 percent in the current fiscal year. On the other hand, as the government is firmly committed to implement the ADP and speedy implementation of the priority projects is underway, development expenditure will remain unchanged. Now I would like to present the proposed revised budget for FY 2016-17 in **Table 1**.

**Table 1: Original and Supplementary Budget of FY 2016-17**

(In crore Tk.)

Sector	Revised 2016-17	Actual up to March 2016-17	Budget 2016-17
<b>Total Revenue</b>	<b>2,18,500</b> <b>(11.2)</b>	<b>1,42,459</b> <b>(7.3)</b>	<b>2,42,752</b> <b>(12.4)</b>
NBR Tax	1,85,000	1,21,797	2,03,152
Non-NBR Tax	7,261	4,316	7,250
Non Tax Revenue	26,239	16,346	32,350
<b>Total Expenditure</b>	<b>3,17,174</b> <b>(16.2)</b>	<b>1,49,333</b> <b>(7.6)</b>	<b>3,40,605</b> <b>(17.4)</b>
Non-Development Revenue Expenditure	1,78,154 (9.1)	1,04,514 (5.3)	1,88,966 (9.6)
Development Expenditure	1,15,990 (5.9)	33,780 (1.7)	1,17,027 (6.0)

Sector	Revised 2016-17	Actual up to March 2016-17	Budget 2016-17
In which, Annual Development Programme	1,10,700 (5.7)	33,436 (1.7)	1,10,700 (5.6)
Other Expenditure	23,030 (1.2)	11,039 (0.6)	34,612 (1.8)
<b>Budget Deficit</b>	-98,674 (-5.0)	-6,874 (-0.4)	-97,853 (-5.0)
<b>Financing</b>			
External source	28,771 (1.5)	2,511 (0.1)	36,305 (1.9)
Domestic source	69,903 (3.6)	4,283 (0.2)	61,548 (3.1)
In which, Banking source	23,903 (1.2)	-16,402 (-0.8)	38,938 (2.0)
<b>GDP</b>	<b>19,56,055<sup>b</sup></b>	<b>19,56,055<sup>b</sup></b>	<b>19,61,017<sup>a</sup></b>

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

30. **Revised Revenue Income:** In the budget of FY 2016-17, the revenue collection target was set at Tk. 2,42,752 crore (12.4 percent of GDP). Taking the state of revenue collection during July-February of this fiscal year into consideration, this target has been re-fixed at Tk. 2,18,500 crore (11.2 percent of GDP). The targets of revenue income from non-NBR and non-tax sources have undergone a downward revision to reflect less than expected revenue from these sources. In the case of NBR revenue, income and profit taxes as well as local level Value Added Tax were not realized as expected.

31. **Revised Expenditure:** In the budget of current fiscal year, total government expenditure was estimated at Tk. 3,40,605 crore (17.4 percent of GDP). In the revised budget, it has been decreased by Tk. 23,430 crore and projected at Tk. 3,17,174 crore (16.2 percent of GDP). Due to reduction in non-ADP spending, lower interest expenditure on domestic and foreign borrowings, and reduction in subsidy, I propose setting non-development expenditure including other expenses at Tk. 2,01,184 crore by reducing Tk. 22,394 crore. Traditionally, there is a practice of downsizing ADP in the revised budget. It is my pleasure to

share with you that this is the first time in history that we have been able to keep the size of the revised ADP unchanged. I strongly believe that we would be able to implement this ADP. The revised ADP including projects of autonomous bodies and corporations now stands at Tk. 1,19,295 crore (6.1 percent of GDP).

32. **Budget Deficit:** The budget deficit is projected to be Tk. 97,853 crore (5 percent of GDP) in the current fiscal year. In the revised budget, estimated deficit stands at Tk. 98,674 crore (5 percent of GDP). In the original estimate, funding from external sources was set to Tk. 36,305 crore (1.9 percent of GDP). In the revised budget, funding from external sources has been reduced to Tk. 28,771 crore (1.3 percent of GDP) and funding from domestic sources has been set to Tk. 69,903 crore. In the case of domestic sources, receipt from non-bank sources such as sale of savings certificate may increase substantially. As a result, bank borrowing would slightly decline. As of April, savings certificates worth of Tk. 42,098 crore were sold against the target of Tk.19,610 crore for the current fiscal year.

## Chapter IV

### Macroeconomic Scenario in the Global Context

#### Madam Speaker

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

#### Global Economic Outlook

34. **Global and Asian Economic Trend:** Due to lower investment growth, sluggish pace in international trade, and decline in the rate of productivity growth, the global output growth has decreased in 2016 compared to the previous year. Nevertheless, world economic growth is expected to turn around in 2017 and 2018. Particularly, output growth in emerging and developing economies is expected to pick up. In the developed world, despite slow recovery in Europe, growth in Japan and the USA is expected to gather momentum. The overall growth outlook for the emerging and developing Asia is also positive. Among these countries, despite slight slowdown of the Chinese economy, India and some export-led countries are expected to grow faster. Notwithstanding the slower growth in the Middle East, our main labour markets are expected to grow faster. Particularly, Saudi Arabia, United Arab Emirates, Qatar, Oman and Kuwait are likely to experience faster growth. Overall, uptick in global output growth signals brighter prospects for the economy of Bangladesh.

35. Developed economies are projected to grow to 2.0 percent in 2017 from an estimated 1.7 percent in 2016. Growth of the US economy will increase to 2.3 percent in 2017 from 1.6 percent in 2016. At the same time, growth in the Euro area will remain unchanged at 1.7 percent. However, growth in emerging and developing countries will go

up to 4.5 percent in 2017 from 4.1 percent in 2016 despite slow economic growth due to structural changes in China, economic crisis in several export-oriented countries, emergence of conservative policies in developed countries, and risk of the US pursuing a contractionary monetary policy. On the other hand, India's growth will stand at 7.2 percent in 2017 due to the increase of government spending in public infrastructure. Overall, the global growth rate will increase to 3.5 percent in 2017 from 3.1 percent in 2016 and further to 3.6 percent in 2018.

**36. Global Inflation:** As the retail price of gasoline and other energy related products has gone up, inflation in developed and most of the developing countries will increase in 2017. CPI inflation in developed countries is likely to rise to 2.0 percent in 2017 compared to 0.8 percent in 2016. At the same time, CPI inflation in the emerging and developing countries is projected to increase to 4.7 percent from 4.4 percent.

**37. International Trade and Interest Rates:** The lingering sluggishness in international trade expansion is gradually receding which dipped below the global output growth in the wake of great recession. With the rise of capital expenditures worldwide, the growing momentum of international trade is becoming gradually evident. It is expected that the growth of global commodity and service trade will increase to 3.8 percent in 2017 from 2.2 percent in 2016. On the other hand, there is a possibility of increase in short-term and long-term interest rates worldwide due to upward pressure on inflation, growth of aggregate demand in many countries, and adoption of contractionary monetary policy by the Federal Reserve in the US.

## **Domestic Economic Scenario**

**38. GDP Growth:** In FY 2015-16, our GDP growth target was 7.05 percent; however, according to the final estimation of Bangladesh Bureau of Statistics (BBS), the GDP growth rate stood at 7.11 percent. This growth rate is much better than that of comparator countries. Robust domestic demand along with recovery in external demand contributed to this growth. In the current fiscal year, our growth target is 7.2 percent. The good news is that the provisional estimate released by BBS for current fiscal year reflects a growth of 7.24 percent which is higher than our GDP growth target.

**39. Investment:** At the end of previous fiscal year, the growth rate of private investment stood at 10.3 percent- the highest in the last 7 years. Private sector investment gathered momentum due the restoration of private investors' confidence resulting mainly from sustained political stability, government initiatives to reduce investment impediments, and decline in interest rates, etc. In previous fiscal year, growth of public investment was somewhat sluggish, however, I believe this stagnation will soon disappear with accelerated implementation of annual development programme.

**40. Inflation:** Fuel price is current rising in the international market. Despite this inflation in Bangladesh has been declining steadily. By the end of March 2017, 12-month average inflation rate stood at 5.39 percent, compared to 6.10 percent in the same period last year. I believe that, at the end of current fiscal year the food and non-food inflation rates will remain within the target as a result of macroeconomic stability, supportive fiscal and monetary policy, satisfactory agricultural production despite loss of agricultural crop in the haor region due to flash floods, and improved domestic supply system.

**41. Money and Credit:** By the end of March this year, growth rate of broad money supply stood at 13.08 percent, which is slightly lower than the target set by Bangladesh Bank. On the other hand, reserve money experienced 18.98 percent growth, which is slightly higher than the target. Growth of total domestic credit has slowed down due to decline in public sector borrowing. However, growth of private sector credit flow is much closer to the target. Besides, the flow of agricultural and industrial credit remains uninterrupted.

**42. Interest Rates:** The efficiency of financial intermediation is increasing gradually as a result of various initiatives taken by the government and the Bangladesh Bank. Consequently, interests on deposits and loans continue to decline. At the same time, interest rate spread is also shrinking. At the end of March 2017, the rate of interest on deposits and loans dropped to 5.01 and 9.70 percent respectively, and the interest rate spread decreased to 4.69 percent. I believe with sustained discipline in the financial sector, this rate will decrease further in future.

**43. Exchange Rate:** The nominal exchange rate of Taka against US dollar has remained stable for a long time. Recently, demand for dollar increased slightly due to increase in import expenditure and other factors. As a result, Taka has slightly depreciated against dollar. However, the exchange rate of Taka with respect to Yuan, Euro, Kuwaiti Dinar, Ringgit and Pound has slightly appreciated.

**44. Imports and Exports:** Exports registered 3.92 percent growth till April of current fiscal year. During this period, the total export earnings stood at around US\$ 29 billion which is around 78 percent of the annual target of US\$ 37 billion. Multifarious adverse conditions in international market have created slight pressure on RMG export. Of the two major export destinations, export to the European Union has

improved significantly. I believe export to the US market will also increase considerably with accelerated economic recovery in the US. Till March of current fiscal year, growth of import payments stood at 11.07 percent, compared to 7.02 percent at the same period in the last fiscal year. Growth of imports was mainly triggered by the existing momentum of domestic demand. During this period, growth of both import LC opening and rate of settlement were quite satisfactory. Especially, there has been significant increase in the import of capital machineries, which is indicative of increasing production capacity in the days ahead.

**45. Remittance Income:** In the first ten months of the current fiscal year, remittance inflow has decreased by 16.03 percent, compared to the same period of last fiscal year. In fact, most of the developing countries in the world except some Latin American and Caribbean countries have experienced decline in remittance inflows during the last two consecutive years. Due to low oil prices and contractionary fiscal policies adopted by some governments, remittance inflow to South Asia from GCC countries has decreased notably. Furthermore, weak growth in countries of Europe and Russian Federation, deflation of Euro, adoption of anti-immigration policies by many countries, various hindrances in remittance transfer, relative benefits of remitting money through informal channels and controlled exchange rate policy of many countries have negatively impacted the remittance inflow.

**46. Balance of Payments and Foreign Exchange Reserve:** Despite negative balance in the current account, the overall balance of payment till March of current fiscal year was positive due to surplus in the fiscal and capital accounts. As a result, foreign exchange reserve is increasing steadily. As on 24 May 2017, foreign exchange reserve stood at US\$ 32.1 billion which is adequate to foot import bills for more than eight months.

## Chapter V

### Proposed Budget Framework for 2017-18

#### Madam Speaker

47. Our goal is to ensure balanced and harmonized development of all sectors of the economy. We plan to achieve this goal by formulating annual budgets under a Medium Term Macroeconomic Framework (MTMF). The MTMF is updated every year. Under this framework, income and expenditure ceilings, commensurate to other sectors of economy i.e. the real, monetary and external, are determined. These ceilings are kept within a safe limit to sustain macroeconomic balance. Similarly, level of budget deficit and mode of financing are also decided keeping in view the objective of macroeconomic balance.

48. In formulating the budget structure, we have taken the sustainable development goals as well as the targets of the 7th Five Year Plan into account. I believe the proposed budget structure will be successful in mobilizing necessary resources in this respect. Now, let me mention the underlying assumptions of the proposed budget structure-

- GDP growth rate will be 7.4 percent in FY 2017-18 and inflation will come down to 5.5 percent by the end of the fiscal year;
- Interest rates will fall gradually and nominal exchange rate will remain stable;
- internal absorption will increase significantly in comparison to the previous year due to increased consumption and investment expenditure. As a result, there will be a small deficit in the current account balance. However, overall balance will be

positive due to adequate surpluses of capital and financial accounts;

- The central bank will continue to pursue supportive monetary and credit policy;
- Tax-revenue will increase by 1.7 percent of GDP. Tax net will be expanded and the new Value Added Tax law will be implemented. Tax exemption and tax holiday facilities will be withdrawn gradually;
- Foreign aid disbursement will increase;
- Recovery of global output growth will continue and exports and remittances targets will be achieved;
- Over and above, people's perseverance and peasants' and workers' passion for work will help sustain political stability.

49. Now I am presenting a picture of the proposed income and expenditure of FY 2017-18 below (**Table-2**).

**Table:2 Proposed Budget Structure of FY 2017-18**

(In crore Tk.)

Sector	Budget 2017-18	Revised 2016-17	Budget 2016-17	Actual 2015-16
<b>Total Tax Revenue</b>	<b>2,87,991</b> <b>(13.0)</b>	<b>2,18,500</b> <b>(11.2)</b>	<b>2,42,752</b> <b>(12.4)</b>	<b>1,72,953</b> <b>(10.0)</b>
NBR Tax	2,48,190	1,85,000	2,03,152	1,46,242
Non-NBR Tax	8,622	7,261	7,250	5,645
Non Tax Receipt	31,179	26,239	32,350	21,066
<b>Total Expenditure</b>	<b>4,00,266</b> <b>(18.0)</b>	<b>3,17,174</b> <b>(16.2)</b>	<b>3,40,605</b> <b>(17.4)</b>	<b>2,38,433</b> <b>(13.8)</b>
Non-Development Revenue Expenditure	2,07,138 (9.3)	1,78,154 (9.1)	1,88,966 (9.6)	1,44,431 (8.4)
Development Expenditure	1,59,013 (7.2)	1,15,990 (5.9)	1,17,027 (6.0)	81,407 (4.7)
In which, Annual Development Programme	1,53,331 (6.9)	1,10,700 (5.7)	1,10,700 (5.6)	79,351 (4.6)
Other Expenditure	34,115 (1.5)	23,030 (1.2)	34,612 (1.8)	12,595 (0.7)
<b>Budget Deficit</b>	<b>-1,12,275</b> <b>(-5.0)</b>	<b>-98,674</b> <b>(-5.0)</b>	<b>-97,853</b> <b>(-5.0)</b>	<b>-65,480</b> <b>(-3.8)</b>
<b>Financing</b>				
External source	51,924 (2.3)	28,771 (1.5)	36,305 (1.9)	14,755 (0.9)

Sector	Budget 2017-18	Revised 2016-17	Budget 2016-17	Actual 2015-16
Domestic source	60,352 (2.7)	69,903 (3.6)	61,548 (3.1)	50,730 (2.9)
In which, Banking source	28,203 (1.3)	23,903 (1.2)	38,938 (2.0)	10,614 (0.6)
<b>GDP</b>	<b>22,23,600<sup>a</sup></b>	<b>19,56,055<sup>b</sup></b>	<b>19,61,017<sup>a</sup></b>	<b>17,29,567</b>

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

50. **Revenue Earnings Estimates:** We are consistently laying emphasis on increasing the revenue collection for successful implementation of the government's development agenda. We are already reaping the benefits of reforms adopted to increase NBR revenue collection. The growth rate of NBR revenue collection up to March of the current fiscal year stands at 20 percent which is the highest in recent years. The ongoing reform programmes including automation of revenue administration, reduction of tax exemptions, expansion of tax administration, tax net and tax base will be strengthened in the next fiscal year. In addition, VAT Act 2012 will be effective from 1 July 2017 which will add significant momentum in revenue collection. In this backdrop, we have estimated revenue collection for the next fiscal year at Tk. 2,87,991 crore (13 percent of GDP). Out of this, Tk.2,48,190. crore (11.2 percent of GDP) will accrue from NBR sources. In FY 2017-18, target of Non-NBR tax revenue collection has been fixed at Tk.8,662. crore (0.4 percent of GDP). The target of non-tax revenue collection has been set at Tk.31,179.crore (1.4 percent of GDP). The revenue target is expected to be achieved due to our recent initiatives for revising fees/rates in consistence with market rates and improved monitoring system.

51. **Expenditure Estimates:** Total expenditure has been estimated at Tk. 4,00,266. crore (18 percent of GDP) in FY 2017-18. Tk.

2,41,253 crore (10.8 percent of GDP) has been allocated for non-development expenditure including other expenses and Tk. 1,53,331 crore (6.9 percent of GDP) has been allocated for Annual Development Programme. Tk.10,753 crore has been allocated for projects to be implemented through self-finance of autonomous bodies. As a result, the total size of the Annual Development Programme will be Tk. 1,64,085 crore ( 7.4 percent of GDP).

52. **Annual Development Programme (ADP):** We have placed special emphasis on growth enhancing mega projects in making allocations for Annual Development Programme of the next fiscal year. Furthermore, our emphasis on the importance of enhancing regional capacity and development of human resources will continue as before. In the upcoming fiscal year, we expect to utilize sizeable amount of project aid in implementing some large projects. In this context, the Annual Development Programme for the next fiscal year has been determined by adding 38.5 percent increase to current fiscal year's ADP. Sector-wise allocations for the ADP have been presented in **Table 3**. Allocations for human resources development sector (education, health and related sectors) is 28.7 percent, for overall agriculture and rural development sector (agriculture, water resources, rural development and rural institutions and others) 21.2 percent, for power and energy sector 13.7 percent, for transportation sector (roads, railways, bridges and others) 26.8 percent and for other sectors 9.6 percent have been proposed in the next year's ADP.

**Table 3: Sector-wise allocations of ADP**

(In crore Tk.)

Ministry/Division	Budget 2017-18	Revised 2016-17	Budget 2016-17	Actual 2015-16	Actual 2014-15	Actual 2013-14	Actual 2012-13
<b>a) Human Resource</b>							
1. Ministry of Primary and Mass Education	8,752 (5.7)	6,263 (5.7)	7,710 (7.0)	4,909 (6.2)	3,994 (6.2)	4,374 (7.9)	3,683 (7.4)
2. Health Services Division	7,842 (5.1)	4,918 (4.4)	6,235 (5.6)	3,599 (4.5)	3,671 (5.7)	3,417 (6.2)	3,316 (6.7)
3. Secondary and Higher Education Division	6,165 (4.0)	5,373 (4.9)	6,167 (5.6)	3,908 (4.9)	4,088 (6.3)	3,033 (5.5)	2,206 (4.5)
4. Others	21,270 (13.9)	9,619 (8.7)	7,091 (6.4)	4,552 (5.7)	4,466 (6.9)	3,355 (6.1)	2,205 (4.5)
<b>Sub Total</b>	<b>44,029</b> <b>(28.7)</b>	<b>26,173</b> <b>(23.6)</b>	<b>27,203</b> <b>(24.6)</b>	<b>16,968</b> <b>(21.4)</b>	<b>16,219</b> <b>(25.0)</b>	<b>14,179</b> <b>(25.7)</b>	<b>11,410</b> <b>(23.1)</b>
<b>b) Agriculture &amp; Rural Development</b>							
5. Local Government Division	21,465 (14.0)	19,288 (17.4)	18,548 (16.8)	13,944 (17.6)	13,983 (21.5)	10,544 (19.1)	10,425 (21.1)
6. Ministry of Water Resource	4,675 (3.0)	3,789 (3.4)	3,759 (3.4)	2,707 (3.4)	2,061 (3.2)	1,998 (3.6)	1,756 (3.5)
7. Ministry of Agriculture	1,800 (1.2)	1,772 (1.6)	1,841 (1.7)	1,726 (2.2)	1,406 (2.2)	1,273 (2.3)	1,111 (2.2)
8. Others	4,525 (3.0)	3,288 (3.0)	2,946 (2.7)	2,671 (3.4)	2,626 (4.0)	2,277 (4.1)	1,968 (4.0)
<b>Sub Total</b>	<b>32,465</b> <b>(21.2)</b>	<b>28,137</b> <b>(25.4)</b>	<b>27,094</b> <b>(24.5)</b>	<b>21,048</b> <b>(26.5)</b>	<b>20,076</b> <b>(30.9)</b>	<b>16,092</b> <b>(29.2)</b>	<b>15,260</b> <b>(30.8)</b>
<b>c) Power and Energy</b>							
9. Power Division	18,845 (12.3)	13,421 (12.1)	13,040 (11.8)	15,257 (19.2)	8,305 (12.8)	8,311 (15.1)	8,840 (17.9)
10. Energy and Mineral Resource	2,111 (1.4)	1,068 (1.0)	1,911 (1.7)	1,054 (1.3)	1,014 (1.6)	1,881 (3.4)	1,295 (2.6)
<b>Sub Total</b>	<b>20,956</b> <b>(13.7)</b>	<b>14,489</b> <b>(13.1)</b>	<b>14,951</b> <b>(13.5)</b>	<b>16,311</b> <b>(20.6)</b>	<b>9,319</b> <b>(14.4)</b>	<b>10,192</b> <b>(18.5)</b>	<b>10,135</b> <b>(20.5)</b>
<b>d) Transport and Communication</b>							
11. Ministry of Railways	13,001 (8.5)	9,278 (8.4)	9,115 (8.2)	3,950 (5.0)	3,281 (5.1)	2,858 (5.2)	2,993 (6.0)
12. Road Transport and Highways Division	16,820 (11.0)	9,403 (8.5)	8,161 (7.4)	6,507 (8.2)	4,298 (6.6)	3,625 (6.6)	3,605 (7.3)
13. Bridge Division	8,404 (5.5)	6,527 (5.9)	9,258 (8.4)	5,266 (6.6)	5,299 (8.2)	2,067 (3.7)	785 (1.6)
14 Others	2,829 (1.8)	2,181 (2.0)	2,020 (1.8)	1,351 (1.7)	757 (1.2)	805 (1.5)	532 (1.1)
<b>Sub Total</b>	<b>41,054</b> <b>(26.8)</b>	<b>27,389</b> <b>(24.7)</b>	<b>28,554</b> <b>(25.8)</b>	<b>17,074</b> <b>(21.5)</b>	<b>13,635</b> <b>(21.0)</b>	<b>9,355</b> <b>(17.0)</b>	<b>7,915</b> <b>(16.0)</b>
<b>Total</b>	<b>1,38,504</b> <b>(90.3)</b>	<b>96,188</b> <b>(86.9)</b>	<b>97,802</b> <b>(88.3)</b>	<b>71,401</b> <b>(90.0)</b>	<b>59,249</b> <b>(91.3)</b>	<b>49,818</b> <b>(90.4)</b>	<b>44,720</b> <b>(90.4)</b>
15. Others	14,827 (9.7)	14,512 (13.1)	12,898 (11.7)	7,945 (10.0)	5,668 (8.7)	5,313 (9.6)	4,753 (9.6)
<b>Total ADP</b>	<b>1,53,331</b>	<b>1,10,700</b>	<b>1,10,700</b>	<b>79,346</b>	<b>64,917</b>	<b>55,131</b>	<b>49,473</b>

Figures in parentheses are shown in percent of total ADP allocation;

53. **Budget Deficit:** Budget deficit in the next fiscal year will be Tk. 1,12,275 crore, which is 5 percent of GDP. While deficit will

increase slightly compared to the previous year due to increased allocations for development activities and social security sector, it is unlikely to have any negative macroeconomic impact due to robust GDP growth. Tk. 51,924 crore of deficit will be financed from external sources (2.3 percent of GDP) and Tk. 60,352 crore from domestic sources (2.7 percent of GDP). Of the domestic sources, Tk. 28,203 crore (1.3 percent of GDP) is expected to come from banking system and Tk. 32,149 crore (1.4 percent of GDP) from savings certificates and other non banking sources.

54. **Overall Expenditure Structure:** At this stage, I want to say a few words about the overall expenditure structure (development and non-development) of the proposed budget. Based on the allocation of businesses of different ministries and divisions, we have grouped them into 3 main categories. These are social infrastructure, physical infrastructure and general services sectors.

55. In the proposed budget, 29.31 percent of the total outlay has been allocated to social infrastructure sector, of which 26.12 percent has been proposed for the human resource sub-sector (education, health and other related sectors); 31.74 percent of the total allocation has been proposed for the physical infrastructure sector, of which 13.02 percent will go to the overall agriculture and rural development, 11.88 percent to overall communication and 5.28 percent to power and energy sector. 24.03 percent of the total allocation has been proposed for the general services sector. Besides, 1.88 percent has been allocated for public private partnership (PPP), financial assistance for various industries, subsidies and equity investment in state-owned banks, and financial institutions; 10.36 percent for interest repayment; and the rest 2.68

percent for net lending and miscellaneous expenditure. Detail information relating to these has been given in Table 4.

**Table 4: Sectoral Allocation in the Budget**

(In crore Tk.)

