



Economic Transition and Pathway to Progress

Budget Speech 2020-21

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National Budget of Bangladesh 2020-21

Chapter One

In the name of Allah, Most Gracious, Most Merciful

Madam Speaker

I, A H M Mustafa Kamal, Finance Minister, seek your kind permission to place before this august House the proposed budget for FY 2020-21 and the supplementary budget for FY 2019-20.

Madam Speaker

02. I begin my speech remembering with profound respect and gratitude the Father of the Nation Bangabandhu Sheikh Mujibur Rahman, who emerged as a leader through life-long struggle and loved the people of this country from the core of his heart. I also remember with deep respect all his family members including his dear wife Bangamata Fazilatunnesa Mujib who embraced martyrdom on the fateful night of 15th August 1975. It is with profound respect, I remember our four national leaders who were killed inside the prison cells, thirty lakh martyrs and freedom fighters who sacrificed their lives in the war of liberation and two lakh women who were brutally persecuted during the war. I recall with deep love and respect those valiant heroes whose supreme sacrifice brought freedom for us. I pray to the Almighty Allah for the salvation of their souls. In the same vein, I pray for the salvation of the souls of those who have lost their lives in the COVID-19 global pandemic, and sympathize with their bereaved families. I wish quick recovery of all those who have been infected with the coronavirus and currently undergoing treatment.

Madam Speaker

03. The year 2020 is very important in our national life. The Birth Centenary of Bangabandhu Sheikh Mujibur Rahman, the greatest Bengali of all times, is being celebrated this year. You are aware that most of the programmes scheduled to celebrate the Mujib-Borsho have been rearranged to avoid mass gathering during this COVID-19 pandemic and instead being organised through digital means. The celebration will continue up to 17th March 2021. The coming year 2021 will mark the Golden Jubilee of our independence. Programmes to celebrate these two glorious occasions will be carried out simultaneously. Our beloved Prime Minister Jananetri Sheikh Hasina, the torch-bearer of the ideals of the Father of the Nation, has been working relentlessly to establish fundamental rights for all, as well as to ensure economic emancipation for the common people and raise their standards of living. I convey my deepest gratitude to her.

Perspective and Context

Madam Speaker

04. As we are celebrating the Birth Centenary of the Father of the Nation this year, and as it is an auspicious year for our nation, we were fully confident that this year we would achieve the highest ever economic growth. Our projection was to achieve growth in the range of 8.2 to 8.3 percent this year. All economic activities gathered a remarkable pace in the first eight months of the fiscal year, before being hit by the COVID-19 pandemic. All the media and think-tanks around the world were all in praise of our programs and achievements. The Asian Development Bank made a forecast of 7.8 percent growth this year based on our performance in the first eight months. But unfortunately, all calculations about the global economy have been

turned upside down under the impact of the COVID-19 global pandemic.

05. The International Monetary Fund (IMF) forecasted that the global economy will shrink by 3 percent in 2020, while the World Bank made a forecast that the GDP growth in the South Asia region would merely be in the range of 1.8 to 2.8 percent. The World Trade Organisation (WTO) forecasted that global trade is likely to shrink by 13 to 20 percent in 2020. According to International Labor Organisation (ILO), there will be a reduction of global jobs equivalent to about 195 million full-time workers. UNCTAD is forecasting that the global flow in Foreign Direct Investment (FDI) will shrink by 5 to 15 percent in 2020. In addition, it is forecasted that due to the global lockdowns and the historic slump in oil prices, global remittance is likely to reduce by 20 percent.

06. Amidst this unprecedented global crisis, our Hon'ble Prime Minister has announced a number of stimulus packages totaling over Tk. 1 lakh crore to stand by the poor and helpless people, keep the momentum in economic activities, and bring back the trend in growth and development. These are akin to the bold steps she took to save the country during the Asian Financial Crisis in 1997 and the Global Recession in 2009. The fiscal and financial packages announced by the Hon'ble Prime Minister is equivalent to 3.7 percent of GDP, which is the largest in the South Asia region.

07. The *Economist*, a London-based weekly, has published on 2nd May 2020 a list of 66 emerging stable economies ranking them according to four measures of financial strengths, namely public debt as a percentage of GDP, total foreign debt, costs of borrowing and foreign exchange reserves, and Bangladesh was ranked 9th from the top. Their estimate reflects our stronger position compared to most of the other emerging countries, and we thank Almighty Allah for that.

Madam Speaker, this is not the time to showcase our achievements. Rather it is time to steer the nation ahead having our people at our side and effectively tackling the crisis arising from the deadly attack of coronavirus through our pragmatic and efficient plans. I sincerely thank our Hon'ble Prime Minister; for her unrelenting efforts to continue this task.

Stimulus Packages to Address Coronavirus Crisis

Madam Speaker

08. You are aware that, since the beginning of the COVID-19 pandemic, our government has taken various steps to combat its fallout. We have taken a comprehensive plan to overcome the possible negative impacts of pandemic on our economy and people. Under this plan, we have taken measures that were necessary in the immediate term and we are implementing some in medium term. We have also taken up a range of initiatives that will be implemented in longer term to achieve full economic recovery.

09. Our comprehensive plan includes four main strategies. Firstly, we will discourage luxury expenditures and prioritize government spending that creates job. Due to sound macro-fiscal operation by the government during the last ten years, our Debt-to-GDP ratio is still as low as 34 percent. This provides us a cushion against any negative macroeconomic implication while we are increasing public spending to overcome the crisis. Secondly, we are creating loan facilities through commercial banks at subsidised interest rate for the affected industries and businesses so that they can revive their economic activities and maintain competitiveness home and abroad. Our third strategy is to expand the coverage of the government's social safety net programmes to protect the extreme poor and low paid workers of

informal sector from the sudden loss of their source of earning due to pandemic. Finally, we will increase money supply to the economy while making a delicate balance between increased money supply and possible inflationary pressure.

10. In light of the comprehensive plan and strategies described above, we have declared a number of stimulus packages to support the emergency healthcare services, to protect jobs and to achieve smooth economic recovery. The economic recovery packages declared so far has totaled Tk. 1,03,117 crore. Let me present some details of these packages before this august House:

- At the onset of the coronavirus pandemic, there was a drastic fall in demand in the United States and European market and as a result, export orders to our export sectors including the readymade garments began to witness cancellation and postponements. This threatened the jobs of about 5 million workers in our export oriented industries. To tackle this crisis, we have created a fund amounting Tk. 5,000 crore for the export oriented industries so that they can continue to pay salaries and allowances to their workers and employees. This quick action from the government has saved jobs of a large number of workers and employees.
- The partial shutdown effected in the country since late March to contain the spread of the coronavirus resulted in massive slowdown in our economic activities. Given this context, in our bid to provide much needed support to the affected enterprises in the industrial sector, we have introduced a working capital loan facility of Tk. 30,000 crore at a subsidised interest rate for large industries. For the same reason, we have created another working capital loan facility of Tk. 20,000 crore at a subsidised interest rate for the Cottage, Micro, Small and Medium Enterprises (CMSMEs).
- To facilitate the import of raw materials under the Back-to-back

Letter of Credit facility, we have increased the size of Export Development Fund (EDF) from USD 3.5 billion to USD 5 billion, at a reduced interest rate.

- To improve our export competitiveness by financing the pre-shipment expenses of exporters, a new Pre-Shipment Credit Refinance Scheme of Tk. 5,000 crore has been initiated through Bangladesh Bank.
- We have introduced a special honorarium equal to the basic pay of two months for the doctors, nurses and other healthcare workers who are providing critical healthcare services to COVID-19 patients.
- We are aware of the fact that doctors, nurses and other healthcare workers providing healthcare services to COVID-19 patients and officials from field administration, law enforcing agencies and armed forces and other employees of public service directly engaged in enforcing government's guidelines in this respect are at high risks of getting infected with the coronavirus and some of them have died. We have, therefore, taken special arrangements to compensate those frontline public servants who might get infected, and in the unfortunate event of deaths, to the family members of the deceased employees.
- We have introduced humanitarian aid including food aid to those affected by sudden unemployment due to the coronavirus outbreak. To that end, we have so far distributed 4 lakh metric tons of rice and 1 lakh metric ton of wheat among the poor free of cost. In addition, we are selling rice at Tk. 10 per kilogram to the low income people.
- We have taken initiatives to widen our social safety net programs to protect the ultra-poor section of the population from the sudden unemployment and shrinking of income opportunity due to the

COVID-19 pandemic. We are providing direct cash transfers of Tk. 2,500 each to 50 lakh selected families nationwide. Alongside, the coverage of the Old Age Allowances and the Allowances for Destitute Women have been widened to include all qualified persons in the poorest 100 upazilas in the country. The total number of new beneficiaries due to expansion of the Allowances for Diasabled Persons and these two programs is 10 lakh 70 thousand. Besides, Tk. 2,130 crore has also been allocated to construct houses for the homeless population.

- One of our key priorities in our post-COVID economic recovery plan is to keep the momentum of agricultural production. We have taken some important steps to maintain the growth in agriculture, and thus to ensure food security for our people. Subsidy in the agriculture sector has been increased to Tk. 9,500 crore. Tk. 200 crore has been allocated as incentives for farm mechanisation. In addition, we have raised the target for government procurement and distribution of rice and paddy by 2 lakh metric tons in FY 2020-21 to ensure that farmers get fair price for their produce while at the same time the retail market price of rice remains stable. We are also going to form an agriculture refinance scheme of Tk. 5,000 crore to provide required agricultural credit to farmers. Another refinancing scheme of Tk. 3,000 crore has been announced for small income farmers and traders in the agriculture sector.
- We are also expanding low-interest credit facilities to poor farmers, recently repatriated overseas workers and skilled but unemployed youths in rural areas to enable them to take up self-employment ventures in sectors like agricultural production, agro-based service, small business, cottage industries, SMEs, etc. Under this program, Tk. 2,000 crore will be distributed through three specialised banks, namely Palli Sanchay Bank, Probashi Kallyan Bank,

Karmasangsthan Bank and one specialised institution, namely Palli Karma Sahayak Foundation (PKSF), with each receiving Tk. 500 crore.