Ministry/Division	Budget 2017-18	Revised 2016-17	Budget 2016-17	Actual 2015-16	Actual 2014-15	Actual 2013-14	Actual 2012-13
<b>(a) Social Infrastructure</b>	<b>117,302</b>	<b>92,741</b>	<b>96,365</b>	<b>72,830</b>	<b>55,856</b>	<b>50,725</b>	<b>42,972</b>
<b>Human Development</b>							
1. Secondary and Higher Education Division	23,141 (5.78)	21,706 (6.84)	26,847 (7.88)	21,589 (9.05)	16,122 (7.72)	14,131 (7.47)	11,334 (6.45)
2. Ministry of Primary and Mass Education	22,022 (5.50)	17,797 (5.61)	22,162 (6.51)	16,224 (6.80)	11,898 (5.70)	11,031 (5.83)	9,413 (5.36)
3. Health Services Division	16,182 (4.04)	14,829 (4.68)	17,487 (5.13)	12,606 (5.29)	10,419 (4.99)	9,385 (4.96)	8,549 (4.87)
4. Others	43,224 (10.80)	26,520 (8.36)	19,422 (5.70)	14,357 (6.02)	11,925 (5.71)	9,515 (5.03)	7,625 (4.34)
<b>Sub Total</b>	<b>104,569</b> <b>(26.12)</b>	<b>80,852</b> <b>(25.49)</b>	<b>85,918</b> <b>(25.23)</b>	<b>64,776</b> <b>(27.17)</b>	<b>50,364</b> <b>(24.11)</b>	<b>44,062</b> <b>(23.30)</b>	<b>36,921</b> <b>(21.02)</b>
<b>Food and Social Safety</b>							
5. Ministry of Food	3,880 (0.97)	2,942 (0.93)	2,442 (0.72)	1,269 (0.53)	735 (0.35)	919 (0.49)	814 (0.46)
6. Ministry of Disaster Management and Relief	8,853 (2.21)	8,947 (2.82)	8,005 (2.35)	6,785 (2.85)	4,757 (2.28)	5,744 (3.04)	5,237 (2.98)
<b>Sub Total</b>	<b>12,733</b> <b>(3.18)</b>	<b>11,889</b> <b>(3.75)</b>	<b>10,447</b> <b>(3.07)</b>	<b>8,054</b> <b>(3.38)</b>	<b>5,492</b> <b>(2.63)</b>	<b>6,663</b> <b>(3.52)</b>	<b>6,051</b> <b>(3.45)</b>
<b>(b) Physical Infrastructure</b>	<b>1,27,059</b>	<b>99,498</b>	<b>1,01,292</b>	<b>79,697</b>	<b>65,168</b>	<b>58,512</b>	<b>58,977</b>
<b>Agriculture and Rural Development</b>							
7. Ministry of Agriculture	13,600 (3.40)	10,376 (3.27)	13,675 (4.01)	10,739 (4.50)	10,345 (4.95)	12,075 (6.39)	14,822 (8.44)
8. Ministry of Water Resources	5,926 (1.48)	4,755 (1.50)	4,713 (1.38)	3,634 (1.52)	2,843 (1.36)	2,743 (1.45)	2,481 (1.41)
9. Local Government Division	24,665 (6.16)	22,249 (7.01)	21,322 (6.26)	16,388 (6.87)	16,060 (7.69)	12,406 (6.56)	12,314 (7.01)
10. Others	7,937 (1.98)	7,496 (2.36)	6,536 (1.92)	5,707 (2.39)	5,054 (2.42)	4,526 (2.39)	4,218 (2.40)
<b>Sub Total</b>	<b>52,128</b> <b>(13.02)</b>	<b>44,876</b> <b>(14.15)</b>	<b>46,246</b> <b>(13.58)</b>	<b>36,468</b> <b>(15.29)</b>	<b>34,302</b> <b>(16.42)</b>	<b>31,750</b> <b>(16.79)</b>	<b>33,835</b> <b>(19.26)</b>
Power and Energy	21,118 (5.28)	14,561 (4.59)	15,036 (4.41)	16,374 (6.87)	9,359 (4.48)	10,266 (5.43)	10,281 (5.85)
<b>Transport and Communication</b>							
11. Road Transport and Highways Division	19,696 (4.92)	12,077 (3.81)	10,910 (3.20)	8,900 (3.73)	6,460 (3.09)	5,560 (2.94)	5,368 (3.06)
12. Ministry of Railways	16013 (4.00)	11982 (3.78)	11,950 (3.51)	6,016 (2.52)	5,093 (2.44)	4,462 (2.36)	4,557 (2.59)
13. Bridges Division	8430 (2.11)	6558 (2.07)	9,289 (2.73)	5,297 (2.22)	5,299 (2.54)	2,067 (1.09)	785 (0.45)
14. Other	3,419 (0.85)	2,746 (0.87)	2,603 (0.76)	1,815 (0.76)	1,036 (0.50)	1,069 (0.57)	797 (0.45)
<b>Sub Total</b>	<b>47,558</b> <b>(11.88)</b>	<b>33,363</b> <b>(10.52)</b>	<b>34,752</b> <b>(10.20)</b>	<b>22,028</b> <b>(9.24)</b>	<b>17,888</b> <b>(8.56)</b>	<b>13,158</b> <b>(6.96)</b>	<b>11,507</b> <b>(6.55)</b>

Ministry/Division	Budget 2017-18	Revised 2016-17	Budget 2016-17	Actual 2015-16	Actual 2014-15	Actual 2013-14	Actual 2012-13
15. Other sector	6,255 (1.56)	6,698 (2.11)	5,258 (1.54)	4,827 (2.02)	3,619 (1.73)	3,338 (1.77)	3,354 (1.91)
<b>C) General Services</b>	<b>96,189</b> <b>(24.03)</b>	<b>72,478</b> <b>(22.85)</b>	<b>83,508</b> <b>(24.52)</b>	<b>48,826</b> <b>(20.48)</b>	<b>39,270</b> <b>(18.80)</b>	<b>38,313</b> <b>(20.26)</b>	<b>28,778</b> <b>(16.38)</b>
Public Order and Safety	22,851 (5.71)	20,726 (6.53)	21,062 (6.18)	16,453 (6.90)	13,161 (6.30)	11,761 (6.22)	9,655 (5.50)
16. Others	73,338 (18.32)	51,752 (16.32)	62,446 (18.33)	32,373 (13.58)	26,109 (12.50)	26,552 (14.04)	19,123 (10.89)
<b>Total</b>	<b>340,550</b> <b>(85.1)</b>	<b>264,717</b> <b>(83.5)</b>	<b>281,165</b> <b>(82.5)</b>	<b>201,353</b> <b>(84.4)</b>	<b>160,294</b> <b>(76.7)</b>	<b>147,550</b> <b>(78.0)</b>	<b>130,727</b> <b>(74.4)</b>
(d) Interest Payments	41,457 (10.36)	35,358 (11.15)	39,951 (11.73)	33,114 (13.89)	30,973 (14.83)	28,000 (14.81)	24,164 (13.76)
(e) PPP Subsidy and Liability	7,509 (1.88)	5,859 (1.85)	7,509 (2.20)	3,614 (1.52)	4,132 (1.98)	3,367 (1.78)	2,427 (1.38)
(f) Net Lending and Other Expenditure	10,752 (2.69)	11,239 (3.54)	11,980 (3.52)	355 (0.15)	13,467 (6.45)	10,194 (5.39)	18,329 (10.44)
<b>Total Budget</b>	<b>400,266</b>	<b>317,174</b>	<b>340,605</b>	<b>238,433</b>	<b>208,868</b>	<b>189,098</b>	<b>175,642</b>

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

56. Ministry/division-wise budget allocation proposals have also been attached in **Annexure A**.

## **Chapter VI**

### **Inclusive and Sustainable Development: Our Policies and Strategies**

#### **Madam Speaker**

57. Bangladesh has achieved significant success in attaining high GDP growth over the years, and in distributing growth benefits equitably. 'The Charter for Change', presented to the nation by Hon'ble Prime Minister Sheikh Hasina, the able successor of the Father of the Nation Bangabandhu Sheikh Mujibur Rahman, has spelt out the road map for inclusive growth to materialize Bangabandhu's dream of Sonar Bangla. The government has taken up specific and integrated programmes to accomplish its goals of transforming the country into a 'Middle income' one by 2021 and a 'Developed' one by 2041. At the same time, it has taken firm measures towards achieving these goals. I firmly believe that the trend of steady growth of per capita income will persist, and equitable distribution of resources will be ensured. Like MDGs, Sustainable Development Goals will also be met in time resulting in the establishment of a developed and prosperous Bangladesh.

#### **Madam Speaker**

58. Bangladesh is a fast growing emerging economy. It is at the same time undergoing structural change at a rapid pace. In addition, volume of international trade and capital flow has increased manifold compared to anytime in the past adding momentum to internal and external equilibriums. As a result, adjustments need to be made to predetermined medium and long term policies and strategies to attain overall economic equilibrium. To this end, we sit with all relevant

stakeholders more than once in a year in order to harmonize all economic strategies including the fiscal, monetary, exchange rate and trade policies with existing reality.

59. At this stage, I would like to briefly present our economic thoughts and strategies before the nation through this august house.

### **Strategies for Achieving Growth Targets**

60. For the next fiscal year, we have set a target of achieving 7.4 percent GDP growth, the highest in the last four decades. Let me now elucidate the strategies we plan to pursue in accomplishing that goal.

61. **Increasing Domestic Demand:** Domestic demand is the principal driving force of our GDP growth. It is worth mentioning that contribution of domestic demand was 5.2 percent in 7.11 percent real GDP growth of FY 2015-16. In domestic demand, contribution of private consumption is the largest. Though we witnessed weaker remittance flows this year, overall inflows in the economy, in fact, remain the same as some of it is transmitted through informal channel. A number of steps have been taken to encourage transfer of remittance through formal channel which hopefully will substantially increase the remittance inflow. Besides, we are strengthening targeted cash transfer initiatives under social safety net programmes. The consumption multiplier of these programmes is generally very strong. In addition, real labour wage in both industrial and agricultural sectors are on the rise which will, in turn, help increase private consumption expenditure. Overall, with the increase of budget size, public consumption expenditure will significantly increase as well.

62. Investment is an important component of domestic demand. The size of ADP has been scaled up in order to raise public investment expenditure. Existing programmes are being revamped to ensure its

timely implementation. We have identified the impediments to private investment and speeded up steps to remove them. I will dwell upon this issue at greater length in the later part of my speech.

63. **Increasing External Demand:** The impact of external demand on our GDP growth is ever increasing. Different strategies included in the trade policy together with continuing incentives to exporters will have a catalytic impact on increasing external demand. With GDP acceleration, import demand is rising which is creating depreciation pressure on the exchange rate. At the same time domestic inflation is declining steadily which, in turn, reduces the tendency of Real Effective Exchange Rate (REER) being over-valued. This, I hope, will increase our export competitiveness.

64. **Increasing Aggregate Supply:** We will continue our efforts to contain the prices of factors of production and ease the supply side constraints which will accelerate growth from supply side as well. We plan to continue incentive schemes for agriculture sector. At the same time, priority will be attached to development of physical infrastructure sector including power and energy and transport and communication sectors. Along with increasing capital accumulation, sufficient resources will be allocated for human capital formation. Moreover, our efforts to increase female participation in the workforce will continue. I will discuss this issue elaborately in ‘Sector-wise Work Plan and Resource Allocation’ part.

65. **Fiscal Policy Strategies:** In terms of GDP, size of our government expenditure is one of the smallest in the world. In 2016, the emerging and developing economies of the world spent around 30.8 percent of GDP on an average as government expenditure whereas ours was barely 13.5 percent. Our aim will be to raise it to 19 percent of GDP over the medium term. All aspects of fiscal policy have been

elaborately discussed in our booklet ‘Medium Term Macroeconomic Policy Statement’ which has been placed before this august house. Let me now briefly touch upon the main features of our fiscal policy:

- ✓ We want to make our fiscal policy tools befitting for a middle income country to help manage aggregate demand in the short term and bolster production capacity in the long term through formation of public capital;
- ✓ In the medium term, we will pursue an expansionary fiscal policy. For this purpose, implementation of development projects and ongoing initiatives for improving legal and institutional capacities for mobilizing domestic resources will be strengthened;
- ✓ No debt will be incurred to meet the current expenditure of the government. Rather, all resources from public borrowing will be spent for development activities;
- ✓ Budget deficit will be kept at a reasonable as well as tolerable level in order to ensure macroeconomic stability. In addition, use of deficit financing tools that trigger crowding out effect and inflationary pressures will be avoided as much as possible;
- ✓ Targeted redistribution programmes will be continued for people of all walks of life to share growth benefits;
- ✓ Eco-friendly growth will be encouraged to ensure sustainable development. Production and consumption patterns detrimental to environment will be discouraged and necessary assistance will be provided to ease the sufferings of climate change victims.

66. **Harmonizing Fiscal and Monetary Policies:** Our fiscal and monetary policies play a complementary role to each other. In addition

to keeping inflation at bay, the central bank formulates monetary policy with a view to achieving high growth. Under this policy, provision of special incentives for agriculture sector and small and medium-scale enterprises will be continued.

### **Targets and Strategies for Increasing Investment**

67. We must take robust steps to increase savings and investments in order to accelerate higher growth. In FY 2016-17, our total investment was 30.3 percent of GDP where share of public sector was 7.3 percent. In the next fiscal year, we want to scale up total investment to 31.9 percent of GDP with 23.3 percent of private investment and 8.6 percent of public investment. Let me now put forward, in more detail, our strategies for increasing public and private investments.

68. **Stimulating Private Investment:** Private investment is an important driver in achieving higher growth through increased consumption demand ensuing from employment generation. Realizing this, the government has always been active in stimulating private investment. It has identified all supply side impediments to private investment and has been implementing a comprehensive plan of action to remove them.

69. Stimulating private investment requires a robust institutional structure. The government has, therefore, enacted the Bangladesh Investment Development Authority Act, 2016. Under this law, 'Bangladesh Investment Development Authority (BIDA) ' has been established merging the Board of Investment and the Privatization Commission. The authority has taken various steps to remove the impediments to direct investment. It has formulated One Stop Service Act with utmost care. Under this law, BIDA will provide all inter-ministerial services required by the investors from one point. In this

process, an investment proposal can be effectively completed in nine months. It will, as a result, improve Bangladesh's position in the 'Rank of Doing Business' and attract more foreign direct investment. Presently Bangladesh ranks 176th in Doing Business index. The BIDA has already formulated an action plan to move Bangladesh's rank within 100 in next five years.

70. Finding land to establish industries for local and foreign investors has always been a big challenge. Upon this realization, we established the Bangladesh Economic Zone Authority (BEZA) in 2011. So far, establishment of 22 economic zones has been approved. In the current fiscal year, the Hon'ble Prime Minister has inaugurated the development work of 10 economic zones. In addition, location has been selected for 59 economic zones while establishment of another 76 has been approved by the governing board of BEZA. We are planning to inaugurate the development work of another 10 economic zones in FY 2017-18. In the medium term, 12 economic zones will go into operation where goods and services worth US\$ 5 billion will be produced and 2 lakh jobs will be created.

71. We have already created necessary legal and institutional framework of PPP in order to mobilize private investment in construction of public infrastructure. To add further momentum to PPP process and make it more efficient, we have already formulated the Procurement Guidelines for PPP projects, 2016 and Guidelines for Unsolicited Proposal, 2016, which has infused dynamism in PPP activities. At present 45 PPP projects are under implementation where the share of private investment is about US\$ 14 billion. Of these projects, loan agreements have been signed for 9 projects while 13 projects are at procurement stage. Besides, we established Bangladesh Infrastructure Finance Fund Limited (BIFFL) in 2011 to finance

physical infrastructure. This Fund has so far provided financing of Tk. 2,113 crore to 26 PPP projects. We have plans to invest around Tk. 3,809 crore from this fund in 20 more projects in 2017 and 2018.

72. **Public Investment:** We are always keen to increase the size of ADP and have taken various steps to ensure quality of expenditure and timely completion of projects. Monitoring of implementation of projects under 10 ministries/divisions with large ADP allocations has been strengthened through regular meetings. Besides, we have taken steps to identify the low performing projects and appoint consultants for providing expert services to resolve implementation problems. Initiative has been taken to improve coordination between the Economic Relations Division and development partners to ease fund release processes of 20 largest aid-recipient projects. We have taken steps to form a pool of project directors and provided training to improve their efficiency.

73. Growth stimulating 10 large projects have been brought under 'Fast Track' monitoring and steps have been taken to accelerate their implementation. We will continue to ensure financing of these projects on priority basis and monitor their implementation closely.

74. You are aware that sustainable development and removal of supply side constraints mainly hinges on the meaningful development of power and energy sectors. One of our prime goals, therefore, is to ensure energy security. For this reason, in line with the Vision-2021, we have fixed a target of generating 24,000 megawatts of electricity by 2021. Special emphasis has been placed on generation of renewable energy based power. Massive expansion of solar power in the rural areas of Bangladesh has greatly impressed the visiting World Bank president in October 2016, and he, in great admiration, has dubbed Bangladesh a 'Solar Power Role Model'. In addition, we have started

the construction of a few big power plants and are soon going to enter the 'Nuclear Club'. In order to reduce dependence on them, rental power plants will be gradually phased out from 2018 onwards. We are also expediting the preparatory work for installing LNG terminals to meet the ever-growing demand for energy.

**Targets and strategies of employment creation:**

75. Around 20 lakh workers enter our labor market each year; of which, four lakh on average find employment abroad. This year, the total number of overseas employment may exceed 6 lakh. In the domestic market, therefore, annually 16 lakh jobs on average have to be created. You are aware that employment grows with GDP growth. If we can achieve the GDP growth targets of the 7<sup>th</sup> Five Year Plan, requisite number of jobs will be created to absorb the additional workforce. The structure of our economy, however, is undergoing robust changes. The share of industry and service sectors in GDP is gradually rising. Capital-intensive technologies including mechanization of agriculture are gaining popularity. In this backdrop, we are taking special steps to generate employment opportunities for the new entrants in the job market.

76. Now-a-days, the real wage of agricultural labourers is increasing with overall increase in wage rates across the country, which in turn, plays a vital role in reducing poverty and inequality. We intend to sustain this trend. We plan to continue providing necessary credit and input assistance in agriculture sector to prevent rise of unemployment in this sector. We will take effective steps to divert the increased workforce to emerging industry and service sectors. By adopting labour-intensive strategies in the process of urbanization, adequate number of jobs will be created in the transport and

construction sectors. Currently, readymade garments sector employs a large number of female workforce. We will continue our efforts to expand the RMG sector together with improving its working environment which will encourage employment of more women in this sector.

77. Slow adaptation to changing technology and production techniques often creates unemployment. In this regard, we will impart necessary training to workers to improve their skills. I will dwell upon this in the ‘Skill Development’ part of my speech.

78. Self-employment also plays a vital role in reducing unemployment. To this end, we will take necessary steps to provide training and micro-credit facilities to expand opportunities for self-employment. Apart from this, employment generating schemes for the ultra-poor under social protection programme such as KABITA (Money for work) and TR (Test Relief) programmes also contribute in boosting employment generation. Furthermore, a considerable number of jobs will be created through various projects under development schemes of the government.

79. We have already taken a number of steps to expand our labour markets abroad. In order to explore potential labour markets, we are encouraging private sector while promoting labour diplomacy at the government level. The process of sending female domestic workers to the Middle East countries is being simplified. Initiatives to send workers abroad at a low cost under government arrangement are going on. In order to simplify the process of overseas employment online services will be expanded. We are planning to set up technical training centres at all upazilas and modernize the existing ones. In addition, a specialized insurance company will be set up for the welfare of expatriate workers and a specialized health centre for their health checkup.

**Madam Speaker**

80. **Skill Development:** You are aware that in a developing economy, growth initially remains factor driven. At a certain stage of development, growth slows down. At this stage of economic growth, development needs to be productivity and innovation-driven. Skill development of available human resources is crucial for this purpose. We have been laying special emphasis on developing skills of our working population as one of the key drivers of economic development. In fact, there is no alternative to enhancing skills of working population for uninterrupted, rapid and sustainable development. Presently, Bangladesh has reached such a stage of economic development that retaining competitive edge globally and sustaining the uptrend in growth so far achieved would be almost impossible without skill development of existing labour force. Moreover, adoption of knowledge- and technology- based production strategy is imperative for attaining 8 percent or more economic growth.

81. We have taken a number of pragmatic steps to effectively build up the skills development system. The proposal to set up National Skills Development Authority (NSDA) under the aegis of Prime Minister's Office has recently received the cabinet's nod. NSDA will take steps to enhance the overall productivity in the country through coordination among all ongoing skills development activities undertaken by the 22 ministries/ divisions, adoption of appropriate and integrated skills development strategies and introduction of international standard skills development training. Currently, drafting of a law to set up NSDA is in progress. With the establishment of NSDA, management of skills development training will be separated from the technical education system.

82. Substantial progress has been made in setting up the National Human Resources Development Fund (NHRDF). Following the cabinet approval, registration of NHRDF as a company has already been completed. A Managing Director has also been appointed. Hopefully, this fund will commence its operation from the next fiscal year. As a result, mobilization of additional resources for skills development training in both public and private sectors will be ensured.

83. In order to meet skills deficit at the mid and upper levels of management in our industry sector, a programme titled 'Executive Development Programme (EDP)' has been introduced. Two well reputed universities from public sector and another two from private sector have been engaged under this programme. Curricula have also been developed to produce world class managers. A 9-month long Diploma course will be offered under these curricula. As a result, dependence on foreign managers will decrease in the one hand, and a pool of high-quality managers will be available to meet the demand of future industrial growth, on the other.

### **Strategy for Increasing Remittances**

84. Bangladesh is one of the top remittance recipient countries in the world. According to a BBS study, families of Bangladeshi expatriate received Tk. 3.02 lakh on an average in 2015. Twenty five percent of this remittance was invested in different sectors. Construction sector specially benefits from these investments. Besides, remittance inflows play a role in boosting GDP growth by increasing consumption expenditure. Considering its importance in economic development of the country, we have undertaken different measures to increase remittances. Some of the important steps include reducing cost of remittance transfer, improving remittance management efficiency of

overseas banking units and exchange houses, strengthening drawing arrangement between Bangladeshi banks and the local banks of the countries where expatriates are working and motivating the workers to remit through Probashi Kallyan Bank (Expatriates Welfare Bank). There is a ray of hope in the projections of international organizations that global remittance inflows to developing countries will likely recover in 2017 and achieve 2 percent growth. I firmly believe that all these initiatives together with increasing trend of global growth will have positive impact on our remittance inflows.

### **Digital Dividends**

85. You are aware that information technology not only makes our life easier but also creates many opportunities to facilitate economic growth. With that realization, we have pledged in our election manifesto to transform our country into 'Digital Bangladesh'. With the expansion of ICT in private sector, we are encouraging automation and e-GP processes in different areas of public sector as well. Innovative ideas are being implemented in government offices in delivering various services through ICT. Complementary analogue initiatives are required for reaping the full benefits of digital dividends. For this purpose, the government has undertaken initiatives to establish ICT related institutional framework and implement policy reforms. With this end in view, ICT Parks are being set up in different parts of the country to attract domestic and foreign investments. You will be happy to learn that Bangladesh ranks 3rd in South Asia in Digital Adaptation index. I firmly believe that Bangladesh's integration with ICT will shortly contribute to achieving high growth.

## **Sustainable Development Policy Strategies**

### **Madam Speaker**

86. Our goal is to achieve high growth but not at the cost of the environment. With this objective in mind, as a pioneer among the developing countries, we attach priority to environment-friendly policies and strategies in formulating budget and planning documents. In our planning process, concerns for conservation and environmental upgradation have become firmly rooted. Among the developing economies, Bangladesh was the first to set up Bangladesh Climate Change Trust Fund with its own fund. The 7th Five Year Plan also envisages a wide range of steps on this issue. We have already aligned the 7th Five Year Plan policy-strategies with the Sustainable Development Goals. Ministries are taking steps to incorporate SDG related issues in the performance indicators formulated under the medium-term budgetary frameworks and annual performance agreements.

## Chapter VII

### Journey to Future: Sector wise Plan

#### Madam Speaker

87. Now I would like to present a snapshot of our important work plans in different sectors for FY 2017-18 and beyond.

#### (1) Human Resources Development

##### Education

88. Sustainable and inclusive development is our motto. To this end, there is no alternative to human resources development. Hence, we always attach priority to investing in education. Motivated by the slogan “*Shikkha Niye Gorbo Desh, Sheikh Hasinar Bangladesh*” (We shall build Sheikh Hasina’s Bangladesh with education), we are taking steps for overall development of education sector.

89. **Primary Education:** We have plans to build ICT based interactive classrooms in 503 model primary schools with a view to enhancing both capacity and quality in primary education sector. Besides, we plan to undertake two projects at the cost of Tk. 14,864 crore to create appropriate learning environment in existing and nationalized schools. In addition, we plan to set up training centre in every district to ensure fundamental literacy and provide livelihood skills, Dip-in-ed training to primary school teachers and set up ICT resource centers in primary schools. In order to increase enrollment rate and prevent drop out, all initiatives including school feeding, construction of new infrastructures and additional classroom buildings and other activities will continue as well. Besides, programmes for reconstruction or improvement of dilapidated educational institutions will be taken up.

**Madam Speaker**

90. **Developing Quality of Education:** Considering education as one of the principal strategies for poverty alleviation and economic development, the government has always attached highest importance to this sector. The education policy, formulated keeping in mind the achievement of the goals of Charter for Change and the Vision 2021, is being implemented in phases. First of all, we are focusing on expanding the opportunities for education. Our next priority is to build up a pool of trained teachers. The pay package for the teachers has been gradually increasing to complement the above goals. Activity to nationalize 120 non-government secondary schools and 285 non-government colleges, as pledged by the Hon'ble Prime Minister, is progressing fast. Ongoing programmes including construction and renovation of infrastructure and provision of training for teachers will continue. Alongside, ongoing activities aimed at expanding higher education along with secondary, technical and madrassa education and ensuring their quality will continue. In view of this, a 5-year long project titled 'Secondary Education Development Programme' is being undertaken with an estimated cost of US\$ 18.2 billion. However, we need to recognize that improvement of quality of education will take some time.

91. We are not only continuing our current programmes including elimination of education disparities, creative talent-hunt and provision of stipends, but also expanding their scope. Moreover, to fulfill the pledge of the Honorable Prime Minister, we will strengthen our efforts to set up five new public universities. It may be mentioned here that the law regarding the setup of 5 universities has been enacted while the projects for constructing the physical infrastructure for 3 universities are in approval stage.

## **Health and Family Welfare**

### **Madam Speaker**

**92. Health, Nutrition and Population Sector Programme:** In order to ensure quality and easily accessible healthcare and family welfare services for all people of the country, we have rolled out the 5 year long Health, Population and Nutrition Sector Development Programme at a cost of Tk. 43,486 crore. Through this programme, we are implementing initiatives for improved healthcare services for mother and child, population control and quality reproductive health services, specialized healthcare services, control of contagious and non-contagious diseases as well as new diseases caused by climate change, safe food with balanced nutrition and human resources development.

93. In addition, we plan to set up new community clinics and extend maternal health voucher programme in order to take healthcare services to the doorsteps of rural poor and marginalized people. As many as 13,339 community clinics have already been established and we have a plan to establish another 392 community clinics. Forty three telemedicine centres have already been established. Initiatives to provide telemedicine services at district and upazila levels, social health protection programme and health services through video conferencing will continue as well. In these clinics, special care will be provided to the physically challenged persons.

## **Science and Technology**

### **Madam Speaker**

**94. Expanding Science-based Higher Education:** Encouraging continually the expansion of science-based higher education and research is also on our card. For this purpose, we will carry on

providing fellowships to scientists, technologists and researchers under The Bangabandhu Science and Technology Fellowship Trust. This will help produce scientists, technologists, researchers and academicians having specialized expertise who will contribute to the expansion and development of science-based education.

**95.** The importance of applied research is felt strongly during budget formulation as well as at the time of according approval to a project. In order to strengthen the scope of and opportunities for research, I propose to set aside Tk. 200 crore as special allocation in this budget.

## **(2) Physical Infrastructure**

### **Power and Energy**

#### **Madam Speaker**

**96.** Sustainable development of power generation, transmission and distribution system is one of the priority areas of this government. Bearing in mind the slogan '*Sheikh Hasinar udyog, ghore ghore bidyut* (Sheikh Hasina's initiative, electricity in every house), we are implementing the power sector master plan. People are already enjoying the fruits of these endeavours. The power generation has increased while load shedding has decreased substantially. Eighty percent population of the country has been brought under the electricity coverage. I firmly believe that the rest 20 percent will be brought under electricity coverage ahead of 2021.

**97.** In addition to 33 power plants having a capacity of 11,214 which are under construction, we plan to install 42 more power plants with a capacity of 11,124 MW. Under a long term master plan, we will continue our efforts to install coal based power plants in Rampal,

Matarbari and Payra while encouraging installation of power plants in private sector. Furthermore, we have taken initiatives to install 4 power plants in Moheshkhali with financial supports of Malaysia, South Korea and Singapore. In order to sustain the current level of power generation capacity, BMRE of the existing gas based power plants will be continued as well. Side by side, we will carry on implementing our plan for importing power from Nepal, Bhutan, Myanmar and the North-Eastern part of India under sub-regional cooperation. I have already mentioned that dependence on rental power plants will be gradually reduced from 2018 onwards when a comfortable power supply situation can be ensured.

98. **Installation of Nuclear Power Plant:** Demand for electricity in the country is rapidly increasing. To meet this increased demand, beside the traditional ones, we have already taken steps to generate power from nuclear sources. To this end, we have taken up a project to build a nuclear power plant in Ruppur having a capacity to generate 2400 MW electricity.

99. **Development of Power Transmission and Distribution System:** Alongside increase in electricity generation, proper and uninterrupted transmission and distribution of electricity is equally important. For this purpose, as part of improving overall electricity management system to ensure electricity for all by 2021, we are planning to build 10,000 km electricity transmission line and 1,50,000 km distribution line. In addition, we plan to install another 2 crore pre-paid meters as part of our initiatives for reducing system loss, ensuring load management and saving energy.

100. **Efficient Use of Electricity and Power Saving:** Ensuring efficient use of power and conservation of energy by reducing wasteful behaviours in industry, trade and household sectors is important. For

this reason, we have set targets to reduce the use of fuel by 15 percent by 2021 and 20 percent by 2030. To achieve this target, we have taken initiatives to prepare 'Energy Efficiency and Conservation Master Plan'.

101. **Import of LNG and Installation of Terminal:** We will carry on our initiatives to increase electricity generation capacity by supplying LNG to power plants which closed down for lack of gas supply. Therefore, we will strengthen the activities for installation of LNG terminal and LNG import. We are expecting to import LNG and supply gas by 2018.

102. **Production of Gas:** we have taken initiatives to augment gas production by expediting the ongoing exploration activities. The scope of gas exploration in deep and shallow sea has widened after the settlement of international maritime boundary disputes with India and Myanmar. Seizing this opportunity, the government is working to enhance exploration and production of gas under a long term plan. BAPEX plans to dig 108 wells by 2021. With completion of digging and commencement of gas production from them as planned, the gas supply situation will improve.

103. **Ensuring Efficient Use of Gas:** Ensuring proper use of gas is important along with increase in gas production. To this end, we have started installing Electronic Volume Corrector (EVC) meters in CNGs as well as industry sector. The Titas Gas Transmission and Distribution Company and the Karnaphuli Gas Distribution Company have planned to install prepaid meters in 2 lakh and 60,000 households respectively. Installation of boosters and oil head compressors in the Bakhrabad, Titas and Narshindi gas fields are in progress to augment gas production.

104. People are debating the issue of increasing gas prices. Gas will

be purchased at international prices when its import begins in 2018. The current rate of taxes levied on gas, therefore, have to be rationalized. Consequently, the unit price of gas will undoubtedly increase. The gas price, however, will be adjusted by following the policy of subsidizing.

### **Communication Infrastructure**

#### **Madam Speaker**

105. Local and foreign investment is a pre-requisite for faster economic development. Improved communication infrastructure is one of the important catalysts to attract investment. Taking this issue into active consideration, we have always taken different initiatives to improve overall communication infrastructure and those efforts will continue.

106. **Development of Road Transport and Communication System:** In order to build a quality communication infrastructure and develop road transport system, we have undertaken a zone-based cluster projects to upgrade around 1,179 km regional highways. Besides, we plan to undertake cluster projects for construction of 1,855 km highways in the districts of Bandarban, Rangamati and Khagrachari. Upgradation work of 3,813 km national highways to 4 lanes across the country is also underway. In continuation of this, in FY 2017-18, we will upgrade 373 km national highways to 4 lanes with a provision for separate service lane for slow moving vehicles. We have also plan to set up Axle Load Control Stations at various land and river ports, stone quarries and large toll plazas in order to control the movement of overloaded vehicles on the highways. Moreover, upgradation work of Dhaka-Sylhet highways to 4 lanes will be undertaken very soon.

107. **Introduction of E-ticketing System:** We have a plan to introduce e-ticketing system in bus, railway, waterway and private bus services to provide people with hassle-free and comfortable journey.

108. **Construction of Bridges:** To strengthen the country's highway network, we have plans to construct the 9th Bangladesh China Friendship Bridge on the Baga river in Patuakhali district, the 10th bridge on the Mongla Channel of Bagerhat district and the 11th bridge on the Jhapjhapia river in Khulna district. To this effect, a Memorandum of Understanding has been signed with the Chinese Government.

109. **Development of Railways:** Considering the importance of railways in the development of communication system, we are working to improve and expand the railway network. As part of this, construction and reconstruction of Dohazari-Cox's Bazar-Gundum, Kalukhali-Bhatiyapara-Gopalganj-Tungipara, Pachuria-Faridpur-Bhanga, Ishwardi-Pabna-Dhalarchar and Khulna-Mongla railway lines are going on. In order to launch railway service over the Padma Bridge from the day of its inauguration, we have taken up a plan to construct 169-kilometer rail lines from Dhaka-Mawa-Bhanga-Narail to Jessore.

110. We have undertaken a feasibility study to construct a railway line from Bhanga junction in Faridpur through Barisal to Payra Port to establish railway connectivity with Payra port. Besides, we have already taken initiatives to procure 100 MG locomotives, and 550 MG and 150 BG passenger coaches for the development of rolling stock system.

111. We have taken initiative to upgrade important railway corridors including Dhaka Chittagong to double line. We have already taken initiative to construct a railway bridge which will run parallel to the

Bangabandhu Bridge built on the river Jamuna with JICA funding. Apart from this, steps have been taken to upgrade Khulna Darshana section to double line under Indian state credit. We also have plans to upgrade Akhaura-Sylhet section to double line.

112. **Waterways and Port Development:** Under the capital dredging project for development of internal waterways, work for improving navigability is progressing rapidly in eight river routes including Bhairab-Sylhet-Chhatak, Bilalpur-Ghoradiga-Netrokona, Mohanganj-Ghagrajora waterways. With the financial support of China, we have taken initiatives to procure three oil tankers and three bulk carriers having capacity of about 39,000 DWT each. Besides, ongoing programmes for expansion of Sadarghat terminal building in Dhaka, construction of warehouse at Tamabil land port, and installation of jetty and pontoon for launch and wayside stations will continue in the next fiscal year.

113. **Air Transportation:** Air transportation is an essential part of modern communication system. Importance of air transportation is increasing everyday in fields of passenger and goods transportation and expansion of tourism and trade in both domestic and international arena. In this context, our ongoing activities for modernization of all airports and development of infrastructure and strengthening of security system will continue. Side by side, we have plans to develop Hazrat Shahjalal International Airport, modernize runway and taxiway of Shah Amanat International Airport in Chittagong and apron and connecting taxiway of Osmani International Airport in Sylhet, and construct passenger terminal of Cox's Bazar International Airport.

### **Water Resources**

114. **Water Resources Management:** The main goal of the

government is to ensure supply of adequate and safe drinking water as well as sustainable development and management of water resources for agricultural development. Keeping this goal in mind, we have taken initiative to formulate National Water Resources Plan. Side by side, the initiatives for increasing navigability of rivers, prevention of river erosion, dredging of rivers, excavation and re-excavation of irrigation canals, construction and repair of irrigation infrastructure and construction of barrages and rubber dams will continue. Besides, we will continue our programmes for flood control, prevention of saline water infiltration, removal of water logging and reclaiming lands from the sea. Side by side, initiatives to combat the negative impact of climate change will continue.

115. Two projects - one for the development of water management system of Kalni-Kushiara river in the north-eastern part of the country and another for prevention of flash floods and improvement of drainage system in the *Haor* regions at a cost of Tk. 825 crore and Tk. 685 crore respectively are under implementation. Another project worth Tk. 1,254 crore undertaken for the purpose of river dredging and increasing navigability is also under implementation. Besides, the project for construction of road-cum-embankment in Mirsarai in Chittagong at a cost of Tk. 1,162 crore is in progress. We have set aside Tk. 200 crore as special allocation in the next year's budget for implementation of the bespoke projects as well as for overall development including health and education systems of char, haor and backward areas.

### **(3) Public Welfare**

#### **Madam Speaker**

116. **Food Management:** The goal of our government is to ensure adequate supply of safe and nutritious food. We are working

relentlessly to achieve this goal. Our initiatives to upgrade the food grain storage capacity at government level to 27 lakh metric tons by 2020 are underway. We will continue our initiatives for open market sale of food grains at low price and allocate food to poor people under social protection programme. We have plans to procure 28 lakh metric tonnes and distribute 27 lakh metric tonnes of food grains in FY 2017-18. Besides, under food aid programme, we will provide food assistance to 50 lakh low income families for 5 months at an administered price. At the same time, we will take steps to adopt digital technology to improve monitoring of food procurement, storage, and distribution management as well as supply of safe food.

117. **Disaster Management and Relief:** For natural and geographical reasons, our motherland is known as a disaster prone country. However, our resilience in facing disasters and organizational skills to manage them has now been recognized and acclaimed worldwide. Inherent in this capability is the indomitable spirit of our people supported by long term realistic plans and strategies of the government. In this connection, we have adopted the Disaster Management Plan 2016-20 to tackle disasters in an integrated manner. Ongoing activities to increase awareness and resilience regarding earthquake and other disaster management will be continued. Besides, we have plans to build flood shelters and relief silos and construct and renovate Mujib *killas* in disaster prone districts.

**Madam Speaker**

118. **Social Protection:** We have been gradually strengthening various social security programmes for the welfare of the destitute, neglected, distressed, backward communities of the country and this trend will continue in future. We will provide identity cards to all the

physically challenged persons by using data from the database already created for them. Along with this, we will reorganize the existing development programmes in this area and undertake new development plans. Besides, we have planned to build a sports complex of international standard for the physically challenged persons on 12 acres of khas land in Savar. Alongside, we plan to expand the programme of transferring social security compensation allowances digitally in phases.

119. In order to increase the social security coverage and improve living standards of poor, I propose the following initiatives for FY 2017-18:

- Raising the number of recipients of old age allowances from 31.50 lakh to 35 lakh;
- Raising the number of widow and oppressed women by 10 percent to 12.65 lakh;
- Increasing the rate of allowance for financially insolvent disabled persons to Tk. 700, increasing it by Tk. 100 and raising the number of beneficiaries by 10 percent which will raise the total number to 8.25 lakh;
- Increasing the number of beneficiaries of the educational stipend allowances for the disabled person both at the primary and secondary levels by 10,000 adding 5000 at each level ;
- Raising the allocation for special allowance for transgender people to Tk. 11.35 crore increasing it by Tk. 2.35 crore;
- Raising the allocation for special/ old age allowances of *bede* and other backward communities to Tk. 27.00 crore increasing by it Tk. 6.32 crore;
- Raising the allocation of financial assistance for patient

suffering from cancer, kidney diseases, liver cirrhosis, stroke related paralysis and congenital heart diseases to Tk. 50 crore from Tk. 20 crore;

- Allocating Tk. 15 crore for the scheme of improving the livelihood of tea labourers and making one- time payment of Tk. 5000 per head as substitute of food support;
- Allocating two festival allowances of Tk. 10,000 each for the valiant freedom fighters in addition to their monthly honorarium;
- Raising the number of beneficiaries of maternal allowances to 6 lakh increasing it by 1.0 lakh;
- Raising the number of beneficiaries of maternity allowances for working lactating mother to 2.00 lakh increasing it by 20,000.

Besides, we will continue the social protection programmes including VGD.

120. We have undertaken multifarious programmes for the physically challenged persons. I propose to allocate a total of Tk 1,017 crore for these programmes in FY 2017-18 which is 31 percent higher compared to the current fiscal year. We are considering establishing one 'Resource Centre' for the physically challenged persons in each divisional city and, preserving quota for them in possible areas.

### **Madam Speaker**

121. **Special Social Protection Scheme for Haor Areas:** The initiatives I have discussed so far belong to our regular social protection programmes. Alongside, we undertake social safety net measures depending on special circumstances. You are aware that the people in haor areas suffered huge losses in recent floods and disasters. We have

taken up an emergency measure to provide 30 kgs of rice per month to each of 3.30 lakh bonafide destitute and flood affected families. Alongside, a special allocation of Tk. 57 crore has been made to provide cash-assistance on monthly basis. An amount of Tk 82.07 crore has been allocated for 91,447 beneficiaries under Employment Generation Programme for the Poorest (EGPP). Besides, loan recovery will remain postponed until situation is improved, new loan at concessional rates has been disbursed among affected farmers, and facilities for re-scheduling credit have been provided.

**Madam Speaker**

**122. Women in Development:**

'Whatever great achievements that is in this world,  
Half of that was by woman, the other half by man.'

The immortal lines of the Rebel poet Kazi Nazrul Islam, our national poet, have not remained mere poetic verses but have been translated into tangible reality. As you know, about 50 per cent of our total population is women who have vibrant presence in all sectors including education, culture, sports, politics and business. Their development does not necessarily mean the wellbeing of their own families but extends to the society and country as well. This conviction has led us to emphasize women education and empowerment right from the beginning. We want to further encourage and accelerate this trend of women's advancement.

**123. Development of Women and Children:** We have a plan to set up 5,292 adolescent clubs in 489 upazilas under 64 districts to make the marginal and helpless adolescent boys and girls at various levels of the society aware of gender-based violence and enable them to fight

against it. Along with improving infrastructure of existing hostels, we have plans to construct new hostels in two divisional headquarters and a 10-storied hostel for working women with special facility for physically challenged persons at Nilkhet in Dhaka. Side by side, a plan to construct 60 day-care centres for children has been taken. Moreover, our ongoing efforts to promote women ICT free-lancers and entrepreneurs will continue.

**Madam Speaker**

124. **Welfare of Freedom Fighters and preservation of the spirit of liberation war:** The present Government is the government of the freedom fighters; it is the government which led the war of liberation. As expected, we will continue our efforts to uphold the spirit of the war of liberation, preserve its historical records and memorials, spread the spirit of liberation war among young generations and undertake welfare measures for the freedom fighters, their children and posterity. Besides, we have already undertaken a plan to construct 10,000 flats all over the country to provide improved accommodation facilities for insolvent freedom fighters.

125. In order to facilitate our new generation to learn the true history of liberation war, we have taken an initiative to set up a research centre with the objective of identifying massacre sites, torture cells, killing grounds and mass graves of 1971 and building their database.

**Madam Speaker**

126. **Manpower Export and Expatriates' Welfare:** Remittance income is one of our main sources of earning foreign exchange. It plays an important role in our economic development in various ways including contributing to increase of income and reduction of poverty,

stimulating savings, increase of investment and consumption expenditure and accumulating capital at individual level. We will continue our ongoing activities for increasing remittance income and ensuring welfare of the expatriates. In this regard, we have a plan to undertake a number of measures that include setting up an online communication system to help expatriates access work permit and visa related information automatically, promoting private sector to explore new labour markets, sending workers abroad at low cost under government initiative, expanding online services, developing training infrastructure and providing training meet the demand of international market.

127. In order to accelerate delivery of services to the expatriates, we have already taken a plan to introduce MRP issuance service in all foreign missions and MRV service in 47 foreign missions of Bangladesh in FY 2017-2018.

#### **(4) Digital Bangladesh**

##### **Madam Speaker**

128. **Development of Information Technology Services:** In order to ensure overall development in IT sector in line with the Vision 2021 and the 7<sup>th</sup> Five Year Plan, we have attached importance to rapid expansion of IT/ITES services and boosting investment in ICT infrastructure. In this connection, we have already planned to set up 12 IT parks at the district HQs of Gopalganj, Mymensingh, Jamalpur, Rangpur and Barisal, Keraniganj in Dhaka, Comilla Sadar (South), Chittagong Port, Ramu in Cox's Bazaar, Singra in Natore, Companyganj in Sylhet, and KUET Campus in Khulna. Apart from this, we have taken initiatives to set up 7 IT training and incubation centres at seven locations across the country and to expand high speed

fiber optical cable connectivity up to union level.

129. **Expansion of e-GP:** We have taken a project titled ‘Digitizing Implementation Monitoring and Public Procurement’ for the expansion of e-GP and increasing the capacity of public procurement management. Under this project taken in collaboration with World Bank, e-GP system will be expanded to 23 large government organizations. As a result, we hope, 80 percent of public procurement tenders will be covered by e-GP.

### **(5) Agriculture and Rural Development**

#### **Madam Speaker**

130. **Agricultural Development:** Our economy depends on agriculture. Despite industrial expansion and extensive development in IT sector, around 45 percent of total population of this country still depend on agriculture for their livelihood. We need to remember that agricultural land is gradually decreasing. That is why from now onwards, we will have to consider controlling random constructions taking place in rural areas. We will further strengthen the ongoing programmes for increasing agricultural production and improving the state of farmers. Notable among them are innovation of rice variety tolerant to adverse climate, reduction of post-harvest damage to crops, establishment of agricultural industries, supply of improved quality seeds, irrigation extension, establishment of quarantine centres to ensure safe and risk-free imports, introduction of genetically modified technology, innovation of adversity tolerant variety of jute, research for the innovation of diversified jute products, increasing the use of environment friendly agricultural technology, increasing the use of renewable energy in agricultural sector and modernization of value chain system in this sector. Alongside, we have taken initiatives to set

up 235 Farmers Service Centres all over the country to take the outcomes of agricultural research, agricultural information and technology, and agricultural services to the doorsteps of farmers.

**131. Construction of Rural Infrastructure and Development:**

One of our priorities is to develop rural communication system by constructing roads, bridges and culverts, ensure supply of safe drinking water and develop sanitation system. We would like to continue this trend. To this end, we have plans that include construction of 5, 250 km new road, maintenance of 11,500 km metalled road, construction and maintenance of 32, 350 meter bridge and culvert, and construction of 82 union parishad buildings, 55 upazila complex buildings and 95 cyclone centers in FY 2017-18. Moreover, in order to ensure empowerment of poor rural women, we will take initiatives to increase diversified use of milk along with increasing milk production by means of extending cooperative activities in 50 upazilas having deficit in milk production. Side by side, we will continue all other ongoing activities for the betterment of the poor in rural and *char* areas.

**132. One House One Farm:** We have taken steps to select genuine poor/vagrant /beggar families to reduce their poverty through income generating activities under '*Ekti Bari Ekti Khamar* (One house one farm) project. Our target is to mobilize a permanent fund under 'small savings model' of the Hon'ble Prime Minister by forming cooperative societies with these families. In continuation of this, there is a plan to form 60,515 more village development societies by involving 36 lakh poor families along with rehabilitation of 100,000 beggars within next 4 years. We plan to involve the beneficiaries of this project in silk farming. To begin with, we have taken steps to extend this programme to 25 upazilas of 20 districts.

## (6) Trade and Industrialization

### Madam Speaker

133. **Industrial Development:** There is no alternative to industrialization in creating employment opportunities and achieving rapid economic growth. With this perception, 'National Industrial Policy 2016' has been announced. In the light of this policy, we are taking steps to ensure industry-friendly environment and accelerate the momentum of industrialization. Based on the 7<sup>th</sup> Five Year Plan, we will construct 13 new buffer godowns and a Urea Formaldehyde-85 (UF 85) plant in different districts of the country for ensuring fertilizer preservation and distribution facilities.

134. **Ship Recycling Industry:** We have established a "Ship Breaking Industry Zone" for the overall development of the ship recycling industry. In order for industrial units in this zone to operate in an environment-friendly manner and for their development, we have already drafted 'Bangladesh Ship Recycling Act- 2016' which, we hope, will be finalized soon. Besides, we have also adopted a plan to install a 'Treatment, Storage and Disposal Facility' to ensure effective management of hazardous waste discharged by this industry along with environmental protection and workers' safety and health protection.

135. **Textile and Jute Industries:** Jute, the golden fiber, is the symbol of our heritage. Jute goods go along with our culture. In order to increase public awareness about the use of jute goods, Bangladesh celebrated National Jute Day for the first time on 6 March, 2017 with the slogan '*Sonali Ansher Desh, Pat Ponyer Bangladesh* (Golden fiber, Golden Country, Jute goods of Bangladesh).' We would like to sustain this trend in future.

136. We have already taken a plan to operate 16 mills of BTMC

through joint-investment or PPP initiatives. We will take necessary steps to set up ‘weaving village’ in order to protect and promote our weaving industry-a symbol of our heritage- while we will take steps for the improvement of socio-economic condition of weavers. We have plans to further strengthen the ongoing research activities for diversifying jute goods and restoring the golden heritage of ‘*Dhakai Muslin*’ in future.

137. **Trade Expansion:** We are working towards expanding our export market, exploring new markets and improving product quality as per demand of international market. We are constructing Bangladesh-China Friendship Exhibition Centre for creating exhibition facility for manufacturers and exporters to attract local and foreign buyers. I hope that construction of the centre will be completed by 2018 and we will be able to hold the Dhaka International Trade Fair of 2019 at this center. With a view to enhancing trade efficiency, we have a plan to undertake projects under Enhanced Integrated Framework (EIF). In addition, our ongoing activities will continue to diversify export products.

138. We have established the Competition Commission to prevent tendencies to destabilize the market through connivance and unethical syndication and ensure fair prices of products. This commission has already started its operation. I hope that the commission will play an active role in ensuring market stability and fair prices.

### **(7) Regional and Sub-regional Cooperation**

#### **Madam Speaker**

139. Our efforts are continuing to expand labour and commodity markets in new countries to sustain the pace of economic development of our country. As part of this, we will hold overseas trade fairs while

strengthening diplomatic efforts to ensure duty-free access for Bangladeshi products and explore labour markets abroad. Moreover, we have plans to set up Bangladesh mission in Romania and consulates at Chennai in India, Florida in USA, Sydney in Australia and Toronto in Canada. As part of bilateral and multilateral diplomatic efforts, we will take steps to further strengthen bilateral relationship through Foreign Office Consultation (FOC) with different countries, meetings on bilateral issues, exchange of visits and signing of agreements. In terms of sub-regional cooperation, SASEC (South Asia Sub-regional Economic Cooperation) is playing a vital role. I gratefully acknowledge the support of Asian Development Bank in this connection.

## **(8) Climate change and Environment**

### **Madam Speaker**

140. Bangladesh is one of the most vulnerable countries facing negative impact of global warming and climate change. We are aware of this issue. We have already formulated strategies to tackle this change and are drafting a Country Investment Plan (CIP) as a part of our preparation. On the basis of CIP, we will take steps to ensure safe and sustainable environment. Furthermore, we also have plans to prepare an Action Plan for ensuring low carbon emission-based development as well as Energy Efficient Development.

141. We have set targets of creating mangrove gardens in 20,000 hectares, participatory block gardens in 17,500 hectares and strip gardens in 3,600 km of land within the next three fiscal years for afforestation, conservation of environment, preservation of wildlife and prevention of natural disasters. We also have adopted plans to implement co-management activities for conservation of bio-diversity in 25 protected areas.

## **(9) Planned Urbanization and Housing**

### **Madam Speaker**

142. **Planned Urbanization:** In order to develop modern and planned city system in the light of the 7th Five-Year Plan and Sustainable Development Goals, we will continue the ongoing activities of formulating, coordinating and updating the zonal plans, master plan and detailed structure plan.

143. **Expansion of Housing Facilities:** We have taken initiatives to build 62,000 flats under Purbachal new city project on PPP basis and 10,944 flats under Jhilmil project on PPP/ G-to-G basis. We have plans to construct 4,662 residential flats at Korail, Lalasarai and Mohakhali in Dhaka on PPP-basis. In addition, nearly 10,000 flats will be built for low-income people at Mirpur under PPP model. Furthermore, there is a plan to construct a satellite township at Section 9 of Mirpur in Dhaka and a multi-storied commercial-cum- residential building at GEC intersection in Chittagong.

144. **Easing Traffic Congestion:** With a view to reducing traffic congestion in the city of Chittagong, an initiative has been taken to construct a 16 km long elevated expressway from Lalkhan Bazar to Shah Amanat Airport. Alongside, a 12 km flyover from Shantinagar to Dhaka-Mawa road would be built to improve traffic congestion of the capital city. Given that there is no alternative to improved institutional training for drivers for easing traffic congestion and preventing road accidents, we have planned to establish one new Driver Testing and Training Centre in each divisional city.

## **(10) Information, Culture, Religious Affairs, Youth and Sports**

### **Madam Speaker**

145. **Right to Information:** All current activities to ensure free flow of information and the people's right to information will continue. Apart from this, the programme of establishing a media hub for enhancing the capacity of press and media organizations in each district will go on. We have taken an initiative to set up full-fledged television centres in five divisional cities in order for Bangladesh Television to reach out to all corners of the country.

146. **Religion:** Bangladesh is a country of communal harmony. Our aim is to go forward by sustaining this harmony among all the people belonging to different religions. The present government is working towards the promotion of religious values and morals among the followers of different faiths. With the objective of promoting Islamic knowledge and culture and appropriate practice of Islamic values, we plan to build 560 model mosques and Islamic cultural centres in each district and upazila. Furthermore, in addition to pre-primary education and mass education activities, ongoing initiatives for renovation and infrastructure development of all religious institutions through Islamic Foundation, Hindu Welfare Trust, Buddhist Welfare Trust and Christian Welfare Trust will continue

147. **Development of Indigenous Culture:** The government is working for the promotion of indigenous culture and cultural heritage, and for research on and development of the spirit of liberation war and contemporary art and literature. In order to institutionalize art and cultural practices at grassroots level, work for the development of cultural infrastructure is going on in all divisions, districts and upazilas including areas inhabited by ethnic people. This trend will be sustained in future.

148. **Youth and Sports:** The government intends to turn the educated and unemployed youth into skilled human resources by imparting appropriate training and ensure their employment by expanding the national service programme across the country. We also plan to revise the existing training programmes and curricula in the light of the needs in domestic and external labour markets. Furthermore, the current initiatives for hunting sports talents, grooming sportspersons and building sports infrastructure of international standard will continue.

### **(11) Public Discipline and Security**

149. One of the main preconditions for sustainable development is to improve law and order situation and ensure a peaceful environment. We have been able to bring militancy and terrorism as well as the activities of the banned militant outfits under control, thanks to the timely and effective steps of the law-enforcing agencies. We are providing modern weapons and technological tools to the organizations engaged in national defense and law enforcement to enhance their capacity. Training facilities for the forces have been expanded. Our effort of modernizing the forces including infrastructural development will be sustained.

150. In order to enhance the capacity of the police force to face contemporary challenges, there is a plan to recruit new personnel on the basis of actual need along with equipping the force with modern weapons and technological devices and providing appropriate training. We have also taken initiative to construct 56 barracks in different districts for resolving housing problems of female police.

## Chapter VIII

### Good Governance and Institutional Development

#### Madam Speaker

151. Now, I would like to shed some light on a number of reform initiatives undertaken by the government in different sectors. As you are aware, along with adopting new reform initiatives, the government took and implemented an array of reforms over the past years.

152. **Public Financial Management:** First of all, let me mention the issue of online pay fixation system for government employees. Online pay and pension fixation system for government employees has been introduced right after the announcement of the 8<sup>th</sup> national pay scale. It is a live system and its use in pay and pension fixation has been made mandatory. A database of government employees and pensioners is being created under this system. As of 29 May 2017, data of 11,23,241 government employees and 6,27,348 pensioners have been recorded in this database. With this system, it would be quite easy to determine grade and office -wise number of government employees and pensioners. We plan to introduce online submission of government employees' and suppliers' bills very soon.

153. The budget process is being gradually aligned with government strategies and policies and their outcomes under the MTBF system. We will further strengthen efforts to evaluate the outcomes achieved through utilization of allocated budget and the extent to which results are consistent with targets.

154. We have formulated 'Public Financial Management Reform Strategy 2016 - 21' for the integrated and planned implementation of the public financial management sector reforms. Various reform

activities under this strategy are under implementation. Integrated Budget and Accounting System (iBAS), an IT based system, used for the formulation, implementation and accounting of budget has been upgraded by a sophisticated, integrated and web-based system named iBAS ++. The system is now being used by all the ministries/divisions, departments and the offices under the Controller General of Accounts (CGA). It will be extended up to upazila level in phases. Besides, we have finalized the Budget and Accounts Classification System (BACS) for improving the quality of government accounting. We have a plan to start implementing this new system during the formulation of budget for FY 2018-19.