- The government suspended payment of interest for the months of April and May against loans distributed by all commercial banks. Borrowers of such loans will not need to pay interest proportionately, and of the total interest of Tk. 16,549 crore interest amount, the government will give Tk. 2,000 crore as interest subsidy.

Madam Speaker

11. During the preparation of the budget each year, we take suggestions and comments from different professionals, including economists, businessmen, farmers and those from mass media. This year, we could not organise formal consultation meetings due to the outbreak of COVID-19. However, as an alternative, we requested online-based comments/suggestions from citizens through the website of the Finance Division. Many have provided their valuable comments/suggestions using the digital platform, which we have duly considered in preparing this budget.

Chapter Two

The Supplementary Budget

Madam Speaker,

12. Now, I am going to present the Supplementary Budget for the current FY 2019-20 and the proposed Budget Framework for the FY 2020-21.

The Supplementary Budget for the current FY 2019-20

13. The targets for the revenue earning and expenditure of the current FY 2019-20 were set on the assumptions that implementation of the long-awaited *VAT Act, 2012* would be successful and that our economy would continue to remain strong. However, it seems that due to the impact of the COVID-19 pandemic, revenue income and expenditure will be significantly lower than expected. The amount of revenue collected upto February, 2020 of the current fiscal year was 38.32 percent of the original annual target. At the same time, government expenditure was 35.84 percent of the annual allocation. A brief description of revisions and adjustments made in the budget of FY 2019-20 in view of the above situation is presented in **Table 3** of **Annex A**.

14. **Revised Revenue Income:** The target of revenue collection for FY 2019-20 was set at Tk. 3,77,810 crore. After reviewing the revenue collection in July-February of the current fiscal year, the target was reduced by Tk. 29,746 crore, and refixed at Tk. 3,48,064 crore.

15. **Revised Expenditure:** The total government expenditure in the current fiscal year was estimated at Tk. 5,23,190 crore. In the revised budget, the expenditure was reduced by Tk. 21,613 crore, and revised

at Tk. 5,01,577 crore. The size of the annual development program has been reduced by Tk. 9,806 crore from the original allocation of Tk. 2,02,721 crore, and set at Tk. 1,92,921 crore. On the other hand, due to the outbreak of COVID-19, expenditures related to the health sector and various stimulus package implementation have increased. However, the estimation of other expenditures, including operating expenditure, was reduced by Tk. 11,813 crore through cost minimisations in less important sectors.

16. **Revised Budget Deficit and its Financing:** The budget deficit for the current fiscal year was estimated at Tk. 1,45,380 crore. However, the deficit in the revised budget has been set at Tk. 153,513 crore, which is 5.5 percent of GDP. Against the original budget deficit, the estimation for external financing was Tk. 68,016 crore, which has been reduced to Tk. 56,163 crore in the revised budget. From domestic sources, the estimation of financing from the banking system is Tk. 82,421 crore.

Chapter Three

Proposed Budget Structure of FY 2020-21

Madam Speaker

17. It has been forecasted that the world economy may plunge into a great depression due to the outbreak of the novel coronavirus pandemic. The budget for FY 2020-21 has been prepared bearing in mind the strategies required to be undertaken to meet the emergencies in the health sector of Bangladesh and recover from the damages caused in various sectors of the economy. Sufficient allocation has been made in the proposed budget to satisfy the needs of all Ministries and Divisions to address the impact of COVID-19 outbreak.

Madam Speaker

18. I will now present an outline of the proposed income and expenditure of the next fiscal year 2020-21, which has been presented in detail in **Table-4** of **Annex-A**.

19. While presenting the budget for the previous fiscal year, I apprised you about the task of effecting several reforms in tax revenue management. We have begun implementing these reform from this year. However, I could not finish them successfully due to the outbreak of COVID-19 in the second half of the fiscal year. I would like to continue all these reforms in the coming fiscal year.

20. We have started implementing the *VAT Act, 2012*. To make it a success, our activities such as increasing required manpower, procuring necessary equipment, and enhancing capacity of officials will continue in the coming fiscal year 2020-21. The largest portion of government revenue is collected through the different outfits of the

National Board of Revenue (NBR). Therefore, necessary steps to enhance the institutional capacity of the NBR will continue in the next fiscal year.

21. Although a large section of our population can afford to pay taxes, the number of taxpayers is only 20-22 lakh. Therefore, necessary steps will be taken in the next budget to prevent tax evasion and bring rest of the eligible taxpayers under the tax-net. Moreover, our revenue-to-GDP ratio is low compared to that of many of our comparator countries. Actions will, therefore, be taken to raise the current revenue-to-GDP ratio at a more rational level.

Madam Speaker

22. I am hopeful that if the proposed *Customs Act, 2020* is passed by the National Parliament, we will embark on its implementation from the next fiscal year.

23. Bearing in mind the realities at hand and our planned reforms in revenue management, we have set the target of total revenue income in the fiscal year 2020-21 at Tk. 3,78,000 crore. Out of this, Tk. 3,30,000 crore will be collected through the NBR. Tax revenue from non-NBR sources has been estimated at Tk. 15,000 crore, while the non-tax revenue is estimated to be Tk. 33,000 crore.

Madam Speaker

24. In FY 2020-21, the size of the total expenditure has been estimated at Tk. 5,68,000 crore, which is 17.9 percent of GDP. Total allocation for operating and other expenditures is estimated at Tk. 3,62,855 crore, while the allocation for the annual development program (ADP) is Tk. 2,05,145 crore.

25. Health, agriculture and employment creation have given priority while allocating resources for the ADP. The sectoral allocation of the ADP for the next fiscal year is presented in **Table 5** of **Annex-A**. I propose to allocate, from the ADP of FY 2020-21, 28.5 percent for human resources sectors (education, health and related other), 22 percent percent for the overall agriculture sector (agriculture, rural development, water resources, and related others), 13 percent percent for the power and energy sector, 25.4 percent for communication (roads, rails, bridges, and related other communications), and 11.1 percent for other sectors.

26. The overall budget deficit will be Tk. 190,000 crore, which is 6.0 percent of GDP. It is to be noted that deficit stood at 5.0 percent in the last fiscal year. Out of the total deficit, Tk. 80,017 crore will be financed from external sources, while Tk. 1,09,983 crore from domestic sources of which Tk. 84,983 crore will come from the banking system and Tk. 25,000 crore from savings certificates and other non-bank sources.

Madam Speaker

27. **Overall expenditure framework:** I will now present the overall expenditure framework (development and operating) of the proposed budget. In line with the allocation of business of ministries/divisions, we have categorised their activities into three main groups, namely: social infrastructure, physical infrastructure, and general services.

28. Allocation proposed for the social infrastructure sector in the proposed budget is Tk. 1,55,536 crore, which is 27.38 percent of total allocation, in which allocation for human resource sector (education, health and other related sectors) will be Tk. 1,40,222 crore. Allocation proposed for the physical infrastructure sector will be Tk. 1,67,011

crore or 29.40 percent, in which Tk. 69,553 crore will go to overall agricultural and rural development, Tk. 61,435 crore to overall communications, and Tk. 26,758 crore to power and energy. A total Tk. 1,40,265 crore has been proposed for general services, which is 24.69 percent of the total allocation. Tk. 36,610 crore is proposed for public-private partnerships (PPP), financial assistance to different industries, subsidies and equity investments in nationalized corporations, banks, and financial institutions, which is 6.45 percent of the total allocation. Tk. 63,801 crore for interest payment, which is 11.23 percent of total allocation. Tk. 4,777 crore for net lending and other expenses, which is 0.84 percent of the total allocation. Detailed information about the allocations has been presented in **Table 6** of **Annex-A**. A ministry/division-wise proposal for budget allocation has also been provided in **Table 7** of **Annex-A**.

Chapter Four

Sectoral Strategies, Action Plans and Resource Mobilisation

Madam Speaker

29. At this stage, I would like to present a brief account of our important policy strategies, workplans and budget allocation for the medium-term including the next fiscal year. Through this budget, we will undertake initiatives to combat the impact of the COVID-19 pandemic, fulfil the pledges made in our *Election Manifesto of 2018*, implement the 2nd Perspective Plan (2021-41), and achieve Sustainable Development Goals and their targets. Next year will be the first fiscal year of the 8th Five Year Plan; hence its implementation will get importance in this budget. We will give priority on those expenditure programmes that facilitate economic recovery and protect lives and livelihood from the pandemic.

Medium-Term Policy Strategy

30. Our GDP grew consistently at an increasing rate in the last decade. We achieved a GDP growth of 8.15 percent in the FY 2018-19, the highest among the countries in Asia. Strong domestic demand has been the main driver of our growth. However, due to the fall in exports and lower than expected growth in remittances as a result of long and sustained worldwide lockdowns arising from the impact of COVID-19, the GDP growth rate of the current fiscal year has been revised downward at 5.2 percent. However, in view of the post-Covid recovery, the growth rate is projected at 8.2 percent for FY 2020-21 in line with the long-term plans. We expect that inflation will be 5.4 percent during the period.