### **Pension**

155. We are committed to introducing a modern, updated and non-discriminatory system of pension by reforming the existing one. In the first phase of reforming the existing pension system, we have abolished the system of encashment of 100 percent pension, introduced the system of maintaining pension-related budget centrally under Finance Division instead of distributing among different ministries, and taken imitative to establish a separate pension office. From 1 July 2017, a government pensioner will receive gratuity on the half of his/her pension and the remaining half will be disbursed as monthly pension for the rest of his/her life. In the previous system, the amount of pension once fixed was not revised until the announcement of a new pay scale leading pensioners to receive pension at a very low rate. For the first time, we have introduced an annual increment of 5 percent on pension money, which will remove the existing disparity among pensioners in the one hand, and enable pensioners to sustain their living standards in the face of inflation.

156. Government pensioners are but a small fragment of the entire population of the country. That is why, we are working towards introducing a participatory universal pension system for all under the government support. The underlying goal of all these activities is to transform Bangladesh into a welfare state.

### **Public Administration**

157. In order to ensure institutional accountability and time-bound completion of tasks in public administration, we have introduced performance management system in government organizations. Software has been developed to evaluate and monitor whether the action plan under the performance agreement is being implemented properly or not. A web-based Grievances Redress System has been launched on experimental basis to dispose of citizens' complaints. We have already issued the Social Media Guidelines 2016, which is playing an important role in building social network between the government organizations and citizens. Rules and regulations are considered very important in public administration. Therefore, patronization of innovative initiatives and procedures will be quite effective in helping us to keep pace with time. We would like to take measures as to how we can promote innovative ideas and for this purpose, any recommendation will be appreciated.

158. We have launched Civil Registry and Vital Statistics (CRVS) system in order to maintain all data related to births and deaths, marriages and divorces, causes of death, etc. of citizens with a unique ID and to ensure delivery of all public services on the basis of this information. Efforts are ongoing to connect CRVS with other social service programmes including social safety net ones.

159. One of our important commitments is to ensure easy and timely delivery of education, health, public safety, and other civic services to the people. Keeping this goal in view, we have reorganized and reformed the institutional and administrative structures of a few the ministries in the current fiscal year. We have created 'Secondary and Higher Education Division' and 'Technical and Madrasa Education Division' bifurcating t the Ministry of Education, Public Security Division' and 'Security Services Division' under the Ministry of Home Affairs and 'Health Care Division' and 'Health Education and Family Welfare Division' under the Ministry of Health and Family Welfare. Businesses of the newly formed divisions have been reallocated. Action plans of all government organizations will be updated in order to take measures according to the Action Plan expounded in the National Integrity Strategy and training programmes will be conducted for government employees to enhance their efficiency.

### **Rule of Law**

160. We have undertaken various measures including construction of infrastructures to make legal services easily accessible to justice seekers. Construction of court buildings in various districts is ongoing. The e-mobile court system has been introduced in all districts since October 2016 with a view to providing judicial services speedily to the people.

161. As part of reforming the judicial system, we are actively considering conducting judicial proceedings through video conferencing in a digital method, without producing heinous and seasoned criminals in person before the court. We will arrange higher education and training for judiciary at home and abroad to increase their capacity.

### **Anti-Corruption**

162. One of the commitments of our government is to build an appropriate administrative structure based on good governance for the development of socio-economic condition of the country. As part of this, the Anti-Corruption Commission Act, 2016 has been amended in order to make the Anti-Corruption Commission more powerful and effective. A hotline has been established as an initiative to directly receive complaints about corruption.

163. In order to take preventive measure under National Integrity Strategy, the Anti-Corruption Commission is conducting 'Public Hearing' to increase awareness against corruption. We have a plan to expand this programme in future.

### **Land Management, Surveying and Record- keeping**

164. As before, we have continued various reform activities in order to update land management, survey and record-keeping systems. Along with inclusion of hill district land zoning, pilot programmes for implementation of digital land zoning activities and issuance of land ownership certificates in the plain districts are in progress. As of March 2017, printing of 'Land Zoning Report and GIS Based Digital Land Zoning Map' of 274 upazilas has already been completed.

165. In order to deliver land-related services to the people, 20 Land Information Service Centres have been set up in 20 upazilas. Software has been developed for automation of land mutation process to reduce the sufferings of the people. We have a plan to simplify and automate land management and land services delivery systems in all upazilas of the country. We will take initiative to create a digital database of ponds and *jalmahals* (water bodies) in the country and conserve and beautify one *khas* pond in each district.

## **Financial Sector**

166. In my previous budget speech, I mentioned about various reform programmes adopted to ensure stability and efficiency in financial sector and to modernize it. Meanwhile, we have started a computerized system in the management of financial sector along with bringing about significant changes in its legal framework. Besides, state-owned commercial banks have been brought under the Core Banking Solution system. In continuation, the process of formulation/amendment of various laws, rules, regulations etc. regarding Finance Company Act and bank management is in progress.

167. The process of forming a council under the Financial Reporting Act enacted to promote transparency, accountability and international standard of financial reporting, is in the final stage. The chairman of the council has already been appointed.

168. Due to the prevalence of cash transactions in the country, various problems often emerge in identifying the persons as well as the fund involved in various crimes. Considering this, we have plans to take different steps to reduce or discourage cash transactions. Asia Pacific Group on Money Laundering (APG) has recognized Bangladesh's measures for the prevention of money laundering and terrorism financing as of international standard. Moreover, Bangladesh is considered a "compliant country" in terms of preventing money laundering and terrorist financing. Bangladesh has already been recognized as one of the leading countries of the Asia region regarding prevention of money laundering and terrorist financing.

## **Capital market**

169. In order to meet the capital needs of start-ups and new companies in the capital market, Bangladesh Securities and Exchange

Commission (Alternative Investment) Rules, 2015 has been formulated. A modern surveillance system has already been installed to bring transparency in the transactions of the capital market. An initiative has been taken to establish a Small Cap Platform to facilitate capital formation of small and medium enterprises. To this end, Bangladesh Securities and Exchange Commission (Qualified Investor Offer by Small Capital Companies) Rules, 2016 has been formulated. Side by side, in order to launch a new product Exchange Traded Fund (ETF), Bangladesh Securities and Exchange Commission (ETF) Rules, 2016 has been formulated. A plan has been taken to establish a separate clearing and settlement company as part of a long-term action plan for development of capital market. Necessary Rules has already been formulated for this purpose. Besides, initiatives to find strategic partners under the demutualization law to enhance technical and professional capacities of stock exchanges will continue.

### **Insurance**

170. Formulation of Insurance Corporation Act is underway as part of implementing legal and administrative reforms in the insurance sector of Bangladesh. In addition, along with launching of health insurance, social insurance and ‘Weather Index Based Crop Insurance’ for agricultural products, we will continue our efforts to enhance capacity of the insurance sector.

### **Statistics and Information Management**

171. Availability of accurate, quality and timely statistics on local, regional and national levels in formulating plans for socio-economic development of the country is of paramount importance. Keeping this objective in mind, Bangladesh Bureau of Statistics prepares and publishes accurate and reliable statistics regularly through various

censuses and surveys to reflect the true state of socio-economic condition of the country. I mentioned in my previous budget speech about undertaking preparatory work for compiling GDP statistics quarterly. The good news is that we have already undertaken initial activities to compile the quarterly GDP statistics. We have succeeded in reducing lag time in publishing industrial production index from 3 months to 2 months. Moreover, for the first time, collection of data to measure district-wise poverty under household income-expenditure survey has already been completed. We have a plan to build a national Statistical Database soon to provide reliable and up-to-date information digitally in aid to formulate development plans and carry out administrative activities.

### **Climate Finance**

172. The inclusion of climate change financing in public financial management is an important aspect of our development thoughts. From this understanding, a ‘Climate Fiscal Framework’ was created in 2014 jointly by the Finance Division and the Planning Commission. For the purpose of implementing this highly acclaimed framework, Finance Division has taken up a four-year project titled ‘Inclusive Budgeting and Financing for Climate Resilience’ with UNDP assistance in the current fiscal year. Through this project, climate sensitivity will be included in macroeconomic model and government monitoring and audit system along with budget structure of the government. Under the project, this year we are presenting a report titled “Climate Protection and Development: Budget Report 2017-18’ by analyzing the financing data of climate-related activities of six ministries. This booklet on climate activities has been prepared for the first time during this year's budget preparation and included in the budget documents laid before the parliament. This report will provide information on how much of

development expenditure of these ministries was utilized in tackling climate risks. We hope to further widen the scope of this initiative in future.

173. **Devolution of State Power:** I often talk about strengthening the local government system. The massive task of changing the fates of 15.5 crore people centrally from the city of Dhaka is not an easy one. That is why it is imperative that we strengthen the zila parishads, city corporations and upazila parishads. Recently we have completed the zila parishad elections. I feel from now on we should start devolving the state power to district, metropolitan city, upazila and municipality levels. The average size of a district is 2,300 sq km with an average population of about 25 lakh. There are over 50 countries having similar area and population in the world. State functions, therefore, can be performed extensively at district or city level. By assigning duties and responsibilities at these levels, accountability will be strengthened effectively while ensuring wider participation of people in performing those duties. With a bit of reflection, it will not be difficult to catalogue these duties which can be effectively executed at the district and city levels. In order to facilitate this process, lump sum allocations have been made in this budget for development of cities and districts. This will herald the inception of self-sufficient and self-governed district or city authority. We will have to accomplish many other things in order to ensure delegation of power at the local level which include segregation of duties, inter district coordination in disposal of duties, creation of dedicated workforce or bureaucracy for a district and review, monitoring and evaluation of the functions of a district. I believe that far reaching possibilities of development will be within our grasp once we start this reform process.

174. Finally, I would like to speak briefly about a couple of other issues. In my previous budget speech I mentioned about a national sports complex and convention centre. Let me inform you now that the Ministry of Youth and Sports will float a tender on the construction of a sports complex with facilities for all kind of games and sports in Purbachal.

175. We are set to finalize a plan to establish a convention centre with a capacity of 5,000 spectators in Purbachal. Adjacent to the convention centre, a 142-storied iconic tower will be built under private ownership for guests and employees among other purposes. For about 6 years, we have been engaged in formulating plans, holding inter-ministerial meetings and exchanging opinions with interested contractors and fund providers for this centre. The tender for this project is likely to be floated finally by July this year.

## Chapter IX

### Revenue Mobilization

#### Madam Speaker

176. In FY 2017-18 budget, the estimates of total revenue collection stand at Tk. 2,87,991 crore. Alongside, the amount of foreign assistance has been estimated to be Tk. 51,924 crore. Having some fiscal deficit, total expenditure has been estimated at Tk. 4,00,266 crore. Major portion of this target will be collected by the National Board of Revenue. There are four sources of NBR revenue which are: income and corporate tax, import and export duty, Value Added Tax (VAT) and supplementary duty. The estimated collections from these sources under the revised budget of current fiscal year and proposed budget for the next fiscal year are as follows:

(In crore Tk.)

Source	FY 2016-17		FY 2017-18
	Proposed	Revised	Proposed
Income and Corporate Tax	73,368	64,000	86,867
Import and Export Duty	22,596	21,690	30,153
Value Added Tax (VAT)	73,553	68,768	91,344
Supplementary Duty	32,261	29,330	38,212

177. The budget of FY 2017-18 is, indeed, an ambitious one. The estimate of NBR revenue collection for FY 2017-18 stands at Tk. 2,48,190 crore. Last 8 years our government has extensively enhanced the institutional capacity of the National Board of Revenue (NBR). The number of personnel in each department of NBR has been increased. They have been trained as well. Besides, the Income Tax, Customs and VAT departments have been modernized under various initiatives. In these departments, use of automated processes have increased manifold. Over the past 8 years, we were able to convey the message that tax payment is a part of national duty and not a matter of

harassment. In my previous budget speech, I announced the targets of raising the number of income tax return submissions to 15 lakh and that of registered tax payers to 25 lakh. Fortunately, we have exceeded these two targets. This year the number of return submissions is around 16 lakh and the number of taxpayers' registration is around 29 lakh.

178. The size of Bangladesh economy is growing day by day. By next two decades, Bangladesh will become one of the top thirty economies of the world. Integration with global economy is also increasing. A lot of foreign investments are coming. We are encouraging the launching of various Innovative Financing Mechanisms. Trade and commercial activities are expanding. The investors expect continuity in tax policy and long term stability. In this circumstance, in tax reforms, we have laid emphasis on three areas in this budget: (a) continuity and stability of tax policy, (b) transparent enforcement procedures, and (c) simplified business operations.

179. In order to mobilize revenue, in this budget, we have emphasized the need to increase tax compliance without increasing tax rate. This budget proposal also includes necessary administrative reforms in order to implement policy adjustments. I expect that by implementing the budget proposals revenue targets will be achieved and culture of tax compliance will further deepen.

180. As an integral part of revenue reform activities, the Value Added Tax (VAT) and Supplementary Duty Act, 2012 was enacted. The law, however, has been partially implemented till now. The Value Added Tax and Supplementary Duty Rule, 2016 has been published in the gazette. We have carefully considered the objections raised by the business community regarding this Act. We have finally resolved that the new act will be implemented from 01 July 2017. However, I will now propose a range of reforms to this act.

181. We know that importance of import and export duty will gradually diminish in the face of expansion of global free trade. In this context, I would like to propose the continuation of existing duty exemptions or duty free facilities for essential consumer goods in sectors like agriculture, industry, infrastructure, healthcare, environment, information technology etc. in the next fiscal year with widening of scope in some cases.

182. With a view to trade liberalization, the Trade Facilitation Agreement (TFA) has been made effective by the World Trade Organization (WTO) from February 2017. Bangladesh has already ratified this agreement. Full implementation of the TFA will make import and export easier and faster, which in turn, will play a crucial role in the economic development of the country. Meanwhile, advance ruling system in customs procedure has been introduced. NBR is taking measures to build a National Single Window (NSW) by establishing online interface with all stakeholders. In line with this, in order to provide more incentives to compliant traders, we are conducting a pilot program of Authorized Economic Operator (AEO) to enable speedy release of consignments and provide other benefits. The online Exp. and e-payment system have been introduced in the ASYCUDA World system.

183. The Bangla version of the New Customs Act, incorporating international best practices, has been prepared to increase its usability. With a view to increase the efficiency and effectiveness of the customs ASYCUDA World system, Bond Module, Valuation Module, Auction Module, Litigation Module, Port and Customs Connectivity Module and Risk Management Module will be introduced and implemented accordingly. We have taken necessary initiatives for the disposal of revenue litigations by enhancing alternative dispute resolution (ADR) activities.

184. In order to motivate the valued taxpayers of the country, 370 top income taxpayers and 147 top long-term income taxpayers, in total 517, have been awarded in the current fiscal year. In order to inspire the compliant taxpayers and to bring new taxpayers under the tax-net, the scope of 'tax card' has been widened and this year 141 tax cards in various categories have been awarded. I am proposing to declare the title '*Kor Bahadur*' to the families where all members are paying taxes for long period of time.

185. The capacity of BCS Tax Academy and Customs, Excise and VAT Training Academy has been increased with a view to improving quality of work of the officials engaged in revenue mobilization activities. For the first time, we have formed the Board of Directors for the academies.

186. In order to prevent money laundering, the National Board of Revenue is working together with the Bangladesh Bank, Financial Institutions Division and Bangladesh Investment Development Authority (BIDA). Thus, the Central Intelligence Cell (CIC) and Customs Intelligence and Investigation Directorate of NBR have been strengthened.

187. To increase the efficiency of tax administration, NBR is working under 'Good Governance and Modern Management (GGMM)' Framework. We are ensuring transparency and accountability in the revenue administration by adopting reward and punishment mechanism. The NBR has experienced immense success in realizing unpaid revenue through launching '*Rajawsha Halkhata*' program aiming at establishing good relations with taxpayers. I am very much confident that the NBR will achieve the revenue target for fiscal year 2017-18 by adopting modern tax policy, efficient tax management system and ensuring participation of all stakeholders including the business community.

## **Chapter X**

### **Income tax, Value added tax, Import and Customs Duty**

#### **Direct Tax: Income Tax**

##### **Madam Speaker**

188. In order to build an ideal tax system in the country, our government has undertaken extensive reforms in tax policy and tax administration. Our tax legislation has a deadline for filing income tax return. But it was a common practice that people would not file return within the deadline and wait for time extension. I am very glad to inform you that we have succeeded to change that culture. Last year we introduced the concept of the Tax Day like other developed nations which was widely accepted. Each year 30<sup>th</sup> November is observed as the Tax Day in Bangladesh. This is a milestone in tax compliance culture. We are happy that our other tax reform initiatives were also warmly accepted. The number of return filing and tax registration have exceeded our expectations. We are on right track in realizing the target of collecting at least 50 percent of our total tax revenue from direct taxation by the next decade. Now I am going to present the important proposals regarding direct taxes:

##### **Tax Exemption Threshold and Tax Rate**

189. The existing tax exemption threshold is Taka 250,000 (two hundred fifty thousand) in general cases. However, the threshold was higher for special classes of taxpayers including female taxpayers. What should be the ideal tax exemption threshold is a subject of interesting and enlightening intellectual debate in our country. There should be a philosophy for determining the tax exemption threshold. Per capita income and the rate of inflation may be two important determinants in

this case. In Bangladesh, tax exemption threshold is more than 200 percent of per capita GDP. In most developing countries, the ratio is about 100 percent. Besides, our inflation rate is low at this moment, point to point inflation measuring at around 5 percent only. Therefore, I propose that the tax exemption threshold will remain unchanged for the next fiscal year except that the threshold for person with disability will be Taka 400,000 (four hundred thousand) in place of Taka 375,000 (three hundred seventy five thousand). We had earlier fixed a respectable tax exemption threshold for gazetted war-wounded freedom fighters. The proposed tax exemption threshold and tax rates for non-company taxpayers have been presented in the table below:

<b>Table: Tax rates for taxpayers other than companies</b>	
<b>a) Tax exemption threshold:</b>	
<b>Status</b>	<b>Threshold (in taka)</b>
General Taxpayers	2 lakh 50 thousand
Women and senior citizen aged 65 years and above	3 lakh
Person with disability	4 lakh
Gazetted war-wounded freedom fighters	4 lakh 25 thousand
<b>b) General Tax Rate:</b>	
<b>Total Income</b>	<b>Tax rate</b>
On first, Taka 2 lakh 50 thousand	Nil
On next, Taka 4 lakh	10 percent
On next, Taka 5 lakh	15 percent
On next, Taka 6 lakh	20 percent
On next, Taka 30 lakh	25 percent
On the balance of total income	30 percent
<b>c) Special Tax Rate</b>	
Cigarette, bidi, zarda, chewing tobacco, gul or any other tobacco products manufacturers	45 percent
Income of non-resident	30 percent
Income of Co-operative Society.	15 percent

It is to be mentioned that tax exemption threshold for the parents or legal guardians of a person with disability shall be 25,000 higher.

190. Taxpayers who have a total income exceeding tax exemption threshold are currently paying a minimum tax of Taka 5000 (five thousand) if residing in any of the city corporations of Dhaka North,

Dhaka South, or Chittagong, Taka 4000 (four thousand) if residing in any other city corporation, and Taka 3000 (three thousand) if residing in any other places. I propose these rates to remain unchanged.

### **Corporate Tax Rate**

191. We often say that our corporate tax rate is very high. But the close examination of facts does not support this assertion. The existing tax rate for publicly traded companies is 25 percent, which is very compatible with global average (24.29 percent). Our corporate tax rate is low in various sub-regional and regional comparisons. The existing tax rate for non-publicly traded companies is 35 percent. This difference in tax rates should be maintained for encouraging the companies to be listed with the stock exchanges. A limited number of sectors including non-listed banks, non-listed mobile phone operators and cigarette manufacturing companies are paying tax at more than 40 percent rate. We plan to bring the rate down to 40 percent gradually of these sectors in future. As we are not increasing tax rate in any other areas, for the interest of the stability in revenue collection, I propose to keep the rates unchanged for the next year. The proposed tax rate for company taxpayers has been presented in the following table:

**Table 6: Company Tax Rate**

<b>Description</b>	<b>Proposed rates</b>
Publicly Traded Company	25 percent
Non-publicly Traded Company	35 percent
Publicly traded Bank, Insurance and Financial Institution (other than Merchant Bank)/ Newly established Bank, Insurance, and Financial institutions approved by government in 2013	40 percent
Non-publicly traded Bank, Insurance and Financial Institution	42.5 percent
Merchant Bank	37.5 percent
Cigarette, bidi , zarda, chewing tobacco or other tobacco products manufacturing company	45 percent
Mobile Phone:	
Publicly Traded	40 percent
Non-publicly Traded	45 percent
Dividend Income	20 percent

## Equity and fairness

192. **Surcharge:** There is a correlation between the economic development and inequality. Bangladesh economy has been growing at an average rate of more than six percent. In this case, net wealth surcharge is playing an effective role in combating the risk of increasing inequalities resulting from this continuous economic growth. Therefore this surcharge should be maintained until an effective wealth tax act is enacted in the country. I propose to maintain the net wealth surcharge for individual taxpayers at its current level.

**Table 7: Proposed rates of surcharge based on disclosed net wealth of individual taxpayer**

Amount of net wealth	Rate of surcharge (as percentage of income tax)
Upto taka 2 crore 25 lakh	Nil
where net wealth exceeds taka 2 crore 25 lakh but does not exceed Taka 5 crore	10 percent
where net wealth exceeds taka 5 crore but does not exceed taka 10 crore	15 percent
where net wealth exceeds taka 10 crore but does not exceed taka 15 crore	20 percent
where net wealth exceeds Taka 15 crore but does not exceed Taka 20 crore	25 percent
where net wealth exceeds Taka 20 crore	30 percent

193. I propose to maintain minimum surcharge of Taka 3000 if the net wealth exceeds Taka 2 crore and 25 lakh.

194. Cigarettes, bidi and other tobacco products are injurious to health. The government and the society need to incur additional medicare cost due to the consumption of these tobacco products. Therefore, I propose to impose a surcharge of 2.5 percent on the income from the business of producing cigarette, bidi, zarda, gul and other tobacco items.

## **Facilitating Growth and Business and Ease of Doing Business**

195. **Readymade Garments:** Readymade garments sector is playing a vital role in the economic development and employment generation of the country. This sector is under manifold pressure due to adversities in the international market and claiming cash incentives along with withdrawal of withholding tax. Considering the contribution of this sector in the economic growth and employment generation, we have been providing various incentives and tax benefits for them. Withholding tax rate on readymade garments export is currently 0.70 percent and they are enjoying reduced corporate tax rate of 20 percent. I propose to reduce the corporate tax rate to 15 percent for this sector.

196. **Core Infrastructure:** In order to attract investment in infrastructure, I propose conditional tax exemption for infrastructure sector such as tolled national highways, expressways, flyovers, elevated and at-grade expressways, subway constructed under public-private partnership.

197. Other significant proposals for facilitating growth and business and for ease of doing business include-

- a) Allowing a branch office, liaison office or a subsidiary office (including a subsidiary thereof) of a foreign parent company to maintain an income year uniform to its parent company.
- b) Granting tax exemption to alternative investment fund;
- c) Expanding the tax exemption list of information and communication technology sector.

## **Environment**

198. **Tax benefit for green factory:** In order to keep the earth habitable for our next generation, we need to ensure both the

sustainable development and the conservation of our environment. Our government has undertaken various initiatives for preventing environment pollution and maintaining ecological balance. We plan to integrate the issue of environment in our tax policy. In line with that, I propose to reduce the tax rate of a readymade garments company to 14 percent if the factory of such company has an internationally recognized green building certification.

### **Social Responsibility**

199. Social responsibility constitutes a core component of our tax policy. In last year's budget, we proposed a number of tax benefits in various areas of social responsibilities. In continuation of the policy, I propose tax benefits for the following new areas-

- a) Tax exemption of freedom fighter allowance, destitute allowance or similar welfare allowance received from the Government or any honorarium received from the freedom fighter welfare trust.
- b) Tax exemption of any national award and any monetary benefit;
- c) In order to encourage the provision of quality transportation service for students of an educational institution or the employees of a business entity, limiting the cost of bus or minibus to taka 25 lakh for allowing depreciation is to be waived.
- d) Tax exemption of income of any Elderly Care Home;
- e) Tax exemption for the Bangladesh Securities and Exchange Commission in order to make a positive impact on capital market.

### **International Best Practices**

200. By modernizing and automating our tax system, we are gradually introducing global best practices in tax law and administration. Some of the proposals in this regard are-

- a) introducing online submission of returns, appeal petitions, alternative disputes resolution (ADR) petitions and other applications;
- b) issuing system generated orders, notices and certificates; and
- c) submission of accounts, statements, documents and data by a taxpayer in electronic form or by electronic media;

### **Simplification, Clarification and Compliance**

201. I propose a number of reforms for the simplification of tax system and better clarification of different provisions and to reduce tax evasion. The important ones are as follows:

- a) Income tax return submission to be mandatory for an employee serving in an executive or a management position in private business or profession;
- b) Expanding the area of tax registration;
- c) Further relaxing provision for filing of wealth statement of taxpayers having relatively lower amount of gross wealth;
- d) Reforming business process of tax audit to make it more time befitting, transparent and easy;
- e) Rationalizing some tax deducting provisions and removing some application ambiguities;
- f) Expansion of scope of reopening of tax evasion cases and ensuring simplification, transparency and removal of ambiguities regarding disposal of such cases.

### **Tax Administration Reform**

202. In order to reap the full benefit of policy reforms, tax administrative reforms is also essential. In last year's budget speech, I mentioned tax administrative reforms in three areas:

- a) Introduction of e-TDS system under a central Withholding Tax Unit with required number of Withholding Tax Zones under the central unit;
- b) Establishment of a modern and fully automated Tax Information Unit that will be connected to other systems and database of the country, automatically gather tax related information from those interconnectivity for the purpose of expanding tax net and combating tax evasion.
- c) Establishment of an appropriate administration setup for the international taxes that will deal with combating cross-border tax evasion, capital flight and facilitating recovery of such evaded tax.

203. The National Board of Revenue is currently working with administrative reforms mentioned above. I hope the proposed units will be able to fully functional by the end of next financial year.

204. In order to outreach our valued taxpayers with tax services we are gradually establishing new tax zones in all important districts. To that end, I propose to establish two new tax zones in Jessore and Kustia. In addition to existing 87 Upazilla tax circle offices, I also propose to establish tax circle offices in 103 new Upazillas.

205. I firmly believe that the proposed reforms in direct tax policy and administration will bring the untapped sectors of the economy into the tax net and enrich the tax compliance culture of Bangladesh.

## **Value Added Tax (VAT)**

### **Madam Speaker**

206. Contribution of Value Added Tax (VAT) is very important among all the sources of revenue collected by the National Board of Revenue (NBR). As expected, contribution of VAT in the Government exchequer has increased in this fiscal year also following the trend of the previous years. It has been possible due to several reform initiatives in the tax administration made by our government in the last few years, positive mindset of the taxpayers and hard work of the NBR officials. But considering the booming economic condition of Bangladesh there lies a huge potential of collecting revenue from VAT.