Madam Speaker

31. We have made a slight deviation this year from the traditional budget for the sake of effectively combating the deadly coronavirus and resolutely overcoming its economic impact. A structural change has been brought in this year's budget in terms of setting the priorities of the government. The health sector is given the highest priority, and provisions have been made for this sector in the form of additional allocation, incentives, compensations, etc. Agriculture is our second highest priority sector. To boost food production, we will lay emphasis on farm mechanisation, incentives for irrigation and seeds and rehabilitation of agriculture, and continue to provide subsidies on fertilizers. Expanding the coverage of social safety net programmes to reduce hardships of the poor working people due to long general holidays and lockdowns is our third highest priority sector. And, the fourth priority sector will be job creation and rural development. The Objectives are– to tackle unemployment in the industry, SMEs and services sector and the rural non-formal sector due to partial closure of overall economic activities, and to create employment opportunities for expatriate Bangladeshis who have been forced to return from abroad. Besides, we have given a priority to implement various fiscal and stimulus programs for maintaining the pace of economic development in the aftermath of COVID-19. Alongside, we have given priority to the overall human resource development including education and skills enhancement, as well as to the construction of houses for the poor which is one of the main action programmes of the *Mujib Borsho*.

32. In the next section, I will present sector-based specific action plans.

Action Plans and Resource Allocation

Health and Family Welfare

Madam Speaker

Addressing Global Pandemic and Ensuring Healthcare Service

33. We all are aware that the whole world is in dire stress because of the COVID-19 pandemic, and Bangladesh is no exception. Like other countries in the world, public health and public life in Bangladesh is facing challenges because of the pandemic. Through you, I would like to inform our people that since the first detection of coronavirus infection in Bangladesh in March this year, we have taken adequate preparatory measures to combat COVID-19. Under the constant and overall guidance of Hon'ble Prime Minister, we have taken allout efforts to prevent the disease, contain infections and provide treatment against the disease. No vaccine is invented yet. The WHO guideline of social distancing is the only remedy. By including 'COVID-19' into the list of infectious diseases, the whole country has been declared 'infection risk area' as per the *Infectious Disease (Prevention, Control and Elimination) Act, 2018*. In mid-March, we declared closure of all educational institutions and banned all types of public assembly and gathering, as these are the only means to protect the greater sections of the population from infection. Such closure is considered as the only way to protect people at large from the virus. We have declared general holidays across the country in the last week of March, which was continued till 30 May.

34. After the formulation of the 'National Preparedness and Response Plan', its implementation has begun in right earnest to safeguard public life by ensuring medical treatment. Specialised

isolation units have been opened in all district and upazilla hospitals and health complexes. Covid-19 dedicated hospitals have been set-up in district towns to treat coronavirus patients, including 14 dedicated hospitals centrally in the capital. 55 laboratories have been established for corona detections, and various public health services institutions are being transformed into modern and developed service providing institutions. For this purpose, we have given an emergency allocation of Tk. 529 crore for the health sector. We have decided to allocate additional funding, and provide incentives and compensation for the health sector to ensure necessary personal safety of service providers engaged in combating Covid-19. To provide compensation for the persons from different departments in case they get infected and succumb to death, and to provide honorarium to doctors, nurses and healthcare workers engaged in the treatment of coronavirus patients, an allocation of Tk. 850 crore has been made.

35. To provide treatment to coronavirus patients, 2 thousand doctors and 6 thousand nurses have been recruited on an urgent basis. Alongside, healthcare workers, including 386 medical technologists and 2 thousand 654 lab-attendants were recruited on outsourcing basis. Besides, 1 thousand 200 medical technologists, 1 thousand 650 medical technicians and 150 cardiographers altogether 3 thousand posts have been created.

36. In addition to the provision of formal healthcare services, provision of Covid-19 related health services through mobile phones has been geared up. An screening app to trace the coronavirus infections and a national Covid-19 digital surveillance system with artificial intelligence to contain community infections of the virus and reduce risks have been developed. Twenty nine guidelines and eleven public awareness raising brochures have also been developed.

37. It is worth mentioning that, as an emergency measure, two projects have been taken to fight the Covid-19 pandemic. One is the ‘COVID-19 Emergency Response and Pandemic Preparedness Project’ at a cost of Tk. 1,127 crore with financial assistance from the World Bank. The other one is the ‘COVID-19 Response Emergency Assistance’ of Tk. 1,366 with financial assistance from the Asian Development Bank. Implementation of these two projects has already begun. This will certainly enhance our capacity to fight COVID-19. Besides, Asian Infrastructure Investment Bank (AIIB) and the Government of Korea have made their commitments, and projects are under preparation.

38. We have taken all out measures to improve the health sector. To combat the COVID-19 pandemic, we are implementing different programs worth Tk. 5,500 crore under the Health Services Division. The government will do whatever is required to be done to address the pandemic. To fulfill emergency requirements, I propose to allocate Tk. 10,000 crore as lumpsum.

Ensuring Overall Health Services

39. To ensure quality health services for the citizens of the country, we increased the allocation for the health sector, including that of the Sector Programme and projects, by a considerable amount in the last ten years. In addition to ongoing sector programmes, we are also implementing various projects/activities to fulfill the government’s election pledges and improve infrastructure of the health sector. Most important of them include- establishment of new medical colleges in Kushtia, Sirajgonj, Manikgonj, Jamalpur, Patuakhali, Tangail and Sunamgonj, development of the e-health infrastructure to implement Digital Bangladesh, expansion of Shasthyo Surokhsha Karmasuchi

(SSK) in eight upazillas, and establishment of secondary and tertiary health complexes at district, divisional and national levels. Setting up of Jashore, Cox's Bazar, Pabna and Noakhali Medical College Hospitals has already been completed and their academic programmes have begun.

40. Besides, to improve the treatment of heart-disease, kidney disease and cancer, 100-bed full-fledged cancer centres in Government Medical College Hospitals in Divisional City, 150-bed cardiovascular unit in the National Heart Foundation, kidney dialysis centres in existing medical college hospitals and nephrology units and kidney dialysis centers in all district headquarters hospitals will be established.

41. We are implementing various measures to ensure quality health services for all citizens of the country. These include- increasing the manpower in the health sector, and considerably increasing the number of hospital beds, developing modern and IT-based information management system, introducing e-health service system, providing services through the health call centre named 'Shastho Batayon', expanding automation programmes in health centres, installing modern equipment, and providing 24-hour online services. As a result, impressive progress has been made in the development of health management. IT-based health services activities initiated in Bangladesh have already earned international accolades. Bangladesh has achieved 59 percent progress in providing essential services which was 34 percent in 2010.

Modernising Medical Education System

42. As part of our pledge in previous years to establish a medical university in each division in the country, Chattogram, Rajshahi and

Sylhet Medical Universities have already started functioning, and alongside, steps have been taken to build necessary infrastructural facilities in those universities. Programmes to establish other universities will begin gradually. To pay more attention to medical education, the government has already set up the ‘Directorate of Medical Education’.

43. The experience in tackling the COVID-19 pandemic has uncovered a number of weaknesses in our health sector. As a result, the need to formulate plans to sustain our long-term achievements in this sector and prevent and combat the outbreak of similar pandemic/deadly diseases in future is being felt to take our health system to the level of developed countries. Time has come to ensure a better healthcare system for the citizens of Bangladesh by assimilating the country’s public health-medical education-health services developed through our own research with the developed world’s health-education and science and technology.

44. It is undeniable that we need to invent sustainable methods of combating any pandemic like corona in future and conduct proper research on epidemiology and disease control. We will have to engage ourselves strongly in health science, engineering and research related tasks. If we want to elevate ourselves to the developed country status, there is no alternatives to formulating an integrated health-education and science and technology research guideline, creating funds and increasing allocation for this sector. Our government’s objective is to transform the health sector by developing a research culture in the country through formulating new policies or revising existing ones in coordination among different government departments. It is necessary to develop an integrated scientific research and development policy for health-education, science, technology and their research. The objective

of such policy or guideline will be to graduate the country to the level of the developed world in health-education and science and technology research.

45. While continuing our efforts to tackle pandemics like coronavirus in future and adopt different strategies needed to applied at different stages of such pandemics, we will also continue relentlessly to enhance various collaborative efforts at home and abroad in developing efficient and trained manpower in the health sector and to reap the benefits of ‘science diplomacy’ and ‘technology diplomacy’. The aforesaid diplomacies will act as a powerful tool, which will enable us to work in cooperation with the developed world in conducting research on health-science, importing or adopting new technologies and spreading our own technologies across the world in the coming days.

46. I propose to form an ‘Integrated Health-Science Research and Development Fund’ of Tk. 100 crore to finance the activities for the development of research in health-education and science and technology. A high-powered committee consisting of experienced researchers in the health sector, nutritionists, public health experts, sociologists, economists, environmentalists, civil society and other suitable representatives will be formed to manage this Fund efficiently and effectively.

Madam Speaker

47. One of the important priorities of our government is to facilitate the development of the health sector by ensuring affordable and quality health services and nutrition for all citizens with the objective of building a healthy, prosperous and happy society. Especially, reaching quality health services to the doorsteps of the

poor, rural and marginalised communities is one of the main commitments of the present government. Impressive progress has been made in the last decade in different indices of the health and family welfare sector, such as- reduction in maternal, child and neonatal mortality rates, increase in overall nutrition, increase in average life expectancy, decline in the stunting and low weight rates, etc., as an outcome of effective steps taken by the government. To ensure universal health for all by 2030, the government is implementing the 4th Health, Population, Nutrition Sector Program from 2017 to 2022 at a cost of Tk. 1,15,400 crore, where 84 percent of the program cost is borne by the Government of Bangladesh.

Ensuring Maternal and Child Healthcare and Providing Adolescent Health Services

48. To safeguard maternal and child health, we have been continuing the target-based reproductive health development programmes for women, and expanding community nutrition programs under the National Nutrition Services (NNS). The ‘Improvement of Child and Maternal Health System’ project and the ‘Maternal, Neonatal and Child Adolescent Health’ project are being implemented. Full time safe delivery services in 2 thousand 854 union health centres and emergency maternity services in 72 mother and child welfare centres have already been introduced. Forty union health and family welfare centres, twenty five 10-bed mother and child welfare centres, three 20-bed hospitals, three 50-bed upazila health complexes and one 100-bed children hospital in Cumilla will be established in the current fiscal year.

Provision of Health Services at the Grassroot Level

49. We have expanded health services to the grassroot level as part

of our inclusive health policy. 10 district-level and 145 upazilla-level family planning offices having provisions for family planning stores have been built. Besides, 13 thousand 812 community clinics have been in operation throughout the country. As many as seventy 10-bed Maternal and Child Welfare Centres (MCWC) at the union level will be set up, 250 community clinics (including re-furbishing) will be built, 2 thousand existing community clinics will be modernised, and 1 thousand 29 new community clinics will be set up. The *Community Clinic Health Assistance Trust Act, 2018* has been approved and a trust has been established. Telemedicine service is being provided in 65 upazilla hospitals and 27 district hospitals. Its scope will be gradually widened.

Madam Speaker

International Recognition

50. The Expanded Programme on Immunisation (EPI) has been continuing under ‘The Fourth Health, Population and Nutritional Sector Programme’ (4th HPNSP) being implemented as a continuation of the First Sector Programme that started in 1998. As a result, the EPI coverage has risen from 2 percent in 1985 to 85 percent at the moment. Hon’ble Prime Minister has been given the ‘Vaccine Hero’ award by GAVI Secretariat in 2019 in recognition of Bangladesh’s outstanding success in the implementation of the EPI. In 2014, Bangladesh was declared a polio free country by the World Health Organisation, and the country is still maintaining this position.

Madam Speaker

51. I propose to allocate Tk. 29,247 crore for the Health Services Division and the Health Education and Family Welfare Division in FY

2020-21, which was Tk. 25,732 crore in FY2019-20. This allocation is proposed for the health and family welfare sector giving a priority to activities undertaken to combat the Covid-19. It is worth mentioning that currently 13 ministries and divisions are implementing programs related to health and family welfare. The allocation for this purpose in FY 2020-21 is Tk. 41,027 crore, which is 1.3 percent of GDP and 7.2 percent of total budget allocations.

Education

Madam Speaker

52. You are aware that we have declared holidays to all academic institutions of the country since mid-March as part of our efforts to enforce social distancing to contain the spread of the COVID19 novel coronavirus. This has essentially caused a discontinuation of the regular academic curriculum of around 4 crore students across the country. Although the government has introduced the distant learning program on a limited scale during the holidays, the loss to the overall education sector has been enormous. Our most important task in education for the next fiscal year would be to bring back continuity in the curriculum and cover this loss from long study break. We are allocating sufficient resources to this sector in the next fiscal year to achieve this objective. In the last budget speech, I declared that we have devised various plans in the education sector keeping in mind the science and technology based education and especially the fourth industrial revolution, and that we have allocated sufficient resources in the education sector in coherence with this goal and objective. I would like to reiterate to the nation, through you, that these efforts will continue in the next fiscal year.

Madam Speaker

Primary and Mass Education

53. Primary education is the stepping stone for creation of skilled human resource, which in turn is the prerequisite for economic development. Hence, we have given a high priority on primary education, and in the Seventh Five Year Plan that is concluding this year, we have set out bold targets to achieve cent percent in net enrolment in primary education, the rate of enrolment of children up to Grade V and the universal literacy rate for everyone above 7 years of age. You would be happy to know that due to our special efforts in primary and mass education during the last few years, we are close to achieving our targets. Our main strategy for this sector in the next fiscal year would be to keep up with the good works in order to build a high quality primary education system based on equity and inclusiveness.

54. We have been implementing a range of key activities in primary education that includes nationalising primary schools, upgrading the physical infrastructure of newly nationalised schools, distributing free textbooks, improving the ICT and other education infrastructures, etc. The Cabinet has approved the *National School Meal Policy 2019*, and under this policy, we are going to roll out mid-day meals to all primary schools across the country. Works are underway to establish interactive classrooms in 503 schools, and soon we will be providing internet connectivity to all primary schools, including two laptops and two multimedia projectors to each school. As part of our effort to make primary education more inclusive, we are providing assistive devices like wheel chairs, crutches, hearing aids, etc. to the children with special needs. In addition, for the children

from small ethnic minorities, we are developing textbooks in their own alphabets and recruiting teachers with relevant language skills. In addition, we have launched some exceptional initiatives, such as special school feeding in poverty stricken areas, preparing profile of each pupil, setting up of ICT labs in schools and expanding cub scouting, which will continue in the next fiscal year.

55. I propose to allocate a total of Tk. 24,940 crore for the next 2020-21 fiscal year for the primary education sector, which was Tk. 24,040 crore in the budget for current FY 2019-20.

Madam Speaker

Secondary and Higher Education

56. The government has achieved tremendous success in secondary and higher education in the last decade. Bangladesh is now a role model for the developing countries in terms of increasing the literacy rate and eradicating gender gaps in education. The government has already been implementing key initiatives, such as teachers' training including ICT training, constructing school buildings and expanding classrooms with modern facilities in the underprivileged areas, enlisting private schools under the MPO (Monthly Pay Order) list, nationalising private schools, distributing free textbooks etc. However, we are now laying more emphasis on improving the quality of secondary education and the research in higher education.

57. We introduced the Prime Minister's Education Assistance Trust Fund to ensure education for the poor and meritorious students who are otherwise deprived of education. Tuition fees up to degree (pass) and equivalent students are now being provided from this trust. In FY 2020-21, stipend will be provided to 5 lakh 57 thousand male and 10

lakh 95 thousand female students at the secondary level, 1 lakh 16 thousand male and 4 lakh 62 thousand female students at the higher secondary level, and 50 thousand male and 1 lakh 50 thousand female students at the degree level. In addition, stipend has so far been given to 6 lakh student based upon their performance in public examinations, and a further 1 lakh 87 thousand students will get stipend in the next fiscal year. Besides, we are continuing with the trend to recognise and honor the best talented students by arranging the ‘Creative Talent Hunt’ program.

58. We are actively trying to increase the pay and other financial benefits for teachers and others involved in education management. We consider the provision of adequate financial benefits and modern training to them as an important corollary for improving the quality of education. Besides, we are celebrating the National Education Week each year where the best teacher and best education official from every district and every upazila are being selected and honored. We are also encouraging innovation in education to improve the quality of education. For improving the quality of higher education, we allocated Tk. 3,200 crore in fiscal year 2019-20 to implement 42 projects for improving and expanding physical infrastructure and other facilities of public universities. Out of this, 5 new campuses have been built through 5 projects for the Barishal University, Rangamati Science and Technology University, Islamic Arabic University, Sheikh Hasina University and Bangabandhu Sheikh Mujibur Rahman Maritime University. Under the remaining 37 ongoing projects, physical infrastructure will be improved and scientific equipment will be provided to various public universities. We are keeping sufficient allocation for these projects in FY fiscal year 2020-21 so that the projects can be implemented in due time.

59. I propose to allocate a total of Tk. 33,117 crore in the 2020-21 fiscal year for the secondary and higher education sector, which was Tk. 29,624 crore in the current fiscal year.

Madam Speaker

Technical, Vocational and Madrasa Education

60. We have begun implementing quality technical and vocational education to achieve the Sustainable Development Goals (SDGs). We are working to identify the right technologies and right skills keeping the Fourth Industrial Revolution in mind, and accordingly conducting activities so as to properly educate the students. Short courses for skills development are being implemented in public and private technical training schools in addition to continuing with regular curricula. This not only help increase the capacity of the institutes, but also generate interests among the general people for technical and vocational education through the provision of teachers training and attractive stipend to students.

61. We have been providing free textbooks to dakhil, technical and ebtedayi levels to eliminate discrimination among various mediums of education. Special training courses are being conducted for the English language and science teachers from technical schools and madrasas. Special focus is being given on expanding technical and vocational education and creating skilled workforce for the international job market. To that end, IT education has been made mandatory and textbook on Information and Communication Technology (ICT) has been included in the curriculum starting from Grade Six. We are organising ‘Skills Competition’ nationwide. This type of competition will play an effective role in helping expand science-based education in future. Work for establishing one Technical School and College

(TSC) in each of the selected 100 upazilas is underway, and steps have been taken to establish one such institute in each of the remaining 329 upazilas. In addition, works are underway to establish one women polytechnic institute in each of the 4 divisions (Sylhet, Barishal, Mymensingha and Rangpur), polytechnic institutes in 23 districts, one engineering college each in 4 divisions (Chattagram, Khulna, Rajshahi and Rangur) and 4 land survey institutes. These efforts will expand the facility of our technical education nationwide.

Madam Speaker

62. You are aware that a large of the madrasas in Bangladesh are lagging behind than regular schools and colleges in terms of physical infrastructure. To address this issue, we have constructed new buildings in 1 thousand 8 hundred madrasas nationwide, and set up modern multimedia classrooms in 653 madrasas.

63. I propose to allocate a total of Tk. 8,344 crore for the next 2020-21 fiscal year for technical and madrasa education, which was Tk. 7,450 crore in current FY 2019-20.

Agriculture Sector

Madam Speaker

64. Ensuring food and nutrition security for the large population in Bangladesh, and protecting the lives and livelihoods of farmers, farm labourers and relevant others engaged in the agriculture sector are the main challenges now for us given the forecast of imminent famine in the post corona world. We have been successful in sustaining self-sufficiency in rice production and maintaining a high growth rate in agriculture thanks to the relentless efforts of the present agriculture-friendly government and implementation of different programs

undertaken. Various steps will need to be taken in agricultural production, marketing and different other areas to tackle the imminent challenge of food scarcity. **Hon'ble Prime Minister has given directives to ensure that not even an inch of land is left without farming so as to ward off any possibility of food scarcity in the aftermath of COVID-19. Ministry of Agriculture and all attached departments will take necessary steps in this regard.**

65. The global coronavirus pandemic has affected the agriculture sector in Bangladesh too. The COVID-19 has disrupted imports, exports and supply chains across the globe. Hence, we will have to put the highest emphasis in addressing adverse effects on our domestic sectors. Our Aman production this year has been satisfactory. Although the Boro production has also been good, we had to address uncertainties created in harvesting due to labour shortages caused by the current shutdown. Our dependency on wheat imports remains as usual due to low wheat production. We will have to take necessary steps to meet challenges of wheat imports in the current global context. Although production of vegetables has been satisfactory, their supply and distribution are being disrupted in the current situation. The government is encouraging farmers by providing necessary support in the marketing of vegetables.