### **Best Revenue Mobilization System**

207. From the very beginning, VAT appears to be one of the best forms of tax. But, few businessmen do not want to keep accounts at different stages of production and service delivery under this VAT system. So I have to develop new ideas to make this VAT system acceptable. I think I will be able to satisfy the business community by increasing the existing turnover tax and VAT exemption threshold. Since 1991, VAT rate is 15 percent to which both consumers and the business community have already become used to. I propose to keep VAT rate at 15 percent as before.

### **Online VAT Registration and Return Submission Process**

208. In order to reform the VAT Act, we started discussion with the business community since 2009. Following this process, the new VAT Act was enacted in 2012 and some of its provisions gradually came into effect. Meanwhile, many changes have been incorporated in the Act. Under this new Act, the Value Added Tax and Supplementary Duty

Rules, 2016 has also been published in the Gazette. In order to implement the new VAT Act properly, the government has undertaken a project titled 'VAT Online Project' back in 2013. This project is functioning well and doing all preparatory works that are necessary for implementation of the new VAT Act. Under this project, Online VAT Registration activities have started from March 23, 2017 and Online Return submission will begin shortly. Apart from that, Business Process Design has already been finalized in order to make it consistent with the new VAT Act.

### **Installation of VAT Online Service Center**

209. In order to implement the new VAT Act, more than two hundred thousand taxpayer already received training on the new Act under the VAT Online project and this training program is still continuing. At the same time various comprehensive taxpayers' campaign programs have been launched across the country in order to make the general people aware of the benefits of the new Act. Moreover, as part of the implementation roadmap, NBR and its field offices arranged numerous partnership dialogues with FBCCI, MCCI, DCCI and the chambers throughout the country along with organizing meetings, workshops and seminars to inspire and educate the taxpayers. These activities involving all the stakeholders are still going on in different parts of the country. In order to create a pool of professional trainers, approximately two hundred participants from various trade bodies and chamber representatives were given certificates as TOT (Training Of Trainers) who are actively involved in training others in their respective organizations about different aspects of new VAT Act. This TOT program has also been launched for the trainers of different training institutes of the country. Considering the interest and inquisitiveness of the respected taxpayers and the general people, a call centre has already

been established which can be reached by calling 16555. Anybody can call this number and ask any question for any VAT related issues to get the answer. On top of this, sixteen VAT Online Service Centers (VOSC) have been established in different parts of the country so that taxpayers having no access to internet facilities can take registrations and file returns online and avail all other benefits of the new online VAT system. Moreover, VAT helpdesks are installed at all the Income Tax Commissioner's offices and Custom Houses across the country for helping the taxpayers regarding any issues. Introduction of Mobile Helpdesk is another innovative idea that brings a new dimension in this holistic approach.

#### **Effective Implementation of VAT Act**

210. The revenue administration is fully prepared to implement the Value Added Tax and Supplementary Duty Act, 2012 from 1<sup>st</sup> of July, 2017. Previously the implementation of this new Act was deferred twice for providing adequate time to the business community to prepare and acquaint themselves with the accounting and record keeping procedures under this new VAT Act. But, a considerable milestone towards implementing the new Act has been achieved by incorporating some structural changes in the new VAT Act proposed by the business community on several occasions. Now the business community is also ready to accept and welcome the new VAT. In this context, I am proposing before this august Parliament to fully implement the Value Added Tax and Supplementary Duty Act, 2012 from July 1, 2017.

#### **Making the Law Consistent with Business Process and Increasing the Number of VAT Collectors**

211. The Value Added Tax and Supplementary Duty Act, 2012 was enacted in the august Parliament back in 2012. Almost five years have

already passed since the adoption of the new law. Hence, synchronizing the Value Added Tax and Supplementary Duty Act, 2012 with the natural business flow and modern business processes has become a necessary. For this reason, in order to implement the new VAT Act successfully and to foster an investment friendly environment, several measures have been proposed in this budget incorporating a number of changes in the Value Added Tax and Supplementary Duty Act, 2012 and the rules framed thereunder. In this regard, I would like to draw attention of all. There are 8.5 Lakh taxpayers registered under VAT but only 32 Thousand of them pay VAT. This makes it clear that VAT is confined to a limited area. We want to increase the number of return filers to 60 Thousand within next two years. In order to implement the new VAT Act, now, I am making some proposals before the august House to simplify the procedures of the new VAT Act and the related Rules.

#### **VAT and Turnover Tax Exemption Threshold**

212. First of all, I would like to say that VAT will be applicable at a single and uniform rate. This rate will be 15 percent which will be unchanged over the next three years. In order to successfully implement the Value Added Tax and Supplementary Duty Act, 2012, the business community had put forward some recommendations for protecting the legitimate interest of the small entrepreneurs. On the basis of their recommendations I am proposing to raise the annual turnover from Tk 30 Lakh to Tk 36 Lakh. The firms with this annual turnover will be completely out of the scope of tax. This kind of benefit was not there in the 1991 VAT Act. Besides, according to the desire of the business community, I am proposing before this august Parliament to raise threshold for registration under VAT from Tk 80 Lakh to 1 crore 50 Lakh. In other words, businesses having a total yearly turnover up to

Tk 1 crore 50 Lakh will be able to avail the opportunity to pay only 4 percent tax on their turnover. This is a unique opportunity for the small entrepreneurs which is not available in other countries of the world. In addition, several changes have been incorporated in the new Act and Rules to simplify the VAT collection procedures according to the proposals of the business community.

### **Schedule of VAT Exemption**

213. There is no provision in the Value Added Tax and Supplementary Duty Act, 2012 to allow VAT exemption at the import or supply stage by issuing any notification. In order to keep the structural harmony of the Value Added Tax and Supplementary Duty Act, 2012 and to foster a business friendly environment, I am proposing to replace the First Schedule of the VAT and SD Act, 2012 by amalgamating exemption related existing First and Second Schedule, notifications and orders of the VAT Act 1991 keeping majority of the items in the First Schedule under the new Act. The VAT and SD Act, 2012 provides for imposition of VAT and taking of input tax credit at every stages of the transaction. This mechanism uniformly spreads the tax burden at every stage of transaction and does not create unnecessary tax burden on any particular stage. It allows the taxpayers to pay the VAT only on the value addition they make at their end. This mechanism of input tax credit becomes inoperable in case of exempted goods and supplies and as such tax specialists and academics often say “Exempted goods are highly taxed.” With this end in view, we need to gradually get out of the existing exemption culture. However, showing respect to the demand of the broader business community and with a view to successfully implement the new VAT Act, I am proposing to include items under 1,043 H.S code in the First Schedule of the new VAT Act instead of items listed under 536 H.S Codes in the First Schedule of the

VAT Act, 1991. I am proposing to provide VAT exemptions on 536 primary food items such as rice, lentils, fish, meat, vegetables, sugar, honey, puffed rice, maize, wheat, liquid milk, barley, salt etc. same as before. In addition, I am proposing to provide VAT exemption to 93 items of life saving drugs. Public transport services, public health and medical services, education and training services will also enjoy VAT exemption. I am also proposing VAT exemption for 404 items of the agriculture, livestock and fisheries sector same as before. Furthermore, non commercial activities of charitable and cultural organizations will also enjoy VAT exemption facility. As a result of these exemptions, the market price of the daily necessary commodities is expected to go down and is not supposed to increase under any circumstances.

#### **New Schedule for VAT Imposition**

214. Supplementary duty was imposed against 1431 tariff line items at the import stage in the VAT Act, 1991. On the other hand, this number was reduced to 256 tariff line items in the Value Added Tax and Supplementary Duty Act, 2012. Our business community has urged to increase this number in the new VAT Act for ensuring the protection of the domestic industry. In this context, to protect the public interest and the domestic industries and to create an investment friendly, taxpayer friendly and revenue productive economy I am proposing to replace the existing Second Schedule of the Value Added Tax and Supplementary Duty Act, 2012 with a new Second Schedule. In the proposed SD Schedule no of SD rate will come down from 11 to 8. The new rates would be 25, 50, 100, 150, 200, 250, 350 and 500 percent.

215. There are two parts in the Second Schedule of the Value Added Tax and Supplementary Duty Act, 2012. The first part lists the name of Supplementary duty leviable goods and the second part lists the

Supplementary Duty leviable services. In order to protect the local industries, I am proposing to divide the existing first part of the Second Schedule into two parts naming the first part as “Supplementary Duty leviable goods at import stage” and the second part as “Supplementary Duty leviable goods at local stage”. I am further proposing to rename the existing second part as “Supplementary Duty leviable services” and make it the third part of the Second Schedule.

### **Duty and Tax on Cigarette and Bidi**

216. (a) Bangladesh is one of the first signatories to WHO Framework Convention on Tobacco Control (FCTC). Considering the health-risk and harmful effects of tobacco products, we are committed to reduce the use of tobacco and want to maintain compliance with global anti-smoking policy. Hence, maximizing revenue collection from this sector has become a challenge. For a long time, it has been a tradition on the part of the government to fix the price limit of cigarette for the sake of revenue collection though it does not go with the spirit of the market economy. But, for the last two years NBR is gradually moving away from this practice of price fixation and working towards shifting to a uniform tax rate irrespective of prices. The market share analysis of the low segment cigarette for the past few years suggests that the domestic cigarette manufacturing companies are gradually losing their share of the market. On the other hand, the multinational companies are capturing this market. If this trend continues for another two years the domestic industries will be completely eliminated from the market. Moreover, the brands marketed by the multinational company in the low segment are in fact the top and popular brands in other countries. This has created uneven competition

in the market. Considering this situation, in order to protect the local industries and to move towards a uniform tax rate in future, I am proposing to fix the price of the low segment for every 10 sticks of local brand cigarette at Tk. 27 from existing Tk. 23 and increase the Supplementary Duty rate to 52 percent from existing 50 percent. At the same time, I am proposing to introduce and fix the price of the low segment for every 10 sticks of international brand cigarette at Tk. 35 and the Supplementary Duty rate at 55 percent. However, we are not increasing any price or Supplementary Duty for the medium and high segment cigarette brands which are currently being sold at Tk. 45 and above and we are also leaving the price fixation decision on the manufacturer.

- b) Bidi is another tobacco product that is more harmful than cigarette. Bidi is not bidi anymore. It is gradually becoming cheap cigarette. At some point of time bidi was the only means of entertainment for the poor people. But this situation has changed dramatically over the last few years due to notable economic progress. Now, people at the remotest corner of the country have access to many entertainment options. Moreover, the size of the bidi industry worker has also shrunk by 90 percent. Considering the health risk of the people and the amount of treatment cost involved in it, I find no logical ground for this industry to survive. However, keeping in mind the interest of the local bidi industry workers, no notable reform or change in tax structures of bidi sector has been brought about for the last couple of years. Due to its easy availability and existing duty structure, large number of people smokes this product and become vulnerable to health risk. Taking all these

factors into consideration, I am proposing to abolish the existing tariff value of bidi. At the same time, the existing Supplementary Duty rate for non-filter bidi and filter bidi will remain unchanged at 30 percent and 35 percent respectively. However, I am proposing to fix the tax inclusive price of 25 sticks of non-filter bidi at 15 Taka and 20 sticks of filter bidi at 15 Taka. These rates will be effective from 1 June 2017.

- c) Another newly invented health-hazardous item is e-cigarette or alternatively we can say Electronic Nicotine Delivery System (ENDS) which imposes similar threat like bidi and cigarette. The use of e-cigarette is increasing day by day as it has become very popular among the young smokers from comparatively wealthy family. Currently there is only 10 percent duty applicable on this product and on its refill pack. For this reason, I am proposing to introduce two separate H.S. Codes for these two items and impose 25 percent customs duty for both the items. At the same time, I am also proposing to impose 100 percent Supplementary Duty on these two items.
- d) Earlier, in this august Parliament I had committed to impose additional taxes on fast food also known as ‘junk food’ considering the health risk of our future generations. For this reason, I am proposing to impose 10 percent Supplementary Duty at local supply stage on fast food in addition to applicable 15 percent VAT.

### **Excise Duty on Bank Account and Airline Tickets**

217. Our Government believes in financial empowerment of people and we have adopted the policy of financial inclusion at all levels. Due to this inclusive approach of the Government and overall expansion of

business activities the volume of banking transaction is increasing day by day. Considering this phenomenon and with a view to collect more revenue from this sector I am proposing the following changes to be implemented in The Excise and Salt Act, 1944:

I am proposing not to impose any Excise Duty on the accounts where the balance, whether debit or credit does not exceed the limit of Taka 1 Lakh at any point of time during a year. However, I am proposing to impose Taka 800 Excise Duty instead of existing Taka 500 in cases where the balance, whether debit or credit exceeds Taka 1 Lakh but does not exceed the limit of Taka 10 Lakh. Similarly, Taka 2,500 will be imposed instead of existing Taka 1,500 in cases where the balance exceeds Taka 10 Lakh but does not exceed the limit of Taka 1 crore; Taka 12,000 will be imposed instead of existing Taka 7,500 in cases where the balance exceeds Taka 1 crore but does not exceed the limit of Taka 5 crore and Taka 25,000 will be imposed instead of existing Taka 15,000 in cases where the balance exceeds Taka 5 crore.

In addition, I am proposing to revise the existing Excise Duty on airline tickets as follow except for domestic travels and travel to the SAARC countries which I propose to keep the same as present:

- Taka 2,000 Excise Duty on airline tickets instead of existing Taka 1,000 for travel to any Asian countries except the SAARC countries;
- Taka 3,000 Excise duty on airline tickets instead of existing Taka 1,500 for travel to Europe, USA and other countries of the world;
- In order to avoid any inconvenience of travelers, this Excise Duty will be collected at the time of purchasing air tickets.

### **Extension of VAT Exemption Facility for Protection and Development of Domestic Industry**

218. In order to ensure legitimate interest of the domestic heavy industry and export sector I am proposing before the august Parliament to extend the VAT exemption facility in the following cases:

- a) In order to promote the growth of domestic heavy industry, VAT exemption facility was given earlier as an incentive to the local manufacturers of refrigerator and freezer up to June 30, 2017. I propose to extend this facility up to 30 June, 2019 as an incentive for the industry.
- b) The existing VAT exemption facility to the local manufacturers of air conditioner will expire on June 30, 2017. In order to encourage the development of this industry, I propose to extend this facility up to 30 June, 2019 as an incentive for this sector.
- c) Palm oil and soya bean oil are also currently enjoying VAT exemption at the production and retail level on certain conditions which is valid up to June 30, 2017. With a view to keeping the price of edible oil stable and within the buying capacity of the consumers, I propose to extend this facility at the domestic production and supply stage up to 30 June, 2019; and
- d) I would like to extend the existing VAT exemption facility up to June 30, 2019 for the local LPG cylinder manufacturers at the production stage considering the importance of the fuel and power sector for our industrialization and for keeping the price stable.

## **Introduction of Digital Addressable System**

### **Madam Speaker**

219. There are almost 3 crore television sets in Bangladesh and most of these are connected with cable TV network. The cable TV operators usually collect on an average Tk. 250 to Tk. 300 per month against each connection from the subscriber. Currently Supplementary Duty in addition to VAT is applicable on this charge. But only a very small portion of the Supplementary Duty and VAT collected by the cable operators from the subscribers is deposited to the Government exchequer. Digitalization of the cable TV network is very necessary in order to get rid of this situation and also to bring discipline in this sector and above all to disseminate the different messages of the Government to the people easily by using the network. Our neighboring countries have already completed Mandatory digitalization of cable TV network. Completion of such initiative will establish a Digital addressable system of the cable TV network and also would ensure collection of just revenue from this sector. For this reason I am proposing to bring the cable TV network of Dhaka and Chittagong city and its adjacent areas under digital addressable system within next 2017-18 fiscal year and also to bring the cable TV network of the entire nation under the same system within June, 2019.

## **Distribution of Electronic Fiscal Device (EFD) for Ensuring Business Records**

### **Madam Speaker**

220. We have already taken necessary steps to collect VAT by ensuring the use of Electronic Cash Registers (ECR). For this purpose, procurement of latest technology embodied Electronic Fiscal Device (EFD) is also under process. Once procured, the EFDs will be

distributed to the business community at cost price. In addition, the government is also working to develop a mobile application which will help the taxpayers to cross-check that the VAT paid by them is indeed deposited into the government exchequer.

### **Administrative and Organizational Reforms**

221. Under the new VAT system taxpayers would be able to get registration, file return, pay tax, get refund etc. by sitting at their offices and they will not be required to visit any VAT offices and for this reason the process of VAT collection will be based on a functional model instead of geographical jurisdiction. Since the entire VAT management will be established on an automated platform, the central role of NBR in collection of entire revenue would be increased significantly and thus NBR would be required to go through a massive qualitative and structural reform. The revenue administration of different developed and developing countries are presently following the same functional model. Under this functional model, officials with specialized knowledge will work in different sections of revenue collection. Here, one who is in charge of audit will perform the audit activities of the whole country. Different officials will not perform audit activities in different region of the country. In order to implement this functional model effectively, structural reform needs to be undertaken in NBR and its field offices. This must be mentioned that during implementation of the VAT system in 1991 for the first time, different control activities of the field was abolished and initiative was taken to establish a modern audit and account based system. But the VAT Act, 1991 was not producing desired result due to the lack of structural reforms in line with system based control. In addition to that, different legal changes in the Act instead of structural reform initiatives to address this limitation end up with no significant result.

222. In this context, in order to implement the structural reforms, slight change in the present organizational structure of NBR is required. We are taking necessary steps to do organizational restructuring and revise the status of the officials of NBR within next December following the regular inter-ministerial process.

### **Skill Based Work Incentive and Reward Policy Guideline**

223. I strongly believe that there will be revolutionary changes in the tax system if we can implement the Value Added Tax and Supplementary Duty Act, 2012 successfully which is based on the international best practices. The Honourable Prime Minister has directed to ensure a mechanism in the new VAT system that will encourage the VAT officials to provide services in a more transparent manner, reduce corruption, detect tax evasion and hence meet the ever-increasing revenue target for the development of the country. According to the special directives of the Honorable Prime Minister, I am proposing to formulate a skill-based incentive and reward policy guideline for the VAT officials of the National Board of Revenue in order to bring transparency in the tax management and also to encourage the VAT officials.

### **Creation of Business and Tax Friendly Environment**

224. The VAT Act of 1991 has become an ineffective law by losing its basic characteristics due to many distortions. For this reason, the VAT Act of 1991 has become unable to generate expected revenue. As a result of this, our VAT: GDP ratio could not be raised over 3.58 percent over the last 25 years– which is the lowest among the South Asian countries. We have to increase this ratio to 4 percent within next two years which is possible if we can increase the number of return filers to a satisfactory level. For this reason, the implementation of the new

VAT Act has become very essential. A modern technology based computerized tax management network system would be established through implementation of this law. As a result, taxpayers would be able to get registration, file return, pay tax, get refund etc. by sitting at their offices and they will not be required to visit any VAT offices. Taxpayers will not have to visit the tax offices other than hearing purposes. For this reason taxpayer harassment will be reduced and it will bring transparency and dynamism in the tax administration. This will ensure transparency and will offset the scope of corruption. This will significantly reduce the compliance cost of business and thus will encourage taxpayers to pay tax, which will establish a taxpayer friendly environment and eventually revenue will increase. The cost of doing business will go down and significant improvement will be reflected in the index of 'Ease of Doing Business', which will glorify Bangladesh in the international arena and will attract new foreign investment.

225. If my proposals, with regard to the exemption of tax, in some cases imposition of tax, rationalization of existing tax rates and tax bases along with other reform initiatives are considered and adopted by this august Parliament, I am sure, it will create a trade and taxpayer-friendly environment for all concerned including the small and medium industry, small traders, taxpayers and the consumers at large because of the aforesaid measures. I firmly believe that the collection of Value Added Tax will continue to increase in FY 2017-2018 like previous years.

## Custom Duty

### Madam Speaker

226. I seek your kind permission to place the proposals on customs duties and taxes to this august House. In this connection, I like to mention that while preparing the Customs related proposals we have considered the current socio-economic scenario, protection of domestic industries, increased industrial investment, revenue collection etc. Moreover we have analyzed previous years' measures taken by the current govt. and more than 1,600 proposals received from business community as well as all related stakeholders. I have tried to keep the price of the essential commodities unchanged, to protect and expand domestic industry without harming it, to increase the capacity of international business, to minimize the discretionary power in determining VAT and supplementary duty, to avoid undervaluation and to quick assessment and clearance of imported goods. For this purpose we will follow and internalize international 'Best Practices'. We will make the Customs-Business partnership stronger and effective. Above all, we will continue our efforts to increase the efficiency and quality of service delivered by the officials of ever-expanding revenue department.

227. By considering the above mentioned principles, now I would like to present sector-wise proposals to this august parliament:

#### a) **Agriculture sector:**

Agriculture is our prioritized sector and we are truly an agricultural country. Now I present the incentives given to this particular sector.

i) **Agriculture:** Zero rates have been retained in the prime ingredients of agricultural sector e.g. fertilizer, seeds,

insecticides and highest rate of customs duty has been continued on rice importation so that farmers get fair price for their production. To protect the interest of farmers, higher rate of duty was imposed on importation of starch made from locally available crops like wheat, potato and maize; but the duty was lower in case of starch made from cassava and other crops that are not produced locally.

Due to the difference in duty rates against almost similar products there has been a trend of importing product through mis-declaration. That is why duty rates for all kinds of starch have been rationalized. Same way, duty rates of different types of oil-cakes have also been rationalized to protect domestic industry. Duty has been reduced on 'mulch' used in nourishing saplings and also on shading net which is used for Green House technology.

- ii) **Fish, Poultry and Dairy:** Fish, poultry and dairy sector is one of the main sub-sector of agriculture and is the principal source of protein for the country people. For several years we have been providing special incentives in duties and taxes to this sector for its sustainable development and promotion. Now I am proposing the same duty benefit to few extra items.
- iii) **Agricultural machinery:** Use of modern method or mechanical procedure in the agricultural sector has been increased substantially than before. We have to import these machineries from abroad. However, in order to manufacture the major portion of agricultural machineries locally, last year we issued a statutory order fixing only 1% duty on the raw materials and components of such machineries. This

year some more equipment have been proposed to be included in the facility. As a result, most of the agricultural machineries will be produced in the country and the farmers can buy them cheaply.

iv) **Tobacco:** Though tobacco is an agricultural product, government is always discouraging its production. The reason is that it is harmful to public health and environment. Therefore, high rate of duties are imposed on tobacco and tobacco products. This year we are proposing to impose 25% export duty on it with a view to discourage its production and usage.

b) **Industrial sector:** Our current development strategy is to increase industrial investment, to maximal utilization of existing industrial productivity through proper protection and to make export industry more competitive through its multidimensional expansion. To meet the demand of foreign buyers and to ensure the security of the workers I am proposing duty exemption facilities above 5% on goods required to established fire-fighting system to ensure safe production environment. Some other incentive proposals in this sector are as follows:

i) **Leather:** Leather is the second largest export industry and the main raw material of this sector is produced domestically. From the very beginning, tax benefit is given on the raw materials needed for leather processing. With the huge expansion of leather sector, as per the foreign buyers demand, the business people need to set up safe factories. Due to this reason I propose reduced rate of duties as capital machineries on busbar trunking system and electrical panel imported by the industries of this sector.

- ii) **Medicine:** The medicine industry of Bangladesh has achieved the world standard. Medicine of Bangladesh is being exported in many countries of the world. With a view to flourish this prospective industry, I am proposing duty exemption benefit to various raw materials used herein. It is worth mentioning that the raw materials for the medicine treating cancer is also included in this reduced rate of duty list.
- iii) **Ceramics:** Ceramic industries are also in the boom now a day in Bangladesh. To give required safeguard, government has continued to impose comparatively high rate of supplementary duties on the importation of ceramic products. At the same time, reduced rate of duties is imposed on the raw materials. In order to extend such protection I am proposing to decrease the rate of duties of some of its raw materials like talc, mica, alumina liner etc.
- iv) **Battery:** This is another promising sector. Now a days, battery is exported to many other countries, even after fulfilling the domestic need. Like ceramics, here also high rate of duties has been imposed on the importation of finished batteries. To facilitate local industries, I propose for reduction of duties on raw materials like zinc callot, arsenic, antimony etc.
- v) **Solar panel:** The use of solar power is not so old in Bangladesh. In the recent past we needed to import machineries for solar panel. So zero rate was imposed on those things. Now in Bangladesh solar panels are being made by using photovoltaic cell. This is the reason I propose zero rate on importation of photovoltaic cell. But I propose

to increase the duty rate on the importation of complete solar module/panel from 5% to 10% in this budget.

**Madam Speaker**

- c) **Transport:** Transport is a major sector of our economy. Production of motorcycle is a rising industry in this sector. In the meantime 3-4 industries have gone into operation. One of them has started export of their manufactured motorcycle in a small scale. In the last budget an SRO was issued to provide conditional benefit of reduced rate of duties for the expansion of locally produced motorcycle industry. After much scrutiny and analysis of the proposals received from stakeholders and the precedence of some bike-producing nations it has been proposed to issue a modern and investment friendly SRO. As a result, this sector will be booming up rapidly. In this connection, I would like to propose in the august Parliament to reduce the duties on hybrid vehicles. In fact, we are providing duty benefit to hybrid vehicle from long ago. But this vehicle is not become popular in this country. Considering its high price I am proposing to re-fix its duty rates.
- d) **ICT sector:** Our government is keenly interested in the establishment of Digital Bangladesh. In this purpose, since 1996 most of the products of this sector has been enjoying reduced rate of duties. This results in huge development in the ICT sector in our country. This sector will contribute a lot to achieve the Vision 2021 and Vision 2041. So I propose to reduce the duties on the machineries and parts required to assemble or manufacture items like cellular phone, laptops, pad etc.

- e) **Jewellery:** It is a traditional business sector of Bangladesh. But due to the absence of a hard and fast rule for the import of gold, jewellery sector is not flourishing in a manner as we think of. So the association of this sector has made various proposals in order to formulate a realistic guideline for importation of gold and to make the industry business friendly. We have decided to prepare a time-befitting policy for gold importation after discussing with relevant agencies. This will help flourishing this sector as well as creating export market abroad. I hope that we can formulate such policy within this calendar year.
- f) **Fuel sector:** Fuel is the pre-requisite for all development activities of a country. Till now, gas remains as the main source of electricity, vehicle, kitchen and all other productions. But due to shortage of natural gas, we have to think of replacing by LPG. In the meantime government has permitted 50 industries to set up LPG bottling plant in the country. Some of them are already in operation. The machinery and equipment required to set up these industries have been given duty exemption facility above 1%. Besides, the raw materials required to produce LPG cylinders have been given special tax expenditure-reducing the duty from 10% to 5%. Moreover in order to encourage LNG (Liquid Natural Gas), we have given it duty tax exemption. Necessary changes have been made in BCT to create clarity in the assessment of LPG/LNG driven vehicles.
- g) **Tariff Rationalization:** In order to ensure a modern, trade and investment-friendly, consumer and revenue friendly Value Added Tax System, Value Added Tax and Supplementary Duty Act, 2012 is going to be effective from 1st July 2017. In line with the said Act and to make it effective, some of the tariff

schedule has been rearranged. While addressing these proposals, the legitimate protection of agriculture and industrial sector has been considered. Besides that we have taken measures to amend or rationalize existing tariff heading, HS Code, duty rate and structure and existing flaws in the SROs identified by the stakeholders.