66. To effectively combat the effects of the novel coronavirus, this year we will continue our interventions, such as agricultural subsidies, incentives and support cards for fertilizers-seeds and other agricultural inputs, support for agricultural rehabilitation, special agriculture credit at low interests and easy terms, etc., at the required levels. Besides, farmers' subsidies on procurement of agricultural equipment used in harvesting crops will continue. The number of farmers holding agricultural input support cards currently stands at 2 crore 8 lakh 13 thousand 477.

67. To promote sustainable agriculture, activities for innovation of crop varieties tolerant to climate change effects are continuing. A total of 109 high yielding varieties of different climate-resilient crops have been developed since 2009. Innovation of climate-resilient crop varieties will continue in the next fiscal year by strengthening applied research. Besides, extension of crop diversification, reduction in post harvest loss of crops, and mechanisation of farming will be reinforced. Research activities to develop quality jute seed and to innovate diversified jute products will continue.

68. We have taken up a project of Tk. 3,198 crore to promote farm mechanization. An allocation of Tk. 9,500 crore is made in the next fiscal year for agricultural subsidies. An allocation of Tk. 5,000 for the Agriculture Refinancing Scheme will also be made through Bangladesh Bank in the next fiscal year. As in previous years, sales price for chemical fertilisers will be kept unchanged in the next fiscal year irrespective of their import costs, and we will continue to provide incentives to the agriculture sector.

Madam Speaker

Fisheries and Livestock

69. Fisheries resources in Bangladesh have been making an important contribution in the GDP of the country alongside meeting the domestic demand for protein. Bangladesh has achieved self-sufficiency in fish and meat production, and efforts are continuing towards attaining similar achievement in egg and milk production. Our success in fish production has received global recognition. However, in recent times due to prolonged lockdowns in the wake of the coronavirus outbreak, a formidable challenge has emerged in marketing fishery products. The government continues to provide

necessary support to tackle the challenge. Besides, the government will implement necessary special initiatives so that the fisheries sector can regain its pre-coronavirus position. Effective steps will be taken in the next fiscal year to continue research activities to innovate new variety of fresh water fish and effective measures will be taken to develop new technologies for sea fishing.

Extraction of Deep Sea Fisheries

70. The government is implementing special measures to tap the immense potential of marine fisheries extraction in Bangladesh and use it for the development of the country. Further, acts and rules have been framed by the government to ensure proper use and monitoring of the extraction of marine fisheries resources. The '*Marine Fisheries Bill-2020*' has already been placed before the august National Parliament for enactment. Fishermen in Bangladesh have long been fishing in the shallow waters of the sea. But catching fishes in the deep sea could not be started. We have a huge potential of untapped fish resources, including tunas, in the deep sea. The government has taken a project to procure ships suitable for extraction of fish resources from the deep sea. The government will also patronise the capacity building in the private sector in tapping deep sea fish resources.

71. Bangladesh has made an unprecedented progress in its livestock sector, especially in rearing cattle, goats, geese and chicken in recent times. This success can be attributable to ongoing research activities in this sector. Research activities of high standards are now being conducted in Bangladesh for the development of livestock, and in some instances, joint research activities with twinning arrangements with different foreign firms are being carried out. However, due to prolonged lockdown due to the coronavirus outbreak, there have been

enormous difficulties in the poultry and dairy sector, especially in the marketing for eggs and milk products, and the government has taken necessary steps, and is continuing to provide required assistance to help the sector overcome those difficulties.

72. To ensure proper growth of the livestock sector, development of three livestock related technologies and transfer of these three technologies will be made, and activities to implement 40 research projects will be completed in the next fiscal year. In addition, we also have action plans to produce semen for developing new variety of bovine animals, expand artificial insemination, extend dole (airtight storage) system for the preservation of fodder, and provide capacity building trainings.

Food Security

73. The outbreak of COVID-19 pandemic has created risks for the production, imports-exports and supply and distribution of food grains and cereals. The government is quite aware of the situation, and has taken all possible measures to ensure adequate food stock in the country. It has procured 7 lakh 98 thousand metric tonnes from this year's Aman harvests. Besides, the government has set the target of procuring 8 lakh metric tonnes of paddy and 11 lakh 50 thousand metric tonnes of rice from this year's Boro harvests, which is twice the last year's target. The government will take adequate measures to meet this procurement target, and thus to ensure food security in the country. Different support activities, such as providing food assistance to the needy people, 'Pro-Food Programme', and open market sales of rice are continuing to tackle the impact of the coronavirus. Moreover, to ensure food security, the government has taken steps to increase the food storage capacity.

74. I propose to allocate Tk. 22,489 crore for the agriculture sector in the next fiscal year, which was Tk. 21,484 in FY 2019-20.

Employment Generation

Madam Speaker

75. As Bangladesh enjoys demographic dividend, a huge number of active population are entering into the labour market, but at the same time, there is a growing concern surrounding the demand for workers due to adoption of modern technology. Recently, a large number of people have become jobless due to the outbreak of coronavirus and the resultant countrywide holidays, closure of factories and, above all, stalled business activities. According to preliminary estimates by the Asian Development Bank, this number of jobless people could rise to 1.4 million.

76. We have announced a large stimulus package of about Tk. 1,03,117 crore to fight the economic effects of the coronavirus, one of the main objectives of which is to remove temporary job losses by revitalising the economic activities. We have created a subsidised loan fund of Tk. 5,000 crore by government allocation to enable payment of salaries and allowances of workers and employees in export-oriented industries, including ready-made garments. Moreover, we have created two separate low interest loan facilities, the first one is Tk 30,000 crore low-interest loan facility to provide working capital loan to affected large industries and service sector organisations, and the second package is Tk. 20,000 crore low interest loan facility to provide working capital loan to the micro, cottage and small and medium enterprises. Besides, we have increased the amount of the Bangladesh Bank's Export Development Fund from US\$ 3.5 billion to US\$ 5.0 billion and reduced the interest rate on loans from this fund.

Alongside, we introduced a new credit facility of Tk. 5,000 crore named the 'Pre-shipment Credit Refinance Scheme'.

77. We will expand the system of distribution of low interest loans to poor village farmers, returned expatriate workers and trained and unemployed youths for their engagement in business and self-employment activities in the rural areas in agriculture, agriculture related production and services, small businesses and small and cottage industries. To support this initiative, a low interest loan facility of Tk. 2,000 crore has been created, which will be distributed through Palli Sanchay Bank, Probashi Kallyan Bank, Karmasangsthan Bank and Palli Karma-Sahayak Foundation (PKSF). The government, for this purpose, will provide Tk. 500 crore to each of these institutes as capital, from which they will distribute low interest loans to eligible entrepreneurs under specific programmes. Alongside these programmes, different activities are going on for modernisation of business and investment environment, strengthening of workers protection and enhancement of efficiency with the ultimate goal of increasing the speed for job creation in the industry. For instance, to create efficient workforce by providing training, steps are being taken to establish new technical training centres in different districts across the country.

Madam Speaker

Skill Development

78. The government has been working for skill development, since enhancement of skills contributes to increasing labour productivity and raising wage rates. Steps have been taken to train 15 lakh people under the Skills for Employment Enhancement Program, under which training has so far been provided to 4 lakh 28 thousand people. The

government has been implementing the ‘National Service Programme’ through the Department of Youth Development to generate employment for educated but unemployed youths. Under this programme, 2 lakh 29 thousand 737 youngsters were given training, and temporary employment is generated for 2 lakh 27 thousand 402 of them. Under the Prime Minister's Office, the National Skills Development Authority (NSDA) has been established to coordinate various skills development activities of the government. Besides, to make NSDA effective, the National Skills Development Authority Rules, Training Institute Registration Guidelines, and National Human Resource Development Fund Usage Policy-2019 have been formulated, and the manpower structure of the NSDA has been approved. The Authority is working to enhance productivity by developing methods for skills enhancement of active population, drafting curriculum, and maintaining the quality of training.

Overseas Employment

79. The government is making sincere efforts to ensure overall welfare and equality in opportunities for expatriate Bangladeshis, create new overseas labour markets through diplomatic efforts, develop, through training, skilled manpower suited to the demand of those markets, reduce unemployment by creating overseas employment, and increase remittance inflows. Currently, over 1 crore 2 lakh migrant workers are working in 174 countries across the world. Over 66 lakh 73 thousand jobs were created abroad in professional, skilled, semi-skilled and low-skilled categories in the last 10 years, which is about 60 percent of total employment so far. Of this, over seven lakh people got employment in 2019 alone. Successful diplomatic efforts by Hon’ble Prime Minister Sheikh Hasina has resulted in the signing of a Memorandum of Cooperation (MoC) on

labour between the governments of Japan and Bangladesh in 2019. As a result, Bangladesh has been accepted as the ninth country to send specified skilled workers to Japan. Due to the priority given to women empowerment and initiatives taken by the government, over 7 lakh 78 thousand female workers went abroad taking employment in different professions in the last ten years of the government.

80. Multifaceted developmental programmes are being taken and implemented to ensure safe migration and overall welfare of expatriates. Digitisation of the migration management has brought a greater dynamism and transparency in the process of sending workers abroad, and led to the reduction in migration cost. Currently, smart cards/emigration clearance with microchips of each outgoing worker are being issued. Besides, fingerprint services for outgoing workers have been decentralised in their respective districts. Further, the development of visa checking (Saudi Arabia, Singapore, Bahrain, Qatar, Malaysia and Oman) system through mobile apps has enabled the expatriate workers to easily check their visas. Moreover, reforms in the legal structure have been made to control migration costs, bring transparency and accountability in the conduct of legal recruiting agencies, and ensure safe migration. In continuation of the reforms, the ‘Overseas Employment and Immigration Management Rules 2017’, ‘The Wage Earners Welfare Board Act 2018’, ‘Overseas Employment and Migrants (Recruiting Agent License and Conduct) Rules, 2019’ have been formulated, and the ‘Overseas Employment and Migrants (Recruiting Agency Classification) Rules, 2020 has been finalised.

Increase in Foreign Remittance

81. In the budget of the last fiscal year, Hon’ble Prime Minister announced an incentive at the rate of 2 percent on money remitted by

expatriate Bangladeshis. The objectives were- to mitigate the burden of increased expenses in sending foreign remittances, and to encourage bringing in foreign remittance through legal channels. As a result, inward remittances grew significantly during July-May of the FY 2019-20 as US\$ 16.56 billion has been earned during the period, which is making a special contribution to the country's economy. However, due to the outbreak of coronavirus in major destinations for Bangladeshi migrant workers and the drastic fall in global crude oil prices affecting the Middle East countries, growth in inward remittances will slow down at the end of this fiscal year. I therefore propose to continue this incentive in the next fiscal year too.

Poverty Reduction and Social Safety Net Programmes

Social Security Programme

82. As the government enforced general holidays, lockdowns, closure of factories and businesses to prevent the spread of coronavirus infections, income of the common people has reduced, which now threatens our achievements in poverty alleviation and social security. In order to overcome the situation, the government has taken an initiative to make direct cash transfers to 5 million people in the current fiscal year to alleviate the sufferings of the poor working people. In the next fiscal year, I propose to increase the coverage of the social security programmes in the following areas:

- ✓ All poor senior citizens in 100 upazilas most prone to poverty due to the coronavirus outbreak will be brought under the old age allowance as per the existing policy. This will add 5 lakh new beneficiaries, and an additional allocation of Tk. 300 crore will be provided to this programme;
- ✓ All widows and women deserted by their husbands in 100 upazilas

most prone to poverty due to the coronavirus outbreak will be brought under the coverage of the allowance programme for widows and women deserted by their husbands as per the existing policy. This will add 3 lakh 50 thousand new beneficiaries, and an additional allocation of Tk. 210 crore will be provided to this programme;

- ✓ The number of beneficiaries of the allowance for insolvent persons with disabilities will be increased to 18 lakh following the latest disability identification survey. This will add 2 lakh 55 thousand new beneficiaries, and an additional allocation of Tk. 229.50 crore will be required for this purpose.

83. In addition, the Maternity Allowance for Poor Mothers, the Working Lactating Mothers' Assistance Programme, the VGD activities, the Freedom Fighters Honorarium, the Employment Opportunity for the Extreme Poor, the Special Allowance for Improving the Living Standards of Gypsies and Disadvantaged Communities, the Education Stipend and Training for Gypsies and Disadvantaged Communities, the Assistance for Cancer, Kidney and Liver Cirrhosis Patients, the Living Standard Improvement Program for Tea Garden Workers, etc. will continue.

84. The Father of the Nation Bangabandhu Sheikh Mujibur Rahaman started the 'Rural Social Services Programme' in 1974 in 19 thanas as part of the strategy to eradicate rural poverty. Due to the success of this programme, it is now being implemented in all the unions across the country. We hope that, with this incentive, we will be able to revitalise the rural economy by creating vitality and enthusiasm. I propose to allocate Tk. 100 crore in FY 2020-21 for the 'Rural Social Services Programme' to keep the rural economy moving in the aftermath of the COVID-19 pandemic, and create self-

employment opportunities for the poor and helpless people in rural areas.

85. In the light of the *National Social Security Strategy Paper, 2015*, various social security programmes will be implemented to alleviate the plight of the poor and helpless people from the impact of the coronavirus outbreak. We have been increasing the allocation in the social security sector every year to improve the condition of the poor. By now, about one-fourth of the families in the country have been brought under the social security programme.

86. The government has allocated Tk. 95,574 crore in the social security sector, which is 16.83 percent of total budget and 3.01 percent of GDP in FY2020-21. In the revised budget of FY2019-20, the allocation was Tk. 81,865 crore. We are also implementing various programmes for the welfare of the marginalised communities besides helping the people with disabilities.

Local Government and Rural Development

Madam Speaker

My Village - My Town

87. The idea of rural development in Bangladesh was one of the key driving forces behind our independence. Bangabandhu Sheikh Mujibur Rahman, the Father of the Nation, considered rural development as the central philosophy of development and prosperity. Therefore, Bangabandhu incorporated a provision in Article 16 of the Constitution of People's Republic of Bangladesh to gradually remove the disparity between the urban and rural areas, which states that the State will adopt effective measures to fully transform rural areas by

promotion of agricultural revolution, rural electrification, expansion of cottage and other industries, and development of education, communication system and public health.

88. Hon'ble Prime Minister Sheikh Hasina's vision is that all villages in the country must be planned and developed. While civic amenities and facilities of the town shall be made available in the villages, biodiversity and natural environment in the villages shall also be preserved and kept intact. Through effective and integrated utilisation of natural, infrastructural and human resources, villages will be transformed into places of abundance, free from poverty, climate resilient and centres of our economic activities.

89. Keeping these ideas in mind, the government, in its *Election Manifesto, 2018*, made a commitment under the concept of 'My Village - My Town' to expand town-based facilities to all villages and build the 'Golden Bengal' dreamt by Bangabandhu. There are many challenges in implementing the 'My Village - My Town' pledge by expanding civic amenities to all villages in the country. The Local Government Division has formulated an action plan to implement the commitment of 'My Village - My Town' in a planned manner by effectively addressing the challenges, and the action plan has already been approved by Hon'ble Prime Minister. Following the action plan, implementation of works under 'My Village - My Town' across the country will continue to progress.

Rural Road Development and Management

90. Rural roads are the main infrastructures for rural communities, based on which rural economy circulates, leading to gradual development of various amenities in rural lives in each village. Sustainable rural roads facilitate all other socio-economic benefits,

such as access to education and health, employment, poverty alleviation, women development and business initiatives, etc. The commitment to increase rural road network coverage from 35 percent to 35.75 percent is being implemented fully. Mentionably, in the last eleven years from 2009 until February 2020, a total of 62 thousand 149 kilometers of rural roads has been built. This cover construction of 93.84 percent of upazila roads, 79.32 percent of union roads and 20 percent of rural roads. The expansion of this rural road network is contributing to the rapid expansion of rural economy. The priority areas for rural roads at the moment are- upgrading existing busy rural roads into two lanes to make them suitable for rapidly expanding rural economy, sustainable maintenance of constructed road infrastructures, and making new road connections quickly in villages currently without roads.

91. In addition, the government has built/rebuilt about 3 lakh 50 thousand 396 metre bridges/culverts for improving living standards of rural people in the last eleven years. To rapidly spread development benefits to remote areas of the country, some 20 bridges over 500 metres, and 480 bridges of over 100 to 500 metres have been constructed in the last eleven years. Currently, 40 bridges of over 500 metres and 220 additional bridges of over 100 to 500 metres are being built. In addition to rural infrastructures, 1 thousand 615 Union Parishad Complex buildings, 225 Upazila Complex/Extension buildings were constructed/ rebuilt, 2 thousand 287 growth centres and hat-bazars were developed, and 881 cyclone centers have been built in the last eleven years to make public services available for the rural people.

92. As part of this, a total of 5 thousand 550 kilometres of new roads and a total of 31 thousand metres bridge/culvert extension on

these roads will be built in the rural sector, including the expansion of climate resilient core road network, in FY 2020-21 to make them suitable for our evolving middle income economy. Maintenance work for 13 thousand 500 kilometers of pitched road and 3 thousand 8 hundred metres bridges/culverts will also be done during this period to sustain already constructed rural road infrastructures. In addition, a total of 195 growth centres/haat-bazars will be developed to increase agricultural and non-agricultural outputs by stimulating rural economy, creating job opportunities and influencing supply chains. To strengthen the activities of local government, 65 upazila complex buildings together with 100 union parishad buildings will be constructed. A total of 140 cyclone shelters will be built in coastal areas. With the development of roads, the country's road network coverage will increase from 35.75 percent to 36.75 percent. In addition to these development works in rural areas, targets have been set to construct 830 kilometers roads and footpaths, 250 kilometres drains and 3 thousand metres bridges/culverts in small and big cities. Following the implementation of all these infrastructural development works, direct employment for 12 crore man-hour, and a huge opportunity for indirect employment will be created.

93. I propose to allocate Tk. 39,573 crore for the local government and rural development sector in FY 2020-21, which is Tk. 37,886 crore in the current fiscal year 2019-20.

Industrialisation and Trade

Madam Speaker

Development of Cluster-based SMEs

94. The important role the small and medium enterprizes (SMEs)

plays in promoting economic growth is undeniable. The *National SME Policy 2019* has been framed giving due emphasis on increasing the contribution of SMEs in the industrial sector, and creating equal opportunities for all and ensuring economic empowerment through increased involvement of women in the SME sector. Currently, there is a huge network of 78 lakh 13 thousand 315 SME units in the country, and its contribution to GDP is 25 percent. The government is putting on its endeavour to enhance the contribution of this sector to 32 percent by 2024. To achieve this goal, the cluster-based *SME Development Strategy* is going to be adopted by identifying 117 clusters throughout the country. On the other hand, we have introduced two separate working capital loan facilities for the affected SMEs including the cottage industries amounting to Tk. 20,000 crore with nominal interest to counter the adverse economic impact of the COVID-19 pandemic.