- h) **Amendments in the First Schedule of Customs Act:** All the members of WCO usually follow the system institutionalized by it in order to avoid the complexities about classification of various commodities. This helps them to facilitate business procedure all over the world. Everyday newer and newer sorts of products are being added in the schedule. To address the matter, every 5 years the new version of explanation is published by the WCO. After 2012 WCO has published the changes made in classifications of goods this year. As a member country of WCO, I propose a revised (Bangladesh Customs Tariff) BCT incorporating the new amendments and explanations made in 2017 by WCO.

### **Madam Speaker**

228. It needs no saying, under-invoicing is a major challenge at present for collecting optimum revenue as well as for legitimate protection of domestic industries. To combat with the situation, we have undertaken a few effective strides like tariff reforms, customs digitization, automation etc. Besides, SROs have been issued fixing minimum value for some of the commercial items in the last budget, and we have managed to get a positive result this year. Accordingly, proposal has been made to fix tariff/ minimum assessable value to some more goods in this budget.

## Chapter XI

### Conclusion

#### Madam Speaker

229. We have traversed a lot, but still have many miles to cover. Let me quote the great American *poet* Robert Frost:

“But I have promises to keep  
And miles to go before I sleep.”

230. We have overcome many hurdles in establishing good governance. Who would have thought that raskars could be brought to justice for their crimes in Bangladesh? Who could have believed the killers of Bangabandhu would be put on trial? The Hon'ble Prime Minister has accomplished what once was thought impossible. Did we ever imagine that the stigma of being a poor nation could be removed so early? That we would be able to implement billion-dollar projects like the Padma Bridge with our own funds? We are marching towards development under the leadership of Sheikh Hasina and golden days of prosperity are now beckoning us. The time has come to rise above all partisan views, envy and violence and march ahead on our journey towards light under the bold statesmanship of the Hon'ble Prime Minister. We will have to achieve a growth of 8 to 9 percent in order to accomplish the vision of 2041. To this end, along with capital accumulation, productivity of factors of production needs to be increased extensively. Production processes must undergo fundamental changes by way of using new technology and advanced management while ensuring excellence in production skills. For this purpose, the current trend of establishing good governance through administrative reforms must continue. Effective human capital stock needs to be built up. Impediments to private sector development must be removed. In

tandem, the efforts to expand international trade must continue. In order to accomplish all these tasks in a planned manner, we are going to formulate the second Perspective Plan under the Vision 2041. At the core of this Vision will lie the dream of a peaceful, rich, healthy and enlightened Bangladesh free from hunger and poverty.

231. The Father of the Nation Bangabandhu Sheikh Mujibur Rahman voiced our ambition through his slogan for *Sonar Bangla* (Golden Bangla). He declared confidently that there was no lack of resources in the brutally war-ravaged Bangladesh; rather what lacked was the proper utilization of those resources. Now we know that his ambition was not merely a dream but a manifestation of self-confidence. But his dream remained elusive in his life time. The moment the Phoenix was preparing to rise from the ashes of destruction, the despicable *rajakars* and other enemies of the nation struck their final blow and killed the architect of the nation. By the grace of Almighty Allah and bolstered with the indomitable will of our countrymen, we continued our efforts to overcome this crisis. We got engaged in rebuilding our country after 21 years of Bangabandhu's death. After five years, we again were subjected to the oppression reactionary forces. Thereafter, from 2009 onwards, we were voted to office and given the opportunity to serve people. People's welfare became our motto. The consistent implementation of our plans and development strategies in the following nine years in office have brought us to the current state of success. The time has arrived for all to march ahead by coming together burying all differences and shunning the path of envy and violence. Let us now prepare for a prosperous, happy and peaceful Bangladesh of 2041.

Joy Bangla  
Joy Bangabandhu  
May Bangladesh Live Forever



**Annexure-A**

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**Table 1: Progress in Some Real Sector Indicators**

Fiscal Year	GDP Growth (%)	Investment (As % of GDP)			Per Capita Income (US\$)	Power Generation Capacity (Megawatt)	Food Grain Production (Lakh Metric Ton)	Average Inflation
		Public	Private	Total				
2005-06	6.67	5.56	20.58	26.14	543	5245	272.7	-
2006-07	7.06	5.09	21.08	26.18	598	5202	280.6	9.4
2007-08	6.01	4.50	21.70	26.20	686	5305	352.9	12.3
2008-09	5.05	4.32	21.89	26.21	759	5719	347.1	7.6
2009-10	5.57	4.67	21.57	26.25	843	5823	358.1	6.8
2010-11	6.46	5.26	22.16	27.42	928	7264	360.7	10.9
2011-12	6.52	5.76	22.50	28.26	955	8716	368.8	8.7
2012-13	6.01	6.64	21.75	28.39	1054	9151	372.7	6.8
2013-14	6.06	6.55	22.03	28.58	1184	10416	381.7	7.4
2014-15	6.55	6.82	22.07	28.89	1317	11534	384.2	6.4
2015-16	7.11	6.66	22.99	29.65	1465	14429	390.0	5.9
2016-17	7.24 <sup>P</sup>	7.26 <sup>P</sup>	23.01 <sup>P</sup>	30.27 <sup>P</sup>	1,602 <sup>P</sup>	15,379**	396.9 <sup>P</sup>	5.4*

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

**Table 2: Original and Supplementary Budget for 2016-17**

(In crore Tk.)

Sector	Revised 2016-17	Actual up to March 2016-17	Budget 2016-17
<b>Total Revenue</b>	<b>2,18,500</b> <b>(11.2)</b>	<b>1,42,459</b> <b>(7.3)</b>	<b>2,42,752</b> <b>(12.4)</b>
NBR Tax	1,85,000	1,21,797	2,03,152
Non-NBR Tax	7,261	4,316	7,250
Non Tax Revenue	26,239	16,346	32,350
<b>Total Expenditure</b>	<b>3,17,174</b> <b>(16.2)</b>	<b>1,49,333</b> <b>(7.6)</b>	<b>3,40,605</b> <b>(17.4)</b>
Non-Development Revenue Expenditure	1,78,154 (9.1)	1,04,514 (5.3)	1,88,966 (9.6)
Development Expenditure	1,15,990 (5.9)	33,780 (1.7)	1,17,027 (6.0)
In which, Annual Development Programme	1,10,700 (5.7)	33,436 (1.7)	1,10,700 (5.6)
Other Expenditure	23,030 (1.2)	11,039 (0.6)	34,612 (1.8)
<b>Budget Deficit</b>	<b>-98,674</b> <b>(-5.0)</b>	<b>-6,874</b> <b>(-0.4)</b>	<b>-97,853</b> <b>(-5.0)</b>
<b>Financing</b>			
External source	28,771 (1.5)	2,511 (0.1)	36,305 (1.9)
Domestic source	69,903 (3.6)	4,283 (0.2)	61,548 (3.1)
In which, Banking source	23,903 (1.2)	-16,402 (-0.8)	38,938 (2.0)
<b>GDP</b>	<b>19,56,055<sup>b</sup></b>	<b>19,56,055<sup>b</sup></b>	<b>19,61,017<sup>a</sup></b>

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

**Table 3: Proposed Budget Structure for FY 2017-18**

(In crore Tk.)

Sector	Budget 2017-18	Revised 2016-17	Budget 2016-17	Actual 2015-16
<b>Total Tax Revenue</b>	2,87,991 (13.0)	2,18,500 (11.2)	2,42,752 (12.4)	1,72,953 (10.0)
NBR Tax	248190	185000	203152	146242
Non-NBR Tax	8622	7261	7250	5645
Non Tax Receipt	31179	26239	32350	21066
<b>Total Expenditure</b>	4,00,266 (18.0)	3,17,174 (16.2)	3,40,605 (17.4)	2,38,433 (13.8)
Non-Development Revenue Expenditure	207138 (9.3)	178154 (9.1)	188966 (9.6)	144431 (8.4)
Development Expenditure	159013 (7.2)	115990 (5.9)	117027 (6.0)	81407 (4.7)
In which, Annual Development Programme	153331 (6.9)	110700 (5.7)	110700 (5.6)	79351 (4.6)
Other Expenditure	34115 (1.5)	23030 (1.2)	34612 (1.8)	12595 (0.7)
<b>Budget Deficit</b>	112,275 (5.0)	98,674 (5.0)	97,853 (5.0)	65,480 (3.8)
<b>Financing</b>				
External source	51924 (2.3)	28771 (1.5)	36305 (1.9)	14755 (0.9)
Domestic source	60352 (2.7)	69903 (3.6)	61548 (3.1)	50730 (2.9)
In which, Banking source	28203 (1.3)	23903 (1.2)	38938 (2.0)	10614 (0.6)
<b>GDP</b>	<b>2223600<sup>a</sup></b>	<b>1956055<sup>b</sup></b>	<b>1961017<sup>a</sup></b>	<b>17,29,567</b>

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

**Table 4: Sectoral Allocation in Annual Development Programme**

(In crore Tk.)

Ministry/Division	Budget 2017-18	Revised 2016-17	Budget 2016-17	Actual 2015-16	Actual 2014-15	Actual 2013-14	Actual 2012-13
<b>a) Human Resource</b>							
1. Ministry of Primary and Mass Education	8,752 (5.7)	6,263 (5.7)	7,710 (7.0)	4,909 (6.2)	3,994 (6.2)	4,374 (7.9)	3,683 (7.4)
2. Health Services Division	7,842 (5.1)	4,918 (4.4)	6,235 (5.6)	3,599 (4.5)	3,671 (5.7)	3,417 (6.2)	3,316 (6.7)
3. Secondary and Higher Studies Division	6,165 (4.0)	5,373 (4.9)	6,167 (5.6)	3,908 (4.9)	4,088 (6.3)	3,033 (5.5)	2,206 (4.5)
4. Others	21,270 (13.9)	9,619 (8.7)	7,091 (6.4)	4,552 (6.4)	4,466 (5.7)	3,355 (6.1)	2,205 (4.5)
<b>Sub Total</b>	<b>44,029 (28.7)</b>	<b>26,173 (23.6)</b>	<b>27,203 (24.6)</b>	<b>16,968 (21.4)</b>	<b>16,219 (25.0)</b>	<b>14,179 (25.7)</b>	<b>11,410 (23.1)</b>
<b>b) Agriculture &amp; Rural Development</b>							
5. Local Government Division	21465 (14.0)	19288 (17.4)	18,548 (16.8)	13,944 (17.6)	13,983 (21.5)	10,544 (19.1)	10,425 (21.1)
6. Ministry of Water Resource	4675 (3.0)	3789 (3.4)	3,759 (3.4)	2,707 (3.4)	2,061 (3.2)	1,998 (3.6)	1,756 (3.5)
7. Ministry of Agriculture	1800 (1.2)	1772 (1.6)	1,841 (1.7)	1,726 2.2	1,406 2.2	1,273 2.3	1,111 2.2
8. Others	4525 (3.0)	3288 (3.0)	2,946 (2.7)	2,671 (3.4)	2,626 (4.0)	2,277 (4.1)	1,968 (4.0)
<b>Sub Total</b>	<b>32,465 (21.2)</b>	<b>28,137 (25.4)</b>	<b>27,094 (24.5)</b>	<b>21,048 (26.5)</b>	<b>20,076 (30.9)</b>	<b>16,092 (29.2)</b>	<b>15,260 (30.8)</b>
<b>c) Power and Energy</b>							
9. Power Division	18,845 (12.3)	13,421 (12.1)	13,040 (11.8)	15,257 (19.2)	8,305 (12.8)	8,311 (15.1)	8,840 (17.9)
10. Energy and Mineral Resource	2,111 (1.4)	1,068 (1.0)	1,911 (1.7)	1,054 (1.3)	1,014 (1.6)	1,881 (3.4)	1,295 (2.6)
<b>Sub Total</b>	<b>20,956 (13.7)</b>	<b>14,489 (13.1)</b>	<b>14,951 (13.5)</b>	<b>16,311 (20.6)</b>	<b>9,319 (14.4)</b>	<b>10,192 (18.5)</b>	<b>10,135 (20.5)</b>
<b>d) Transport and Communication</b>							
11. Ministry of Railways	13001 (8.5)	9278 (8.4)	9,115 (8.2)	3,950 (5.0)	3,281 (5.1)	2,858 (5.2)	2,993 (6.0)
12. Road Transport and Highways Division	16820 (11.0)	9403 (8.5)	8,161 (7.4)	6,507 (8.2)	4,298 (6.6)	3,625 (6.6)	3,605 (7.3)
13. Bridge Division	8,404 (5.5)	6,527 (5.9)	9,258 (8.4)	5,266 (6.6)	5,299 (8.2)	2,067 (3.7)	785 (1.6)
14 Others	2,829 (1.8)	2,181 (2.0)	2,020 (1.8)	1,351 (1.7)	757 (1.2)	805 (1.5)	532 (1.1)
<b>Sub Total</b>	<b>41,054 (26.8)</b>	<b>27,389 (24.7)</b>	<b>28,554 (25.8)</b>	<b>17,074 (21.5)</b>	<b>13,635 (21.0)</b>	<b>9,355 (17.0)</b>	<b>7,915 (16.0)</b>
<b>Total</b>	<b>138,504 (90.3)</b>	<b>96,188 (86.9)</b>	<b>97,802 (88.3)</b>	<b>71,401 (90.0)</b>	<b>59,249 (91.3)</b>	<b>49,818 (90.4)</b>	<b>44,720 (90.4)</b>
15. Others	14827 (9.7)	14512 (13.1)	12,898 (11.7)	7,945 (10.0)	5,668 (8.7)	5,313 (9.6)	4,753 (9.6)
<b>Total ADP</b>	<b>153,331</b>	<b>110,700</b>	<b>110,700</b>	<b>79,346</b>	<b>64,917</b>	<b>55,131</b>	<b>49,473</b>

Figures in parentheses are shown in percent of total ADP allocation;

**Table 5: Sectoral Allocation in the Budget**

(In crore Tk)

Ministry/Division	Budget 2017-18	Revised 2016-17	Budget 2016-17	Actual 2015-16	Actual 2014-15	Actual 2013-14	Actual 2012-13
<b>(a) Social Infrastructure</b>	117,302 (29.31)	92,741 (29.24)	96,365 (28.29)	72,830 (30.55)	55,856 (26.74)	50,725 (26.82)	42,972 (24.47)
<b>Human Development</b>							
1. Ministry of Education	23141 (5.78)	21706 (6.84)	26,847 (7.88)	21,589 (9.05)	16,122 (7.72)	14,131 (7.47)	11,334 (6.45)
2. Ministry of Primary and Mass Education	22022 (5.50)	17797 (5.61)	22,162 (6.51)	16,224 (6.80)	11,898 (5.70)	11,031 (5.83)	9,413 (5.36)
3. Ministry of Health and Family Welfare	16182 (4.04)	14829 (4.68)	17,487 (5.13)	12,606 (5.29)	10,419 (4.99)	9,385 (4.96)	8,549 (4.87)
4. Others	43,224 (10.80)	26,520 (8.36)	19,422 (5.70)	14,357 (6.02)	11,925 (5.71)	9,515 (5.03)	7,625 (4.34)
<b>Sub Total</b>	104,569 (26.12)	80,852 (25.49)	85,918 (25.23)	64,776 (27.17)	50,364 (24.11)	44,062 (23.30)	36,921 (21.02)
<b>Food and Social Safety</b>							
5. Ministry of Food	3,880 (0.97)	2,942 (0.93)	2,442 (0.72)	1,269 (0.53)	735 (0.35)	919 (0.49)	814 (0.46)
6. Ministry of Dis-aster Management	8,853 (2.21)	8,947 (2.82)	8,005 (2.35)	6,785 (2.85)	4,757 (2.28)	5,744 (3.04)	5,237 (2.98)
<b>Sub Total</b>	12733 (3.18)	11,889 (3.75)	10447 (3.07)	8054 (3.38)	5492 (2.63)	6663 (3.52)	6051 (3.45)
<b>(b) Physical Infrastructure</b>	1,27,059 (31.74)	99,498 (31.37)	101,292 (29.74)	79,697 (33.43)	65,168 (31.20)	58,512 (30.94)	58,977 (33.58)
<b>Agriculture and Rural Development</b>							
7. Ministry of Agriculture	13600 (3.40)	10376 (3.27)	13,675 (4.01)	10,739 (4.50)	10,345 (4.95)	12,075 (6.39)	14,822 (8.44)
8. Ministry of Water Resources	5926 (1.48)	4755 (1.50)	4,713 (1.38)	3,634 (1.52)	2,843 (1.36)	2,743 (1.45)	2,481 (1.41)
9. Local Government Division	24665 (6.16)	22249 (7.01)	21,322 (6.26)	16,388 (6.87)	16,060 (7.69)	12,406 (6.56)	12,314 (7.01)
10. Others	7937 (1.98)	7496 (2.36)	6536 (1.92)	5707 (2.39)	5054 (2.42)	4526 (2.39)	4218 (2.40)
<b>Sub Total</b>	52,128 (13.02)	44,876 (14.15)	46,246 (13.58)	36,468 (15.29)	34,302 (16.42)	31,750 (16.79)	33,835 (19.26)
Power and Energy	21118 (5.28)	14561 (4.59)	15,036 (4.41)	16,374 (6.87)	9,359 (4.48)	10,266 (5.43)	10,281 (5.85)
<b>Transport and Communication</b>							
11. Road Transport and Highways Division	19,696 (4.92)	12,077 (3.81)	10,910 (3.20)	8,900 (3.73)	6,460 (3.09)	5,560 (2.94)	5,368 (3.06)
12. Ministry of Railways	16013 (4.00)	11982 (3.78)	11,950 (3.51)	6,016 (2.52)	5,093 (2.44)	4,462 (2.36)	4,557 (2.59)
13. Bridges Division	8430 (2.11)	6558 (2.07)	9,289 (2.73)	5,297 (2.22)	5,299 (2.54)	2,067 (1.09)	785 (0.45)
14. Other	3,419 (0.85)	2,746 (0.87)	2,603 (0.76)	1,815 (0.76)	1,036 (0.50)	1,069 (0.57)	797 (0.45)
<b>Sub Total</b>	47,558 (11.88)	33,363 (10.52)	34,752 (10.20)	22,028 (9.24)	17,888 (8.56)	13,158 (6.96)	11,507 (6.55)
15. Other sector	6,255 (1.56)	6,698 (2.11)	5,258 (1.54)	4,827 (2.02)	3,619 (1.73)	3,338 (1.77)	3,354 (1.91)

Ministry/Division	Budget 2017-18	Revised 2016-17	Budget 2016-17	Actual 2015-16	Actual 2014-15	Actual 2013-14	Actual 2012-13
<b>C) General Services</b>	96189 (24.03)	72478 (22.85)	83,508 (24.52)	48,826 (20.48)	39,270 (18.80)	38,313 (20.26)	28,778 (16.38)
Public Order and Safety	22851 (5.71)	20726 (6.53)	21,062 (6.18)	16,453 (6.90)	13,161 (6.30)	11,761 (6.22)	9,655 (5.50)
16. Others	73,338 (18.32)	51,752 (16.32)	62,446 (18.33)	32,373 (13.58)	26,109 (12.50)	26,552 (14.04)	19,123 (10.89)
<b>Total</b>	340,550 (85.1)	264,717 (83.5)	281,165 (82.5)	201,353 (84.4)	160,294 (76.7)	147,550 (78.0)	130,727 (74.4)
(d) Interest Payments	41457 (10.36)	35358 (11.15)	39,951 (11.73)	33,114 (13.89)	30,973 (14.83)	28,000 (14.81)	24,164 (13.76)
(e) PPP Subsidy and Liability	7509 (1.88)	5859 (1.85)	7,509 (2.20)	3,614 (1.52)	4,132 (1.98)	3,367 (1.78)	2,427 (1.38)
(f) Net Lending and Other Expenditure	10752 (2.69)	11239 (3.54)	11,980 (3.52)	355 (0.15)	13,467 (6.45)	10,194 (5.39)	18,329 (10.44)
<b>Total Budget</b>	<b>400,266</b>	<b>317,174</b>	<b>340,605</b>	<b>238,433</b>	<b>208,868</b>	<b>189,098</b>	<b>175,642</b>

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

**Table 6: Ministry/Division-wise Budget Allocation**

(In crore Tk.)

Ministry/Division	Budget 2017-18	Revised 2016-17	Budget 2016-17
President's Office	22	19	20
National Parliament	315	295	295
Prime Minister's Office	1457	1271	1322
Cabinet Division	95	82	97
Election Commission Secretariat	1071	801	1291
Ministry of Public Administration	2046	1966	2074
Public Service Commission	74	49	47
Finance Division	90672	65098	84135
Finance Division - Office of the Comptroller and Auditor General	196	188	232
Internal Resources Division	2206	2087	2301
Financial Institutions Division	2541	2109	2529
Economic Relations Division	2181	2096	1933
Planning Division	1332	1716	1411
Implementation Monitoring & Evaluation Division	100	255	162
Statistics and Informatics Division	518	448	500
Ministry of Commerce	612	553	552
Ministry of Foreign Affairs	1189	1063	1087
Ministry of Defense	25740	23196	22115
Armed Forces Division	30	31	29
Law and Justice Division	1423	1426	1520
Public Security Division-Ministry of Home Affairs	18288	16781	19,282
Security Services Division-Ministry of Home Affairs	2883	2249	
Legislative and Parliamentary Affairs Division	22	26	23
Ministry of Primary and Mass Education	22021	17796	22160
Secondary and Higher Secondary	23147	21708	26855
Technical and Madrasha Education Division	5271	4756	
Ministry of Science and Technology	11038	4214	2070
Health Services Division	16203	14857	17516
Health Education & Family Welfare Division	4476		
Information & Communication Technology Division	3974	1819	1835
Ministry of Social Welfare	4832	4140	4273
Ministry of Women and Children Affairs	2576	2173	2151
Ministry of Labour & Employment	262	290	307
Ministry of Housing and Public Works	3736	5177	3123
Ministry of Information	1146	833	839
Ministry of Cultural Affairs	417	366	421
Ministry of Religious Affairs	659	606	524
Ministry of Youth and Sports	1387	959	922
Local Government Division	24674	22253	21326
Rural Development and Co-operatives Division	1884	1623	1377
Ministry of Industries	1825	820	1713
Ministry of Textiles and Jute	895	963	685
Energy and Mineral Resources Division	2224	1111	1973
Ministry of Agriculture	13604	10378	13678
Ministry of Fisheries and Livestock	1929	1661	1802
Ministry of Environment and Forests	1119	1850	1033
Ministry of Land	1853	1390	1486
Ministry of Water Resources	5926	4756	4713
Ministry of Food	4242	3503	1849

<b>Ministry/Division</b>	<b>Budget 2017-18</b>	<b>Revised 2016-17</b>	<b>Budget 2016-17</b>
Ministry of Disaster Management and Relief	8853	8947	8005
Road Transport and Highways Division	19697	12078	10911
Ministry of Railways	16032	11997	11975
Ministry of Shipping	2732	2230	2055
Ministry of Civil Aviation and Tourism	687	516	549
Posts and Telecommunications Division	2521	2902	2512
Ministry of Chittagong Hill Tracts Affairs	1150	971	839
Power Division	18894	13450	13063
Supreme Court	165	168	155
Ministry of Liberation War Affairs	3986	2983	3012
Ministry of Expatriates Welfare and Overseas Employment	688	481	560
Anti Corruption Commission	101	86	91
Bridges Division	8430	6558	9289
<b>Total</b>	<b>4,00,266</b>	<b>3,17,174</b>	<b>3,40,605</b>

**Table 7: State of Socio-economic Progress**

Year	Life Expectancy (Year)	Population Growth Rate (%)	Poverty Rate (%)	Extreme Poverty Rate (%)	Literacy Rate(7+year) (%)	Infant Mortality Rate (per thousand live birth)
2007	66.6	1.47	36.8	22.6	56.1	43.0
2008	66.8	1.45	35.1	20.98	55.8	41.0
2009	67.2	1.36	33.4	19.3	56.7	39.0
2010	67.7	1.36	31.5	17.6	56.8	36.0
2011	69.0	1.37	29.9	16.5	55.8	35.0
2012	69.4	1.36	28.5	15.4	58.8	33.0
2013	70.4	1.37	27.2	14.6	57.2	31.0
2014	70.7	1.37	26.0	13.8	58.6	30.0
2015	70.7	1.37	24.8	12.9	63.6	29.0
2016	71.6 <sup>*</sup>	1.36	23.2 <sup>*</sup>	12.1	71.0 <sup>*</sup>	28.0

Source: Bangladesh Bureau of Statistics, General Economic Division \* Provisional

**Table 8: Progress in Fiscal Sector Indicators**

(In crore Tk.)