Madam Speaker

Export Diversification and Development of Quality of Export Products

95. The government remains committed to promote export product diversification and develop the quality of our export products with a view to infusing dynamism in export trade and consolidating Bangladesh's position in the competitive global trade situation. To that end, it has identified a number of products with high export potentials, which includes ship building, pharmaceutical products, furniture, diversified jute products, electronics and home appliances, agro-processed products, paper, printed and packaging products, ICT, rubber, footwear, cut and polished diamond, etc. To develop the quality of our export products, the government has framed the

Compliance Handbook of Bangladesh's Plastic and Light Engineering Industry. To simplify export processes, the Registered Exporter System (REX) has been introduced in FY2019-20, which allows exporters to issue themselves instead of the Export Promotion Bureau the 'Statement of Origin' regarding the source of their products in the case of exports to the European Union. Again, according to the World Trade Organisation (WTO), global trade in services has been increasing gradually, and by 2040 the share of the services sector could reach 50 percent of global trade. For that reason, along with our general focus on exports of goods, we are also laying emphasis on enhancing services exports.

96. The government is offering export incentives to products with high export potentials so that these products can compete in the international market. A total of 37 products are receiving such incentives against their exports in FY2019-20, and a budget allocation of Tk. 6,825 crore has been made for the purpose. In FY2018-19, these incentives amounted to Tk. 4,000 crore.

Facing the Challenges of Graduation from LDCs

97. In various ongoing negotiations at the WTO, we have been continuing our efforts to ensure that Bangladesh continue to enjoy the LDC-specific benefits for a certain period even after the country's graduation from the Least Developed Country (LDC) status. Further, the government, as part of its efforts to effectively face the challenges of LDC graduation, has taken initiatives to conclude Free Trade Agreements (FTAs) and Preferential Trade Agreements (PTAs) to develop trade relations with different countries and enhance our exports. Feasibility Studies to examine the FTA potentials with 11 countries have so far been complete. Again, significant progress has

been made in concluding PTAs with Nepal, Indonesia and Bhutan, and it is expected that these agreements will soon be concluded.

Leather and Footwear Industries

98. You are aware that the leather and leathersgoods sector provides employment directly to 6 lakh people and indirectly to another 3 lakh people, and that this sector is one of the principal sources of our export earnings. To achieve productive capacity of this sector and enhance its exports, a *Guideline for Development of Leather and Leathersgoods Products 2019* has been framed. Further, an *Export Guideline for the Leather Sector* is in the process of formulation. Again, steps are being taken to facilitate the greater value chain integration of Bangladesh into the regional and global markets in the leathersgoods and footwear sector. A company named ‘Dhaka Tannery Industrial Estate’ has been formed to effectively run the activities in the Leather Industrial Complex at Savar.

Hoping for Better Days for the Jute Sector

99. The government has been working to make the fullest use of the potential of its jute sector for the country’s industrialisation, employment generation and exports development. Use of jute bags in the packing of 19 products including food grains have been made mandatory in the domestic market to ensure the diversified use of jute products. This measure has created an annual market of 160 crore jute bags in the country. Again, as a result of the growing awareness about the environmental impact of plastic products, the use of jute products as an alternative has increased throughout the world, thereby causing the country’s exports from this sector to increase gradually. Up to March this fiscal year, export of jute and jute products has seen a

23.49 percent rise over the previous fiscal year. We are hopeful of the revival of the glory of the jute sector in future, if this trend continues.

Readymade Garments Industry

Madam Speaker

100. The government has kept on providing all kinds of benefits, including cash incentives, to the readymade garments (RMG) industry as it is the principal export sector of the country. Again, an additional 1 percent export incentive is being provided to all categories of RMG exports from FY2019-20. However, due to the growing trade tensions and the recession in world economy, a downturn in global goods trade in 2019 and 2020 has been forecasted. Therefore, overall exports from Bangladesh, including that of RMG, have continuously been declining. Due to a reduction in demand in developed countries, RMG export this year is showing a negative trend compared to the previous year. Exports will reduce further in the coming days due to the global lockdown amidst the outbreak of coronavirus. However, it is expected that the RMG industry will see a rebound with the support from the stimulus package being offered by the government to counter the COVID-19 pandemic, and that export will return to the desired positive trend in FY2020-21. I propose to continue with this additional export incentive of 1 percent in the next fiscal year in addition to existing other incentives.

Development of the Tourism Industry

101. Following the directives of Hon'ble Prime Minister Sheikh Hasina, various steps have been taken to turn the tourism industry into a developed and modern economic sector. For example, plans have

been made to establish exclusive tourism areas for foreign tourists in locations that have high tourism potentials, develop eco-tourism parks keeping the natural beauty intact, build island-based tourism parks and hotels, and establish international standard tourism centers with all facilities for incoming tourists. Besides, projects have been taken up for modernisation and capacity enhancement of existing establishments of Bangladesh Tourism Corporation, and for expanding modern tourism facilities in new locations. The government will put on sincere efforts to ensure that the tourism industry of our country recovers from the severe loss that it suffered due to the outbreak of COVID-19 pandemic.

Blue Economy with Immense Potential

102. Bangladesh possesses a blue economy with immense potential. The extraction and utilisation of even the smallest part of the vast sea resources spread across 1 lakh 18 thousand 813 sq. km of the Bay of Bengal will make a huge impact on our economy. Hence, the *Vision 2041* has laid emphasis on ensuring the exploration, extraction and proper utilisation of resources of the Bay of Bengal. To gather information on fishery and other resources in the deep sea, a modern survey is being carried out, which, when completed, will provide us with a clear idea about the sea resources in the country. To utilise the potential of our blue economy, the government is actively considering to enhance communication and sign memorandum of understanding (MOU) with countries that have seen successes in similar endeavours. We strongly believe that steps taken by us will open avenues for unleashing all the potentials of our blue economy.

Physical Infrastructure

Power and Energy

Madam Speaker

103. The government with its firm commitment to ensure uninterrupted and quality power supply in the *Mujib Centenary*, together with “Sheikh Hasina’s commitment to extend electricity to all households”, has been relentless in facilitating a coordinated development in power generation, transmission and distribution. As part of the Mega Plan to generate 60,000 megawatts by 2041, we have already been able to enhance the electricity generation capacity to 24 thousand megawatts including captive and renewable energy, extend the electricity facility to 96 percent of our population, and raise the per capita electricity generation to 510 kilowatt-hour. Currently, 48 power plants with a combined generation capacity of 16 thousand 875 megawatts are under construction, and the signing of agreements for construction of 12 power plants with a generation capacity of 2 thousand 785 megawatts are under process (LOA and NOA have been issued). Further, the tendering processes for 6 power plants with a generation capacity of 650 megawatts is underway. We have also taken up plans to construct 16 more power plants with a generation capacity of 19 thousand 100 megawatts in the near future.

104. Having identified Payra, Maheskhali and Matarbari as Power Hubs, the government has been implementing a number of mega projects in the power sector. These include, among others, implementation of the Rampal 1,320 megawatts Friendship Super Thermal Project, the Matarbari 1,200 megawatts Ultra Super Coal Project, and the Payra 1,320 megawatts Thermal Power Plant Project have been going on in full swing. Steps have been taken to construct

coal-based power plants having 10,000 megawatts generation capacity in Maheskhali in joint ventures. To tackle the scarcity of gas as a fuel for power, plans have been made to construct Liquefied Natural Gas (LNG)-based power plants. Construction of the 2,400 megawatts Nuclear Power Plant in Ruppur is progressing well.

105. We are currently importing 1,160 megawatts of electricity from the neighbouring country India as part of energy connectivity under regional and sub-regional cooperation. An MOU has been signed with Nepal for bilateral energy trade, and negotiation has been finalised to import 500 megawatts of electricity from an IPP. Signing of a tripartite MoU with Bhutan to import hydroelectricity via India is at its final stage. Negotiations to import hydroelectricity from Myanmar and North-east India are in progress.

106. Aiming to enhance the contribution of renewable energy to 10 percent of total power generation, we are laying emphasis on solar energy-based electricity. We have so far been able to generate 628 megawatts of power from renewable energy, and power plants of a combined generation capacity of 1 thousand 221 megawatts are either under construction or in the planning process. To make our power generation and its use sustainable, we have taken up plans to install solar panels on the roof-top of every educational institutions in the country. In addition, electricity has been provided to the people living in off-grid areas through the installation of 58 lakh solar home systems.

107. Following the all-out efforts of our government, the total transmission line has now increased to 11 thousand 119 circuit kilometers and the distribution line to 5 lakh 60 thousand kilometers. In addition, we are moving ahead with the agenda of bringing all

upazillas of the country under electricity coverage by December 2020. Hon'ble Prime Minister has already inaugurated the full electrification of 257 upazillas, and the same programme for another 153 upazillas awaits inauguration.

Madam Speaker

108. To augment the production of gas, short, medium and long-term exploration plans have been taken in both land and sea areas. As a result, the gas production capacity in the country has now risen to about 2 thousand 522 million cubic feet. To meet the rising demand for gas, BAPEX has already completed the drilling of 29 wells as part of its plan to drill 108 wells by 2021. After gaining the new maritime boundary, Bangladesh has framed the *Onshore Model PSC 2019* and the *Offshore Model PSC 2019* to start new rounds of bidding for blocks in onshore and offshore areas in the country. To prevent wastage of gas, improve energy efficiency, and reduce monitoring costs by installing pre-paid gas meters, 2 lakh 60 thousand pre-paid meters have been installed in Dhaka city and Chattagram region.

109. As the supply from domestic natural gas is unable to meet the ever increasing demand for energy, two Floating Storage and Regasification Unit (FSRU) with a daily capacity of 1,000 million cubic feet have been installed at Maheskhali, which currently adds around 560 million cubic feet LNG daily to the national grid. Further, to install a Land-based LNG Terminal at Matarbari with a 1,000 million cubic feet capacity, activities such as the Feasibility Study and the Terminal Developer Selection are currently in progress.