Fiscal Year	Total Revenue	NBR	Non-NBR	Non-Tax Revenue	Total Expenditure	ADP
2006-07	48,541 (8.8)	36,177 (6.6)	1,854 (0.3)	10,510 (1.9)	64,050 (11.7)	18,042 (3.3)
2007-08	59,469 (9.5)	45,819 (7.3)	2,313 (0.4)	11,337 (1.8)	90,696 (14.3)	18,547 (3.0)
2008-09	64,568 (9.2)	50,216 (7.1)	2,653 (0.4)	11,699 (1.7)	89,316 (12.7)	19,438 (2.8)
2009-10	75,905 (9.5)	59,742 (7.5)	2,743 (0.3)	13,420 (1.7)	1,01,521 (12.7)	25,553 (3.2)
2010-11	92,993 (10.2)	76,225 (8.3)	3,323 (0.4)	13,445 (1.5)	1,28,284 (14.0)	33,283 (3.6)
2011-12	1,14,675 (10.9)	91,595 (8.7)	3,633 (0.3)	19,447 (1.8)	1,52,453 (14.5)	37,533 (3.6)
2012-13	1,28,849 (10.8)	1,03,332 (8.6)	4,121 (0.3)	21,396 (1.8)	1,75,644 (14.7)	49,473 (4.1)
2013-14	1,41,083 (10.5)	1,11,423 (8.3)	4,609 (0.3)	25,051 (1.9)	1,89,077 (14.1)	55,134 (4.1)
2014-15	1,45,966 (9.6)	1,23,977 (8.2)	4,821 (0.3)	17,168 (1.1)	2,04,383 (13.5)	60,377 (4.0)
2015-16	171,512 (10.0)	146,220 (8.4)	5,644 (0.3)	19,648 (1.1)	2,30,718 (13.3)	69,409 (4.0)
2016-17 <sup>o</sup>	2,42,752 (12.4)	2,03,152 (10.4)	7,250 (0.4)	32,350 (1.6)	3,40,605 (17.4)	1,10,700 (5.6)
2016-17 <sup>R</sup>	2,18,500 (11.2)	1,85,000 (9.4)	7,261 (0.4)	26,239 (1.4)	3,17,174 (16.2)	1,10,700 (5.7)

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

**Table 9: Progress in External Sector Indicators**

Fiscal Year	Export (Billion US\$)	Import (Billion US\$)	Remittance (Billion US\$)	Gross Foreign Exchange Reserve	Current Account Balance (% GDP)	Exchange Rate (BDT/US\$)
2006-07	12.2	17.2	6.0	5.1	1.2	69.1
2007-08	14.1	21.6	7.9	6.1	0.8	68.6
2008-09	15.6	22.5	9.7	7.5	2.4	68.8
2009-10	16.2	23.7	11.0	10.7	3.2	69.2
2010-11	22.9	33.7	11.7	10.9	-1.3	71.2
2011-12	24.3	35.5	12.8	10.4	-0.3	81.9
2012-13	27.0	34.1	14.5	15.3	2.0	77.8
2013-14	30.2	40.7	14.2	21.5	1.0	77.7
2014-15	31.2	40.6	15.3	25.0	1.5	77.7
2015-16	34.4	42.9	14.9	30.1	1.7	78.3
2016-17	28.7 <sup>a</sup>	35.0 <sup>b</sup>	10.3 <sup>a</sup>	32.1 <sup>c</sup>	-0.56 <sup>b</sup>	80.5 <sup>c</sup>

Source: Bangladesh Bank, <sup>a</sup> Up to April, <sup>b</sup> Up to March, <sup>c</sup> Up to May

**Table 10: Progress in Financial Sector Indicators**

Fiscal Year	Branch Of Bank	Financial Deepening (M2/GDP)	Broad Money (M2) Growth (%)	Private Sector Credit Disbursements (In thousand crore Tk.)	Agricultural loan Disbursement (In thousand crore Tk.)	Industrial loan Disbursement (In thousand crore Tk.)	Interest rate on loans (Weighted average)	Interest Rate Spread
2006-07	6,596	38.5	17.1	152.2	5.3	12.4	12.78	5.93
2007-08	6,747	39.6	17.6	190.1	8.6	20.2	12.29	5.34
2008-09	6,936	42.1	19.2	217.9	9.3	20.0	11.87	4.86
2009-10	7,246	45.5	22.4	270.8	11.1	25.0	11.31	5.30
2010-11	7,712	48.1	21.3	340.7	12.2	32.2	12.42	5.15
2011-12	8,059	49.0	17.4	407.9	13.2	35.3	13.75	5.60
2012-13	8,427	50.3	16.7	452.2	14.7	42.5	13.67	5.13
2013-14	8,794	52.1	16.1	507.6	16.0	42.3	13.10	5.31
2014-15	9,131	52.0	12.4	574.6	16.0	59.8	11.67	4.87
2015-16	9,397	52.8	16.3	671.0	17.6	65.5	10.39	4.85
2016-17	9,680 <sup>a</sup>	49.3 <sup>a</sup>	13.1 <sup>a</sup>	738.6 <sup>a</sup>	17.2 <sup>b</sup>	32.6 <sup>c</sup>	9.7 <sup>a</sup>	4.69 <sup>a</sup>

Source: Bangladesh Bank, <sup>a</sup>Till March, <sup>b</sup>Till March, annually, <sup>c</sup>Till December

## Annexure-B

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**Agriculture Sector:****(a) Reduction/increase of Customs Duty on some agro products:**

Sl. No.	Description of goods	Existing Rate	Proposed Rate
(1)	(2)	(3)	(4)
1.	Soya beans meals	CD-10%	CD-0%, RD-10%
2.	Manioc (cassava) starch	CD-5%	CD-15%
3.	Other starches	CD-5%	CD-15%
4.	Other soya beans meals	CD-5%	CD-10%
5.	Oil-cake and solid residues	CD-0%	Cd-5%
6.	Oil-cake of cotton seeds	CD-0%	CD-5%
7.	Oil-cake of linseed	CD-0%	CD-5%
8.	Oil-cake of sunflower seeds	CD-0%	CD-5%
9.	Oil-cake of coconut or copra	CD-0%	CD-5%
10.	Oil-cake of palm nuts or kernels	CD-0%	CD-5%
11.	Shading net	CD-25%	CD-10%

**(b) Concession of duty and taxes on parts of agricultural machineries:**

Heading No.	H.S.Code	Description of goods
(1)	(2)	(3)
40.09	4009.12.00	Tubes, pipes and hoses with fittings
	4009.42.00	Tubes, pipes and hoses with fitting
40.10	4010.32.00	Endless transmission belts
73.01	7301.10.00	Perforated sheet
73.18	7318.15.90	Screw and bolts
	7318.16.00	Nuts
	7318.21.00	Spring washers and lock washers
73.20	7320.20.00	Helical springs
84.08	8408.90.90	Diesel engine for use in agriculture
84.09	8409.99.10	Spare parts of diesel engine for use in agriculture
84.32	8432.90.00	Spindle
84.33	8433.11.00	Cutting device
84.83	8483.40.00	Gear and gearing
	8483.50.00	Elywheels and pulleys
	8483.90.00	Chain sprocket
84.84	8484.10.00	Gasket
84.87	8487.90.00	Machinery parts
87.08	8708.30.00	Brakes & servo brakes and parts thereof
	8708.93.00	Clutches & parts of agricultural machine
90.26	9026.80.00	Temperature gauge

Heading No.	H.S.Code	Description of goods
(1)	(2)	(3)
90.31	9031.80.00	Moisture meter.

**Table-2**

**(a) Ceramic Industry:**

**Concession of duty and taxes on raw materials used in ceramic industries:**

Sl. No.	Description of goods	Existing Rate (CD %)	Proposed Rate (CD %)
(1)	(2)	(3)	(4)
1	Talc	10	5
2	Alumina liner	15	10
3	Crude mica and mica rifted into sheets or splittings	10	5

**(b) Battery Industry:**

**Reduction of duty and taxes on raw materials used in battery industries:**

Sl. No.	Description of goods	Existing Rate (CD %)	Proposed Rate (CD %)
(1)	(2)	(3)	(4)
1	Zinc callots	10	5
2	Antimony and articles thereof, including waste and scrap.	10	5
3	Arsenic	10	5

**(c) Solar panel:**

**Increase of duty and taxes on solar module or panel:**

Sl. No.	Description of goods	Existing Rate (CD %)	Proposed Rate (CD %)
(1)	(2)	(3)	(4)
1	Solar modules or panels	0	10

**Table-3**

**Transport Sector:**

(a) **Motorcycle :** Analysing the system developed by the leading countries in motorcycle manufacturing, an S.R.O has been issued for providing special concession to the local motorcycle manufacturing industries and Vendors engaged in manufacturing motorcycle parts on importation of raw materials and spare parts of motorcycle.

(b) **Hybrid motor car :** In order to reduce pollution and fuel cost duty

and taxes on hybrid motor vehicle has been reduced (See Table - 6 of Annexure-B).

**Table-4**

**Information and Communication Technology (ICT):**

In order to promote local investment in ICT sector, duty and taxes on finished goods and software has been increased rationally. Moreover, to promote local industry, duty & taxes on parts and raw materials required to assemble or manufacture Computer, Laptop, Tab and Celluler phone has been reduced.

**(a) Consession given to raw materials/parts required to manufacture or assemble Computer, Laptop & Tab:**

Sl. No.	H.S. Code	Description of goods	Existing Rate (%)	Proposed S.R.O Rate (%)
(1)	(2)	(3)	(4)	(5)
1.	3209.90.90	Color paints or varnishes	25	1
2.	3214.90.00	Silica Gel	25	1
3.	3402.90.90	Thermal irresponsive Glue	25	1
4.	3506.99.00	Thermal Pest; Processor Thermal Pest	15	1
5.	3812.20.00	Plastic/ Rubber Additives (Controller);	5	1
6.	3903.30.90	Acrylonitrile Butadiene Styrene (ABS) Resin	5	1
7.	3907.40.90	Polycarbonate (PC) Resin	5	1
8.	3919.10.90	Adhesive Type Foam; Adhesive Type Thermal Tape; Double Side Adhesive Tape	25	1
9.	3919.90.99	Tape Mylar	25	1
10.	3926.90.99	Sponge for Case	25	1
11.	3926.90.99	A-cover; B-cover; C-cover; D-cover; Back Cover; Side Cover – Left; Side Cover –Right [For Computer Monitor, Laptop Monitor, Tab, Keyboard and Mouse]	25	1
12.	4016.99.90	Stand Rubber; Thermal Pad	25	1
13.	5603.11.90	Conductive Fabric	25	1
14.	7019.32.90	Glass fiber	25	1
15.	7020.00.90	Glass Cover Sheet for Monitor	25	1

Sl. No.	H.S. Code	Description of goods	Existing Rate (%)	Proposed S.R.O Rate (%)
(1)	(2)	(3)	(4)	(5)
16.	7226.99.90	Processed Plain Metal-Alloy Sheet For Mobile Housing; Decoration Steel sheet For making Computer Body Casing	10	1
17.	7318.15.90	Screw	25	1
18.	7318.22.00	Washer	25	1
19.	7326.19.00	Protector Steel	25	1
20.	7607.20.99	Bottom Case Aluminium Foil	5	1
21.	8471.70.00	Internal Hard Disk Drive (HDD); Internal Solid State Drive (SSD); Random Access Memory (RAM); Embedded Multimedia Card (EMMC)	5	1
22.	8473.30.00	Keypad; Bottom Case	5	1
23.	8473.30.00	Fan Module; Jointing Roller; RAM Module; Memory Module; Camera Module; CCD LENS module; CPU Heat Sink Module ; Liquid Crystal Module; HDD Board Module; Panel Mirrors	5	1
24.	8473.30.00	Solid Static Devices (SSD) Slot; Sim Slot; T-card Slot; Earphone Port; Connecting ports/slots; HDD caddy; Stand Silver; Internal Optical Device Drive (ODD)	5	1
25.	8473.30.00	CPU Chips; Tuner; Graphics Card; Loaded Printed Circuit Board (PCB)	5	1
26.	8473.30.00	Antenna; Antenna WLAN Combo; Receiver; Mic; Keypad Dome; Receiver; Vibrator	5	1
27.	8473.30.00	LCD hinge; Hinge Ring; Steel Frame Hinge; Gears; Battery Cell; Battery Board;	5	1
28.	8473.30.00	CPU supporter Base; CPU Support Bracket Single Edge Contact Cartridge (SECC); Lid PWR SW Board; VGA Support Single Edge Contact Cartridge (SECC); Battery Charge Input Pin; Charging Pin; Input-Output (I/O) Port	5	1
29.	8504.31.00	Transformer	10	1
30.	8506.50.00	Battery 3V	25	1
31.	8507.60.00	Lithium Ion Battery	25	1
32.	8518.29.00	Speaker	25	1
33.	8529.90.90	Touch Panel; Touch Pad	5	1
34.	8532.29.00	Capacitor	10	1

Sl. No.	H.S. Code	Description of goods	Existing Rate (%)	Proposed S.R.O Rate (%)
(1)	(2)	(3)	(4)	(5)
35.	8533.29.00	Resistor	10	1
36.	8534.00.00	Unloaded Printed Circuit Board (PCB)	10	1
37.	8535.21.10	Circuit Breakers	10	1
38.	8536.69.00	2 pin Connector Plug; Connectors; Sockets	25	1
39.	8541.10.00	Diode	5	1
40.	8541.29.00	Transistor	5	1
41.	8541.60.00	Crystal Oscillator	5	1
42.	8542.39.90	Integrated Circuit	10	1
43.	8544.19.90	Power Switch Board; Flexible Flat Cable Motherboard to Audio Board; Flexible Flat Cable for Power Board To Mother Board; Flexible Flat cable Mother Board to Audio Board; Ribbon cables; Low Voltage serial (LVS) Cable; Power Cord; Speaker cable; USB Cable; Wire Cable forccD D-MIC; Wire Cable For Lid	25	1
44.	8544.42.00	Cable Fitted with Connector	25	1
45.	8546.90.00	Heat Sink	10	1
46.	9001.90.90	LCM Protective lens; Camera Protective Lens	10	1
47.	9006.69.00	LED/ Flash Light	10	1
48.	9013.90.10	Open Cell (Display Panel); Polarizing Film; Optical Film; Light Guide Plate; Reflector; Wave Guide	5	1
49.	9013.90.10	Diffuser (Back light controller)	5	1
50.	9405.40.90	Backlight	25	1

**(b) Consession given to raw materials/parts required to manufacture or assemble Cellular phone:**

Sl. No.	H.S. Code	Description of goods	Existing Rate (%)	Proposed S.R.O Rate (%)
(1)	(2)	(3)	(4)	(5)
1.	2825.90.00	Lithium Cobalt Oxide	10	1
2.	2904.20.00	N-Methyl-2-Pyrrolidone (NMP)	10	1
3.	3206.11.00	PC Light Blue Masterbatch EP-48060	5	1
4.	3209.90.90	Color Paint or Varnishes	25	1
5.	3214.90.00	Silica Gel	25	1
6.	3801.10.00	Conductive Carbon black; Meso Carbon Micro Beads (MCMB)	10	1

Sl. No.	H.S. Code	Description of goods	Existing Rate (%)	Proposed S.R.O Rate (%)
(1)	(2)	(3)	(4)	(5)
7.	3812.20.00	Plastic/Rubber Additives	5	1
8.	3824.99.90	1M Lithium HexaFlouride Phosphate (LiPF6) EC:DMC:DEC: 2:1:2 vol% (prepared binders)	10	1
9.	3903.30.90	Acrylonitrile-Butadiene-Styrene (ABS) Copolymers	5	1
10.	3904.90.00	PVDF (Poly Vinylidene Fluoride)	5	1
11.	3907.40.90	Polycarbonates	5	1
12.	3912.31.00	CMC (Carboxymethyl cellulose)	5	1
13.	3919.10.90	Adhesive Type Foam; Adhesive Tape (Polypropylene 32 um)	25	1
14.	3919.90.99	Tape Mylar	25	1
15.	4002.19.00	Styrene-Butadiene Rubber (SBR)	5	1
16.	4002.99.00	Plastic (thermoplastic) 92um	5	1
17.	4802.69.00	Optically Clear Adhesive (OCA) Paper	25	1
18.	5603.11.90	Conductive Fabric	25	1
19.	7019.32.90	Glass Fiber	25	1
20.	7226.99.90	Processed Plain Metal-Alloy Sheet For Mobile Housing; Decoration Steel Sheet For making Mobile Body Casing	10	1
21.	7318.15.90	Screw	25	1
22.	7410.11.00	Copper foil 9um	10	1
23.	7607.11.90	Aluminium foil 15um	15	1
24.	8504.31.00	Transformer	10	1
25.	8517.70.00	Aluminium cover 320 um; Separator (Nickel tape/Aluminium Tape) 15um; Backlight Panel	10	1
26.	8517.70.00	Vibrator; Motor; Touch Panel; Touch Panel Glass for mobile phone; Liquid Crystal Module; Camera Module; Input-Output (I/O) Port; Internal Earphone; Microphone; Antena; Receiver;	10	1
27.	8518.29.00	Speaker	25	1
28.	8523.29.12	Software With CD	5	1
29.	8532.29.00	Capacitor	10	1
30.	8533.29.00	Resistor	10	1
31.	8534.00.00	Unloaded Printed Circuit Board	10	1
32.	8536.90.90	2 Pin Connector Plug; Connector	25	1
33.	8541.10.00	Diode	5	1
34.	8541.29.00	Transistor	5	1
35.	8541.40.90	Light Emiting Diodes (LED)	5	1
36.	8542.39.90	Ball Grid Array Integrated Circuit (BGA IC); Display Driver IC	10	1

Sl. No.	H.S. Code	Description of goods	Existing Rate (%)	Proposed S.R.O Rate (%)
(1)	(2)	(3)	(4)	(5)
37.	8544.19.90	Flexible Printed Cable (FPC), USB Cable; OTG Cable	25	1
38.	8544.42.00	Cable Fitted With Connector	25	1
39.	8546.90.00	Heat Sink	10	1
40.	9001.90.90	LCM Protective lens; Camera Protective Lens	10	1
41.	9013.90.10	Diffuser (Back light controller)	5	1
42.	3926.90.99	Back cover; Front Cover; Side cover	25	10
43.	4811.41.90	Screw Void Paper Sticker & IMEI Label Paper Sticker	25	10
44.	8507.60.00	Lithium Battery	25	10

**Table-5**

**Energy Sector:**

All machineries essential to establish LPG bottling plant have been given concessional rate of duty and taxes applicable for capital machinery. Moreover customs duty on LPG cylinder has been proposed to reduce. Furthermore necessary changes have been made in BCT to create clarity in the assessment of LPG or LNG driven vehicle.

Sl. No.	Description of goods	Existing Rate (CD %)	Proposed Rate (CD %)
(1)	(2)	(3)	(4)
1	LP gas cylinder capacity below 5000 litres	10	5

**Table-6**

**Rationalization of Tariff:**

**(a) Goods on which Customs duty has been reduced:**

Sl. No.	H.S. Code	Description	Existing Rate (%)	Proposed Rate (%)
(1)	(2)	(3)	(4)	(5)
1.	0904.11.90	Pepper	25	5
2.	0906.11.90	Cinnamon	25	5
3.	0908.31.90	Cardamoms	25	5
4.	0909.31.90	Seeds of Cumin	25	5
5.	1208.10.00	Soya beans meals	10	0
6.	2516.20.00	Sandstone	10	5
7.	2526.20.10	Talc	10	5
8.	2804.80.00	Arsenic	10	5
9.	2811.22.00	Silicon dioxide	10	5
10.	2823.00.00	Titanium oxides.	10	5
11.	2844.40.10	Radioactive isotopes	5	0

Sl. No.	H.S. Code	Description	Existing Rate (%)	Proposed Rate (%)
(1)	(2)	(3)	(4)	(5)
12.	2853.10.00	Cyanogen chloride (chlorcyan)	10	5
13.	2853.90.00	Other	10	5
14.	2902.30.00	Toluene	10	5
15.	2915.31.00	Ethyl acetate	10	5
16.	3505.20.00	Glues	15	5
17.	3505.10.00	Dextrin and other modified starches	15	5
18.	3824.60.00	Sorbitol other than that of sub-heading 2905.44	10	5
19.	3506.10.00	Products suitable for use as glues or adhesives	15	5
20.	3506.99.00	Other	15	5
21.	3707.10.00	Sensitising emulsions	15	5
22.	3916.20.00	Of polymers of vinyl chloride	5,10	5
23.	3926.40.00	Plastic beads	25	5
24.	4420.10.00	Wooden beads	10	5
25.	7018.10.00	Glass beads	25	5
26.	40.01 (All H.S. Codes)	Natural rubber, balata, gutta-percha, guayule chicle etc.	10	5
27.	4007.00.00	Vulcanised rubber thread and cord.	10	5
28.	4010.34.00	Conveyor of transmission belts or belting, of vulcanised rubber	25	5
29.	4016.99.90	Rubber guard rear	25	5
30.	5403.32.00	Viscose rayon, with a twist exceeding 120 turns per metre	10	5
31.	6805.10.00	On a base of woven textile fabric only	25	10
32.	6805.20.00	On a base of paper or paperboard only	25	10
33.	6903.10.90	Other	15	10
34.	6903.20.30	Alumina liner	15	10
35.	6903.20.90	Other	15	10
36.	6903.90.90	Other	15	10
37.	72.18 (All H.S. Code)	Stainless steel in ingots or other primary forms	5	0
38.	7202.11.00	Ferro-manganese	5	0
39.	7202.21.00	Ferro-silicon	5	0
40.	7202.30.00	Ferro-silico-manganese	5	0
41.	7407.10.00	Refined copper bar, rods and profiles	25	5
42.	7615.10.90	Parts of table, kitchen or other articles of alluminium	25	15
43.	7901.11.10	Zinc callots	10	5
44.	81.10 (All H.S. Code)	Antimony and articles thereof, including waste and scrap.	10	5
45.	8504.90.30	Parts of static converter	25	10
46.	2525.10.00	Crude mica and mica rifted into	10	5

Sl. No.	H.S. Code	Description	Existing Rate (%)	Proposed Rate (%)
(1)	(2)	(3)	(4)	(5)
		sheets or splittings		
47.	7311.00.20	LP gas cylinder capacity below 5000 litres	10	5

**(b) Goods on which Customs duty has been increased:**

Sl. No.	H.S. Code	Description	Existing Rate (%)	Proposed Rate (%)
(1)	(2)	(3)	(4)	(5)
1.	0904.21.90	Other dried or neither crushed or ground	5	10
2.	1108.14.00	Manioc (cassava) starch	5	15
3.	1108.19.00	Other starches	5	15
4.	1208.90.00	Other soya beans meals	5	10
5.	1211.90.19	Other plants and parts of plants	5	10
6.	1401.10.00	Bamboos	0	5
7.	1805.00.00	Cocoa powder, not containing added sugar	10	25
8.	1806.10.00	Cocoa powder, containing added sugar	10	25
9.	1901.90.20	Dry mixed ingredients of food preparations in bulk	15	25
10.	2305.00.00	Oil-cake and solid residues	0	5
11.	2306.10.00	Of cotton seeds	0	5
12.	2306.20.00	Of linseed	0	5
13.	2306.30.00	Of sunflower seeds	0	5
14.	2306.49.00	Other	0	5
15.	2306.50.00	Of coconut or copra	0	5
16.	2306.60.00	Of palm nuts or kernels	0	5
17.	2306.90.00	Other	0	5
18.	2309.90.90	Poultry feed finished	5	10
19.	2514.00.00	Slate, whether or not roughly trimmed or merely cut	10	25
20.	2922.41.00	Lysine and its esters	0	5
21.	3701.30.10	Unexposed photosensitive plates	1	5
22.	4811.59.10	Aseptic pack	5	10
23.	4823.40.00	Rolls, sheets and dials, printed for self recording apparatus	5	10
24.	4901.99.90	Other books	0	5
25.	6803.00.00	Worked slate and articles of slate or of agglomerated slate.	10	25
26.	6804.21.00	Of agglomerated synthetic or natural diamond	1	5
27.	6804.22.00	Of other agglomerated abrasives or of ceramics	1	5
28.	6804.23.00	Of natural stone	1	5
29.	6805.30.00	On a base of other materials	1	10
30.	6902.90.00	Other	1	10

Sl. No.	H.S. Code	Description	Existing Rate (%)	Proposed Rate (%)
(1)	(2)	(3)	(4)	(5)
31.	7419.99.20	Cloth, grill, and netting of copper wire	1	10
32.	7419.99.90	Other articles of copper.	10	25
33.	7604.10.00	Bars, rods and profiles of aluminium, not alloyed	10	15
34.	7604.21.00	Hollow profiles of aluminium alloys	10	15
35.	7604.29.00	Other bars, rods and profiles of aluminium	10	15
36.	7616.99.00	Other	10	25
37.	8507.20.10	Sealed lead acid battery (capacity 85 amp or less)	15	25
38.	8517.12.10	Cellular telephone set	5	10
39.	8517.61.00	Base stations	5	10
40.	8517.62.10	Transmitting and receiving apparatus	5	10
41.	8517.62.20	Telephonic or telegraphic switching apparatus	5	10
42.	8517.62.30	Modem; Ethernet interface card; network switch; hub; router	5	10
43.	8517.62.40	Grandmaster clock; modulator; multiplexer	5	10
44.	8522.90.10	For apparatus of Heading 85.19	10	25
45.	8523.29.11	Recorded magnetic media	5	10
46.	8523.29.12	Database software	2	25
47.	8523.29.13	Other computer software	5	10
48.	8523.29.90	Other	5	10
49.	8523.41.00	Optical media: unrecorded	5	10
50.	8523.49.10	Recorded magnetic media	5	10
51.	8523.49.21	Database software	2	25
52.	8523.49.29	Other computer software	5	10
53.	8523.51.10	Flash memory card	5	10
54.	8523.59.10	Proximity Cards and tags	5	10
55.	8523.59.90	Other	5	10
56.	8534.00.00	Printed circuits.	10	5
57.	8538.90.10	Parts of electrical goods	10	25
58.	8538.90.90	Other	10	25
59.	8541.40.20	Solar modules or panels	0	10
60.	8701.20.00	Road tractors for semi-trailers	1, 5	5
61.	8716.80.00	Other vehicles	1	5
62.	9028.30.20	Pre-payment KWH meter	10	15
63.	2942.00.90	Other organic compounds.	0	5
64.	75.05 (All H.S. Codes)	Nickel bar, rods, profiles and wire.	25	15
65.	75.06 (All H.S. Codes)	Nickel plates, sheets, strip and foil.	25	15
66.	7508.10.00	Cloth, grill and netting	10	15

Sl. No.	H.S. Code	Description	Existing Rate (%)	Proposed Rate (%)
(1)	(2)	(3)	(4)	(5)
67.	7508.90.90	Other articles of nickel.	10	15
68.	8101.96.00	Tungsten wire	5	10
69.	8523.29.11	Recorded magnetic media	5	15
70.	8523.29.13	Other computer software	5	15
71.	8523.29.90	Other	5	15
72.	8523.41.00	Unrecorded Optical media	5	15
73.	8523.49.10	Recorded magnetic media	5	15
74.	8523.49.29	Other computer software	5	15
75.	8523.51.10	Flash memory card	5	15
76.	8523.59.10	Proximity Cards and tags	5	15
77.	8523.59.90	Other	10	15
78.	8525.50.90	Transmission apparatus	5	10
79.	8525.60.90	Other Transmission apparatus	5	10
80.	9018.39.19	Infusion set and related articles	5	10
81.	9021.29.00	Artificial teeth & dental fittings	0	5
82.	9021.31.00	Artificial joints	0	5
83.	3701.30.10	Printing plate	1	5
84.	4016.93.00 4016.94.00 4016.99.10	Articles and accessories of rubber	1	5
85.	4415.20.10	Wooden packing materials	1	5
86.	4417.00.00	Wood and articles of wood	1	5
87.	5607.49.10	Twine, cordage, rope and cables	1	5
88.	5608.11.10	Fishing net for fishing trawler	1	5
89.	5609.00.10	Twine, cordage, rope and cables	1	5
90.	6804.21.00 6804.22.00 6804.23.00	Article of stone, cement, mica etc.	1	5
91.	6805.30.00	Abrasive powder or grain	1	10
92.	6901.00.90	Ceramic product	1	5
93.	6902.90.00	Ceramic product	1	10
94.	6909.19.10 6909.19.90 6909.90.00	Ceramic jar and similar products	1	5
95.	7315.11.90 7315.12.00	Other chain	1	10
96.	74.12 (All HS code)	Pipe fittings of copper	1	5
97.	7415.29.00 7415.33.90 7415.39.00	Screw, nut, bolt, etc.	1	5 15 15
98.	7419.99.20	Copper articles	1	10
99.	75.07 (All HS Code)	Tubes, pipes and fittings	1	15
100.	76.08 (All HS code)	Aluminium tubes and pipes	1	10
101.	7609.00.00	Aluminium fittings	1	10

Sl. No.	H.S. Code	Description	Existing Rate (%)	Proposed Rate (%)
(1)	(2)	(3)	(4)	(5)
102.	8104.90.10	Tubes and pipes of Magnesium	1	10
103.	8508.60.10	Vacuum cleaner	1	5
104.	8543.90.00	Parts	1	5
105.	8547.90.00	Insulator	1	25

**(c) Goods on which Supplementary Duty (SD) has been Reduced/Increased/ Imposed:**

**Special Note:**

\*(a) Customs Duty on Pepper, Cinnamon, Cardamoms, Seeds of Cumin etc has been reduced from 25% to 5%. To address the probable revenue loss due to this adjustment in Customs Duty, 50% supplementary duty instead of 20% has been imposed on these items.

(b) In addition to these, the existing structure of Supplementary Duty has been rationalized. As a result of such rationalization, in general, 10% SD has been withdrawn; 20% and 30% SD rate has been merged into 25%; and 45% and 60% SD rate has been merged into 50%.

Sl. No.	H.S. Code	Description of goods	Existing Rate (%)	Proposed Rate (%)
(1)	(2)	(3)	(4)	(5)
1.	0904.11.90	Pepper*	20	50
2.	0906.11.90	Cinnamon*	20	50
3.	0908.31.90	Cardamoms*	20	50
4.	0909.31.90	Seeds of Cumin*	20	50
5.	2106.90.60	Food supplement	0	25
6.	2521.00.90	Lime stone	0	25
7.	2807.00.00	Sulphuric acid	20	25
8.	33.04 (All H.S. Code)	Beauty or make-up preparations	45	50
9.	33.05 (All H.S. Code)	Preparations for use on the hair.	60	50
10.	33.06 (All H.S. Code)	Preparations for oral or dental hygiene, including denture fixative paste	20	25
11.	33.07 (All H.S. Code)	Pre-shave, shaving or after-shave preparations, personal deodorants, bath preparations, depilatories and other perfumery, cosmetic or toilet preparations	20	25
12.	34.01 (All H.S. Code)	Soap; organic surface-active	20	25

Sl. No.	H.S. Code	Description of goods	Existing Rate (%)	Proposed Rate (%)
(1)	(2)	(3)	(4)	(5)
	Codes)	products and preparations for use as soap,		
13.	3824.99.40	Bottle/Refil used in Electronic Nicotine Delivery System (ENDS)	0	100
14.	3926.40.00	Plastic beads	30	25
15.	4420.10.00	Wooden beads	0	25
16.	6803.00.00	Worked slate and articles of slate	0	50
17.	7006.00.00	Edge-worked glass	0	25
18.	7018.10.00	Glass beads	0	25
19.	7320.10.00	Leaf-springs and leaves therefore	20	0
20.	7323.99.90	Table/kitchenware of stainless steel	20	25
21.	8415.90.91	Parts of air conditioner	60	25
22.	8543.70.50	Electronic Nicotine Delivery System (ENDS)	0	100
23.	Heading 87.03 (Respective H.S. Code)	Motor car and Other motor vehicle including station wagon in CBU condition		
24.		(1) Auto rickshaw or three wheeler with engine	20	25
25.		(2) CNG or Battery operated four stroke auto rickshaw or three wheeler	20	25
26.		(3) Electric battery operated motor car	20	25
27.		(4) Motor car or other motor vehicle including station wagon in CBU condition (Excluding Hybrid motor car, Ambulance and Electric operated motor car).		
28.		(a) upto 1600cc	45	45
29.		(b) exceeding 1600cc but not exceeding 2000cc (excluding microbus)	100	100
30.		(c) (i) exceeding 2000cc but not exceeding 2750cc	200	200
		(c) (ii) exceeding 2750cc but not exceeding 3000cc	350	
31.		(d) exceeding 3000cc but not exceeding 4000cc	350	350
32.		(e) exceeding 4000cc	500	500
33.		(f) upto 1800cc microbus	45	45

Sl. No.	H.S. Code	Description of goods	Existing Rate (%)	Proposed Rate (%)
(1)	(2)	(3)	(4)	(5)
34.		(g) exceeding 1800cc but not exceeding 2000cc microbus	60	60
35.		(5) Motor car, motor vehicle, station wagon and jeep in CKD		
36.		(a) upto 1600cc	30	25
37.		(b) exceeding 1600cc but not exceeding 2000cc	30	60
38.		(c) exceeding 2000cc but not exceeding 3000cc	60	150
39.		(d) exceeding 3000cc but not exceeding 4000cc	60	300
40.		(e) exceeding 4000cc	60	350
41.	Heading 87.03 (Respective H.S. Code)	Hybrid motor car & other hybrid vehicle including station wagon in CBU condition		
42.		(a) upto 1600cc	30	25
43.		(b) exceeding 1600cc but not exceeding 2000cc	60	45
44.		(c) exceeding 2000cc but not exceeding 3000cc	150	60
45.		(d) exceeding 3000cc but not exceeding 4000cc	300	100
46.		(e) exceeding 4000cc	500	300
47.		(f) upto 1800cc microbus	45	25
48.		(g) exceeding 1800cc but not exceeding 2000cc microbus	60	45
49.		(h) exceeding 200cc microbus	Same as other motor car	60
50.	Heading 87.04	Double cabin pic-up in CBU condition with minimum four doors		
51.	8704.21.12 8704.31.12	(a) upto 1600cc	45	45
52.	8704.21.13 8704.31.13	(b) exceeding 1600cc but not exceeding 2000cc	60	60
53.	8704.21.14 8704.31.14	(c) exceeding 2000cc but not exceeding 3000cc	60,350	100
54.	8704.21.15 8704.31.15	(d) exceeding 3000cc but not exceeding 4000cc	350	350
55.	8704.21.16 8704.31.16	(e) exceeding 4000cc	500	500
56.	Heading 87.06 (Respective H.S. Code)	Chassis fitted with engines, for the motor vehicles of headings 87.03:		

Sl. No.	H.S. Code	Description of goods	Existing Rate (%)	Proposed Rate (%)
(1)	(2)	(3)	(4)	(5)
57.		(1) Chassis fitted with engine of two stroke auto rickshaw or three wheeler	20	25
58.		(2) Chassis fitted with engine of four stroke auto rickshaw or three wheeler	20	25
59.		(3) upto 1800cc microbus	0	25
60.		(4) exceeding 1800cc but not exceeding 2000cc microbus	0	50
61.		(5) Motor car, motor vehicle, station wagon and jeep		
62.		(a) upto 1600cc	0	25
63.		(b) exceeding 1600cc but not exceeding 2000cc	0	60
64.		(c) exceeding 2000cc but not exceeding 3000cc	0	150
65.		(d) exceeding 3000cc but not exceeding 4000cc	0	300
66.		(e) exceeding 4000cc	0	350
67.	Heading 87.06 (Respective H.S. Code)	Chassis fitted with engines, for the double cabin pick-up of headings 87.04 :		
68.		(a) upto 1600cc	0	25
69.		(b) exceeding 1600cc but not exceeding 2000cc	0	45
70.		(c) exceeding 2000cc but not exceeding 3000cc	0	60
71.		(d) exceeding 3000cc but not exceeding 4000cc	0	200
72.		(e) exceeding 4000cc	0	300
73.	8707.10.00	Bodies for the vehicles of heading 87.03	0	50
74.	8711.10.11 8711.10.91 8711.20.11 8711.20.91	Motorcycles, in CBU with four-stroke engine	60	60
75.	8711.10.21 8711.10.92 8711.20.21 8711.20.92	Motorcycles, in CKD with four-stroke engine	45	45

**(d) Goods attracting 25% of customs duty but exempted from Regulatory Duty (RD) (effective from 1 July, 2017):**

Sl. No.	H.S. Code	Description of goods
(1)	(2)	(3)

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

**(e) Regulatory Duty(RD) to be imposed on goods attracting less than 25% of customs duty (effective from 1 June, 2017):**

[N.B. (a) As a part of tariff rationalization different rates of Regulatory duty have been imposed on the following goods, although they are not under highest Customs duty rate.

(b) Besides that different rates of regulatory duty have been imposed on chassis fitted with engines in order to keep a 40% difference from their respective CBU condition vehicle.]

Sl. No.	H.S. Code	Description of goods	RD Rate (%)
(1)	(2)	(3)	(4)
1.	1208.90.00	Other flours and meals of oil seeds or oleaginous fruits	10
2.	2516.20.00	Sandstone	20

Sl. No.	H.S. Code	Description of goods	RD Rate (%)
(1)	(2)	(3)	(4)
3.	2516.90.10	Boulder stone	15
4.	2620.99.10	Fly ash	10
5.	2807.00.00	Sulphuric acid; oleum	15
6.	3006.50.00	First-aid boxes and kits	10
7.	3505.10.00	Dextrin and other modified starches	15
8.	3505.20.00	Glues	15
9.	3506.10.00	Products for use as glues or adhesives	15
10.	3506.99.00	Other Adhesives based on polymers	15
11.	3707.10.00	Sensitising emulsions	10
12.	3824.60.00	Sorbitol	15
13.	3926.40.00	Statuettes and other ornamental articles	20
14.	Heading 40.01 (All H.S. Code)	Natural rubber, balata, gutta-percha	10
15.	4010.34.00	Conveyor of transmission belts	20
16.	4016.99.90	Rubber guard rear	20
17.	4420.10.00	Statuettes and other ornaments, of wood	20
18.	7018.10.00	Glass beads	20
19.	Heading 72.01 (All H.S. Code)	Pig iron	5
20.	7202.11.00	Ferro manganese	15
21.	7202.21.00	Ferro silicon	15
22.	7202.30.00	Ferro-silico-manganese	15
23.	Heading 72.03 (All H.S. Code)	Spong iron	5
24.	Heading 72.04 (All H.S. Code)	Ferrous waste & scrap	5
25.	Heading 72.06 (All H.S. Code)	Iron ingot	20
26.	Heading 72.07 (All H.S. Code)	Billet	20
27.	Heading 72.18 (All H.S. Code)	SS Ingot	20
28.	Heading 72.24 (All H.S. Code)	Alloy steel ingot	20
29.	7407.10.00	Copper bars, rods and profiles	15
30.	8703.24.32 8703.24.42 8703.33.52 8703.33.62	Motor cars and other vehicles, including station wagons, CKD	30
31.	8706.00.36	Chassis fitted with engines of headings 87.03 of a cylinder capacity exceeding 1600cc but not exceeding 2000cc	15
32.	8706.00.37	Chassis fitted with engines of headings 87.03 of a cylinder capacity exceeding 2000cc but not exceeding 3000cc	15
33.	8706.00.38	Chassis fitted with engines of headings 87.03 of a cylinder capacity exceeding 3000cc but not	10

Sl. No.	H.S. Code	Description of goods	RD Rate (%)
(1)	(2)	(3)	(4)
		exceeding 4000cc	
34.	8706.00.39	Chassis fitted with engines of headings 87.03 of a cylinder capacity exceeding 4000cc	35
35.	8908.00.00	Scrap vessels	5

**(f) Goods on which Customs duty has been introduced instead of specific duty:**

Sl. No.	H.S. Code	Description	Existing Duty	Proposed Duty
(1)	(2)	(3)	(4)	(5)
1.	72.01 (All H.S. Code)	Pig iron	Sp.Duty-Tk.1000/Mt	CD-0%, RD-5%,VAT-15%
2.	72.03 (All H.S. Code)	Spong iron	Sp.Duty-Tk.1000/ MT	CD-0%, RD-5%,VAT-15%
3.	72.04 (All H.S. Code)	Scrap	Sp.Duty-Tk.1500/MT	CD-0%, RD-5%,VAT-15%
4.	8908.00.00	Vessels and other floating structures for breaking up.	Sp. Duty-Tk 1500/MT	CD-0%, RD-5%,VAT-15%
5.	7206.10.00	Ingots	Sp.Duty-Tk.7000/MT	CD-0%,RD-20%,VAT-15%
6.	7206.90.00	Other	Sp.Duty-Tk.7000/MT	CD-0%,RD-20%,VAT-15%

**(g) Goods from which capital machinery benefit has been withdrawn:**

Sl. No.	H.S. Code	Description	Existing Rate (%)	Proposed Rate (%)
(1)	(2)	(3)	(4)	(5)
1.	3701.30.10	Unexposed photosensitive plates	1	5
2.	6804.21.00	Of agglomerated synthetic or natural diamond	1	5
3.	6804.22.00	Of other agglomerated abrasives or of ceramics	1	5
4.	6804.23.00	Of natural stone	1	5
5.	6805.30.00	On a base of other materials	1	10
6.	6902.90.00	Other	1	10
7.	7419.99.20	Cloth, grill, and netting of copper wire	1	10
8.	8716.80.00	Other vehicles	1	5
9.	3701.30.10	Printing plate	1	5
10.	4016.93.00 4016.94.00 4016.99.10	Articles and accessories of rubber	1	5

Sl. No.	H.S. Code	Description	Existing Rate (%)	Proposed Rate (%)
(1)	(2)	(3)	(4)	(5)
11.	4415.20.10	Wooden packing materials	1	5
12.	4417.00.00	Wood and articles of wood	1	5
13.	5607.49.10	Twine, cordage, rope and cables	1	5
14.	5608.11.10	Fishing net for fishing trawler	1	5
15.	5609.00.10	Twine, cordage, rope and cables	1	5
16.	6804.21.00 6804.22.00 6804.23.00	Article of stone, cement, mica etc.	1	5
17.	6805.30.00	Abrasive powder or grain	1	10
18.	6901.00.90	Ceramic product	1	5
19.	6902.90.00	Ceramic product	1	10
20.	6909.19.10 6909.19.90 6909.90.00	Ceramic jar and similar products	1	5
21.	7315.11.90 7315.12.00	Other chain	1	10
22.	74.12 (All HS code)	Pipe fittings of copper	1	5
23.	7415.29.00 7415.33.90 7415.39.00	Screw, nut, bolt, etc.	1	5 15 15
24.	7419.99.20	Copper articles	1	10
25.	75.07 (All HS Code)	Tubes, pipes and fittings	1	15
26.	76.08 (All HS code)	Aluminium tubes and pipes	1	10
27.	7609.00.00	Aluminium fittings	1	10
28.	8104.90.10	Tubes and pipes of Magnesium	1	10
29.	8508.60.10	Vacuum cleaner	1	5
30.	8543.90.00	Parts	1	5
31.	8547.90.00	Insulator	1	25

**(h) H.S. Codes against which description has been changed:**

Sl. No.	H.S. Code	Existing Description	Changed Description
(1)	(2)	(3)	(4)
1.	1901.90.20	Dry mixed ingredients of food preparations imported in bulk	Dry mixed ingredients of food preparations in bulk imported by VAT registered food processing industries
2.	2106.90.50	Coffee mate in bulk imported by VAT registered milk foodstuffs manufacturers	Creamer in bulk imported by VAT registered milk foodstuffs manufacturers
3.	3215.90.20	Ink for ball point pen	Ink for ball point pen imported by VAT registered ball point pen manufacturing industries
4.	3806.10.10	Gum rosin imported by VAT	Gum rosin imported by VAT

Sl. No.	H.S. Code	Existing Description	Changed Description
(1)	(2)	(3)	(4)
		registered paint or ink manufacturing industry	registered paint or ink or tyre tube manufacturing industry
5.	3919.90.91	Re-seal tape imported by VAT registered sanitary napkin manufacturers	Re-seal/Self adhesive tape imported by VAT registered sanitary napkin or electrical, electronics and home appliances manufacturers
6.	4813.10.10	Imported by VAT registered manufacturing industries	Imported by VAT registered tobacco products manufacturing industries
7.	4813.20.10	Imported by VAT registered manufacturing industries	Imported by VAT registered tobacco products manufacturing industries
8.	4813.90.10	Imported by VAT registered manufacturing industries	Imported by VAT registered tobacco products manufacturing industries
9.	6903.20.30	Alumina liner imported by VAT registered ceramic products manufacturing industries	Alumina liner imported by VAT registered ceramic or steel products manufacturing industries
10.	7411.10.10	Imported by VAT registered compressor manufacturing industry	Imported by VAT registered air conditioner or compressor manufacturing industry
11.	7419.99.10	Machinery parts; Cloth, grill, and netting of copper wire; expended metal of copper	Machinery parts
12.	7901.20.10	Imported by VAT registered alloy steel manufacturers	Imported by VAT registered alloy steel or refrigerator manufacturers
13.	8407.34.10	Bus or Truck engine with inbuilt CNG mechanism cylinder capacity exceeding 1,000cc	Bus or Truck engine with inbuilt CNG/LPG/LNG mechanism cylinder capacity exceeding 1,000cc
14.	8408.20.31	Bus or Truck engine with inbuilt CNG mechanism Engines of 2600cc or more	Bus or Truck engine with inbuilt CNG/LPG/LNG mechanism Engines of 2600cc or more
15.	8415.81.20	Air handling unit & HVAC system imported by VAT registered pharmaceutical industries requiring more than 2,00,000 BTU or equivalent	Air handling unit or HVAC system imported by VAT registered pharmaceutical industries requiring more than 2,00,000 BTU or equivalent
16.	8415.82.20	Air handling unit & HVAC system imported by VAT registered pharmaceutical industries requiring more than 2,00,000 BTU or equivalent	Air handling unit or HVAC system imported by VAT registered pharmaceutical industries requiring more than 2,00,000 BTU or equivalent
17.	8504.90.10	Transformer parts	Tap changer

Sl. No.	H.S. Code	Existing Description	Changed Description
(1)	(2)	(3)	(4)
18.	8504.90.30	Tap changer	Parts of static converter
19.	8507.20.10	Sealed: for use in UPS (capacity 85 amp or less)	Sealed (capacity 85 amp or less) imported by VAT registered UPS manufacturing industries
20.	8517.62.30	Modem; Ethernet interface card; computer network switch, hub and router	Modem; Ethernet interface card; network switch; hub; router
21.	8522.90.10	For apparatus of Heading 85.19 and 85.20	For apparatus of Heading 85.19
22.	8523.29.12	Database, operating systems, development tools	Operating systems; development tools
23.	8523.49.21	Database, operating systems, development tools	Operating systems; development tools
24.	8541.40.10	Photovoltaic cells, whether or not assembled in modules or made up into panels	Photovoltaic cells
25.	8702.90.11	Built-up, Double Decker bus using CNG as fuel	Built-up, Double Decker bus using CNG/LPG/LNG as fuel
26.	8702.90.11	Using CNG as fuel	Using CNG/LPG/LNG as fuel
27.	8702.90.21	Built-up, having a seating capacity of 40 or more excluding folding seats using CNG as fuel	Built-up, having a seating capacity of 40 or more excluding folding seats using CNG/LPG/LNG as fuel
28.	8702.90.21	Using CNG as fuel	Using CNG/LPG/LNG as fuel
29.	8702.90.51	CKD motor vehicles Having a seating capacity of 40 or more excluding folding seats using CNG as fuel	CKD motor vehicles Having a seating capacity of 40 or more excluding folding seats using CNG/LPG/LNG as fuel
30.	8702.90.51	Having a seating capacity of 40 or more excluding folding seats using CNG as fuel	Having a seating capacity of 40 or more excluding folding seats using CNG/LPG/LNG as fuel
31.	8704.90.11	CNG operated Refrigeration van & insulated road milk tanker in CBU	CNG/LPG/LNG operated Refrigeration van & insulated road milk tanker in CBU
32.	8704.90.12	CNG operated Trucks (excl. multi axle trucks) in CBU, g.v.w. exceeding 5 tonnes	CNG/LPG/LNG operated Trucks (excl. multi axle trucks) in CBU, g.v.w. exceeding 5 tonnes
33.	8704.90.13	CNG operated dumper/tipper in CBU	CNG/LPG/LNG operated dumper/tipper in CBU
34.	8704.90.21	CNG operated Trucks (excl. multi axle trucks) in CKD, g.v.w. exceeding 5 tonnes	CNG/LPG/LNG operated Trucks (excl. multi axle trucks) in CKD, g.v.w. exceeding 5 tonnes
35.	9018.90.20	Kidney dialysis machine/Baby incubator	Hemo dialysis machine/Baby incubator/Baby warmer
36.	9018.90.30	Angiographic Catheter wire, Guidy Catheter wire, Sheath, Balloons, Stents,	Angiographic catheter, guide catheter, guide wire, introducer sheath, PTCA dilatation chatherter, balloons, stents

Sl. No.	H.S. Code	Existing Description	Changed Description
(1)	(2)	(3)	(4)
		Plasma, LCD, TFT, LED and similar technologis TV:	
37.	9801.00.52	30 inch to 36 inch	30 inch to 36 inch (measured diagonally)
38.	9801.00.53	37 inch to 42 inch	37 inch to 42 inch (measured diagonally)
39.	9801.00.54	43 inch to 46 inch	43 inch to 46 inch (measured diagonally)
40.	9801.00.55	47 inch to 52 inch	47 inch to 52 inch (measured diagonally)
41.	9801.00.56	53 inch to 65 inch	53 inch to 65 inch (measured diagonally)
42.	9801.00.59	66 inch to above	66 inch to above (measured diagonally)

(i) **H.S. Codes that have been merged:**

Sl. No.	Existing H.S. Code	Merged H.S. Code	Description
1.	3402.13.10 3402.13.90	3402.13.00	Non-ionic Organic surface-active agents
2.	3916.20.10 3916.20.90	3916.20.00	Cyclanic, cyclenic or cycloterpenic monocarboxylic acids, their anhydrides, halides, peroxides. peroxyacids and their derivatives
3.	7419.91.10 7419.91.90	7419.91.00	Cast, moulded, stamped or forged, but not further worked
4.	8701.20.10 8701.20.20	87001.20.00	Road tractors for semi-trailers
5.	8711.90.10 8711.90.90	8711.90.00	Other

(j) **H.S. Codes that have been Split:**

Sl. No.	Existing H.S. Code	Split of H.S. Code	Description
(1)	(2)	(3)	(4)
1.	2309.90.10	2309.90.11	Vitamin or mineral or amino acid or combination of both (feed grade)
		2309.90.12	Vitamin premix or mineral or amino acid premix or combination of both (feed grade)
		2309.90.13	Probiotics or Prebiotics or combination of both (feed grade)
		2309.90.14	Essential oil or combination of essential oils (feed grade)
		2309.90.19	Other
2.	2521.00.00	2521.00.10	Imported by VAT registered lime or cement or

Sl. No.	Existing H.S. Code	Split of H.S. Code	Description
(1)	(2)	(3)	(4)
			calcium carbonate manufacturers
		2521.00.90	Other
3.	2836.50.00	2836.50.10	Imported by VAT registered calcium carbonate filler manufacturers
		2836.50.90	Other
4.	3814.00.00	3814.00.10	Organic composite solvent imported by VAT registered ink manufacturing industries
		3814.00.90	Other
5.	3919.10.00	3919.10.10	Imported by VAT registered SIM card or Smart card manufacturing industry
		3919.10.90	Other
6.	4811.51.00	4811.51.10	Imported by VAT registered paper cup, bowl, plate manufacturers
		4811.51.90	Other
7.	6005.90.00	6005.90.10	Shading net imported by agricultural or horticultural products manufacturers
		6005.90.90	Other
8.	7323.99.00	7323.99.10	Parts of table, kitchen or other household articles imported by VAT registered table, kitchen or other household articles manufacturers
		7323.99.90	Other
9.	7409.21.10	7409.21.10	Imported by VAT registered manufacturers
		7409.21.90	Other
10.	7409.31.00	7409.31.10	Imported by VAT registered manufacturers
		7409.31.90	Other
11.	7606.11.00	7606.11.10	Imported by VAT registered electric fan manufacturers
		7606.11.90	Other
12.	7615.10.00	7615.10.10	Table, kitchen or other household articles of alluminium; pot scourers and scouring or polishing pads, gloves and the like
		7615.10.90	Parts of table, kitchen or other household articles of alluminium
13.	8529.90.40	8529.90.41	Imported by VAT registered TV manufacturing industry
		8529.90.49	Other

**(k) H.S. Codes that have been cancelled:**

Sl. No.	New H.S. Code	Description
(1)	(2)	(3)
1.	3926.90.71	PVC screen having internal diameter from 4” to 8”; Mulch and structures thereof used in agriculture and horticulture
2.	3926.90.72	Teflon tape/PTFE tape
3.	3926.90.80	Cot and Apron
4.	8701.20.10	Road tractor CBU

<b>Sl. No.</b>	<b>New H.S. Code</b>	<b>Description</b>
<b>(1)</b>	<b>(2)</b>	<b>(3)</b>
5.	8701.20.20	Road tractor CKD
		Hybrid motor cars and other hybrid vehicles, including station wagons and racing cars in CBU
6.	8703.90.31	Of a cylinder capacity not exceeding 1500cc
7.	8703.90.32	Of a cylinder capacity exceeding 1500cc but not exceeding 2000cc
8.	8703.90.33	Of a cylinder capacity exceeding 2000cc but not exceeding 2750cc
9.	8703.90.34	Of a cylinder capacity exceeding 2750cc but not exceeding 4000cc
10.	8703.90.39	Of a cylinder capacity exceeding 4000cc
		Hybrid microbus in CBU
11.	8703.90.41	Of a cylinder capacity not exceeding 1800cc
12.	8703.90.49	Of a cylinder capacity exceeding 1800cc but not exceeding 2000cc
13.	8703.90.50	Electric battery operated motor car

**(I) H.S. Codes that have been created:**

<b>Sl. No.</b>	<b>New H.S. Code</b>	<b>Description</b>
<b>(1)</b>	<b>(2)</b>	<b>(3)</b>
1.	0802.90.12	Betelnuts semi-processed betelnuts packed in 60-80 kg bag
2.	2106.90.60	Food supplement
3.	3824.99.40	Refil used in Electronic Nicotine Delivery System (ENDS)
4.	3926.90.40	Mulch imported by agricultural or horticultural products manufacturers
5.	3926.90.50	Taflon tape/PTFE tape
6.	3926.90.60	Cot and Apron
7.	7419.99.20	Cloth, grill, and netting of copper wire; expanded metal of copper
8.	8541.40.20	Solar modules or panels
9.	8543.70.50	Electronic Nicotine Delivery System (ENDS)
10.	8701.20.00	Road tractors for semi-trailers
11.	8701.91.10	Tractor used for agricultural purpose
12.	8701.91.90	Other
13.	8701.92.10	Tractor used for agricultural purpose
14.	8701.92.90	Other
15.	8701.93.10	Tractor used for agricultural purpose
16.	8701.93.90	Other
17.	8701.94.10	Tractor used for agricultural purpose
18.	8701.94.90	Other
19.	8701.95.10	Tractor used for agricultural purpose
20.	8701.95.90	Other
21.	8703.90.19	Other
		Chassis fitted with engines, for the motor vehicles of headings 87.03
22.	8706.00.33	For microbus of a cylinder capacity not exceeding 1800cc

<b>Sl. No.</b>	<b>New H.S. Code</b>	<b>Description</b>
<b>(1)</b>	<b>(2)</b>	<b>(3)</b>
23.	8706.00.34	For microbus of a cylinder capacity exceeding 1800cc but not exceeding 2000cc
24.	8706.00.35	For other vehicles including microbus of a cylinder capacity not exceeding 1600cc
25.	8706.00.36	For other vehicles including microbus of a cylinder capacity exceeding 1600cc but not exceeding 2000cc
26.	8706.00.37	For other vehicles including microbus of a cylinder capacity exceeding 2000cc but not exceeding 3000cc
27.	8706.00.38	For other vehicles including microbus including microbus of a cylinder capacity exceeding 3000cc but not exceeding 4000cc
28.	8706.00.39	For other vehicles including microbus of a cylinder capacity exceeding 4000cc
		Chassis fitted with engines, for the motor vehicles of headings 87.04
29.	8706.00.44	Chassis fitted with engines, for double cabin pickup of headings 87.04 of a cylinder capacity not exceeding 1600cc
30.	8706.00.45	Chassis fitted with engines, for double cabin pickup of headings 87.04 of a cylinder capacity exceeding 1600cc but not exceeding 2000cc
31.	8706.00.46	Chassis fitted with engines, for double cabin pickup of headings 87.04 of a cylinder capacity exceeding 2000cc but not exceeding 3000cc
32.	8706.00.47	Chassis fitted with engines, for double cabin pickup of headings 87.04 of a cylinder capacity exceeding 3000cc but not exceeding 4000cc
33.	8706.00.48	Chassis fitted with engines, for double cabin pickup of headings 87.04 of a cylinder capacity exceeding 4000cc

**Table-7**

**Ammendment of Customs Act, 1969:**

In order to incorporate the best practices followed by developed countries, two new sections namely 83E & 215B have been incorporated in the Customs Act, 1969. Moreover section 196 & 196A have been amended to make the customs procedure easier.