110. I propose an allocation of TK. 26,758 crore for the Power Division and the Energy and Mineral Resources Division in the budget for FY2020-21, which was Tk. 28,051 crore in FY2019-20.

Communication

Madam Speaker

111. To transform Bangladesh into a developed nation by 2041, it is important to ensure that we have a modern, safe and environment-friendly transportation and communication infrastructure. To that end, the government has laid emphasis on creating a coordinated communication network by making a massive investment in the country's overall communication infrastructure comprising roads, bridges, railways, water-ways and airways.

Building a Modern Roads-Highways Network

112. To improve the national transport system and establish a standard infrastructure for road communication, the government is implementing a bunch of projects for upgrading 1 thousand 140 kilometers of the country's important regional highways to appropriate standard and width, and upgrading district highways to appropriate standard. Besides, as part of the plan to upgrade national highways throughout the country into 4 or more lanes, the upgradation work of the Elenga-Hatikumrul highway into a four-lane road with service lanes on both sides is underway. Physical progress in the SASEC Road Connectivity Project to connect Bangladesh with regional and international transport networks is 75.48 percent. The government has completed the construction of the first expressway of the country, an uninterrupted four-lane road with service lanes on both sides, stretching from Jatrabari intersection in Dhaka to Maoa and from Pachhor to Bhanga, and opened it for regular traffic. In FY2020-21, we will commence work for upgrading the Dhaka-Sylhet highway into four-lane with service lanes on both sides and the Rangpur-Burimari highway and Sylhet-Tamabil highway into four-lanes, and will also

commence work for constructing a bridge over the Mongla channel and the Kewatkhali bridge over the Brahmaputra river in Mymensingh.

113. To create a planned and coordinated modern public transport system in and around the Dhaka city and adjacent areas, we have been implementing the Revised Strategic Transport Plan (2015-2035). Under this, construction of Bangladesh's first metro rail network (MRT Line-6) from Uttara to Motijheel and bus rapid transit (BRT Line-3) from Hazrat Shah Jalal International Airport to Gazipur are progressing fast. The main construction work for implementing two more metro rail networks (MRT Lines-1 and 6) will commence in the next fiscal year. Besides, to ensure road safety, steps have been taken to mark 2 thousand 550 kilometers of highways, and remove eye-sight barriers/trees in the intersections of 1 thousand 950 kilometers of highways. To create public awareness on road safety, the government has declared 22nd October as the 'National Safe Road Day'.

Building Bridge-Tunnel for Uninterrupted Communication Network

114. To establish an integrated and uninterrupted communication network in the country, many large projects, including the Bangabandhu Sheikh Mujibur Rahman Tunnel under the Karnaphuli river, the Dhaka Elevated Expressway from Hazrat Shah Jalal International Airport to Kutubkhali in Dhaka-Chattogram Highway, are being implemented. Construction of the Padma Bridge with our own financing is progressing fast. The work for Maoa and Janjira connecting roads and Service Area-2 have already been completed. Overall physical progress of the Padma Bridge project upto February 2020 is 78.0 percent; 4.5 kilometer of the bridge has so far become visible. 51 percent of construction work of the Bangabandhu Sheikh

Mujibur Rahman Tunnel has already been completed. Besides, construction work of the 24 kilometer-long Dhaka-Ashulia Elevated Expressway is expected to begin soon. There is a plan to carry out a Feasibility Study to construct a tunnel under the Jamuna river connecting Gaibandha and Jamalpur districts. Feasibility Studies were carried out to construct five large bridges in the southern part of the country over the Paira river in Patuakhali-Amtali-Barguna road, the Meghna river in Bhulta-Araihazar-Nabinagar road, the Tetulia and Kalabadar rivers to connect the Barishal district with the Bhola district, and the Bishkhali river in Barguna-Patharghata road, and efforts are being made to get finance for their construction.

Madam Speaker

Modernisation and Expansion of Railways

115. Considering the public-friendly role of railways as a cheaper and safer mode of communication across the country, the government has taken a number of measures for the overall development of this sector. Implementation of the 30-year ‘Railways Masterplan (2016-2045)’ at a cost of Tk. 5,53,662 crore has already begun. Works, such as expansion of railways, construction of new rail lines and refurbishment of old ones, conversion of railways into dual gauges, opening of closed rail stations together with the new ones, introducing new trains and improving the services of other trains, procurement of train coaches, etc. have been continuing. Construction of 25 km new rail lines, refurbishment of 25 km old rail lines, construction of 30 new rail bridges, reconstruction of 14 old rail bridges, procurement of 136 new passengers carriages, introduction of 6 new trains (Benapole Express, Kurigram Express, Jamalpur Express), and expansion of 4 existing train services (Rajbari Express and Dhalarchar Express) have

been completed in the current fiscal year. The implementation of the Dhaka to Padma Bridge Railway Link Project is progressing fast. Construction of 900 km dual gauge double track and 1 thousand 581 km new rail track, refurbishment of 1 thousand 527 km rail track and 100 passenger coaches, procurement of 31 locomotives, and improvement of the signaling system in 222 stations will be done in the next fiscal year. Besides, steps will be taken to begin implementation of the construction of the High-Speed Dhaka-Chattoogram double track rail line project via Kumilla/Laksam, the Bhanga Junction (Faridpur)-Payra rail line project via Barishal, the Navaron-Satkhira-Munshiganj broad gauge rail line project, and the Dhaka City Circular rail line project.

Improving Waterways and Upgrading Sea-River-Land Ports

116. The government is implementing a massive program to make our foreign and internal trade easier and competitive by enhancing the capacity of our sea, river and land ports using modern technology and equipment. Capital dredging and other activities to increase navigability have been taken up along 53 routes of inland waterways. To enhance the goods handling capacity of the country's sea ports and raise their standards to the international level, plans have been taken up to construct new container terminals, overflow container yards, bay terminal and bulk terminal, and procure vessels. Besides, plans are afoot to carry out dredging of port-connecting river channels, and upgrade port-connecting roads into six-lanes and four-lanes. To enhance the goods handling capacity of river ports, plans have been taken up to build inland container river-ports, erect pillars along the river banks, safeguard river banks, construct necessary structures including walkways and jetties, and remove waste from river beds. International passenger terminal for passengers, and modern

warehouse, yards, transshipment shades, weighbridge scales and other structures for storing imported goods have been built at the Benapole Land Port. We have taken steps for the modernisation and capacity building of Bangladesh Shipping Corporation and Bangladesh Inland Water Transport Corporation.

Improvement and Expansion of Airways

117. The government has taken effective steps to build a world class civil aviation system to ensure safe, efficient and dependable fast passenger and goods transport. As part of the plan to improve the standard and scope of passenger and cargo handling capacity of our international airports, the work to build the third terminal at Hazrat Shah Jalal International Airport is underway, and the work to upgrade Coxes Bazar and Saidpur Airports into international airports is progressing fast. Plans have been taken to build the Khan Jahan Ali Airport in Bagerhat, and expand and refurbish the Jessore, Saidpur, Barishal, and Rajshai Shah Makhdum Airports. Besides, plans have been taken up to establish an international standard Civil Aviation Institute in the country, expand the aircraft fleet of Bangladesh Biman, our national flag carrier, increase its weekly frequencies to different profitable routes, and expand or reestablish its services to high demand routes, such as Quangzhou, Chennai, Colombo, Tokyo, Toronto, Bahrain, Sharjah, New York and Salalah.

118. I propose to allocate Tk. 64,580 crore for the communication infrastructure sector in the next FY2020-21, which was Tk. 64,821 crore in the current FY2019-20.

Digital Bangladesh: Achievements and Prospects

Madam Speaker

119. In implementing the *Vision 2021* announced by Hon'ble Prime Minister Sheikh Hasina to integrate the country with the trend of IT-driven global development in the 21st century, Bangladesh has set an example of commendable success over the last decade in areas of agriculture, education, health, human resource development and poverty alleviation. In continuation with this success, installation of 18 thousand 975 km of optical fiber cable up to the union level, installation of wifi routers in 2 thousand 4 unions and connecting 1 thousand 483 unions with the Network Monitoring System have been completed upto June 2019 to ensure internet connection across the country. To reduce the digital divide and take the benefits of ICT to the marginal people, 5 thousand 875 digital centers have been set up in unions, municipalities, city corporations and industrial areas and 150 different public-private services are being provided through these centers.

120. To create skilled human resources with knowledge in technology, various trainings on IT and ITS are being provided through 4 thousand 184 Sheikh Russell Digital Labs set up across the country and various other projects. Bangladesh National Digital Architecture Framework and a roadmap have been prepared to facilitate electronic exchange of data among the Ministries/ Divisions/ Offices/ Agencies for implementing e-Government. Steps have been taken to establish 28 Hi-Tech Parks/ Software Technology Parks/IT Training and Incubation Centers in different parts of the country to facilitate the development of the ICT industry, out of which construction of 3 parks have been completed and construction of the

rest is in progress. To ensure and safeguard digital security in Bangladesh in the face of rising cyber risks around the world, a piece of legislation named the *Digital Security Act 2018* has been enacted, and as per provision made in the law, a new agency named the Digital Security Agency has been set up under the Information and Communication Technology Division. Above all, a *National Information and Communication Technology Policy 2018* was formulated in FY 2018-19, whereon an integrated action plan has been detailed out upon consultation with three stakeholders – the government, the private sector and the academia – to build a digital Bangladesh.

Development of ICT Infrastructure: e-Governance

121. **Development of the IT Industry:** Bangladesh Hi-Tech Park Authority is setting up 28 Hi-Tech Parks /Software Technology Parks in different parts of the country; Among them – construction of Hi-Tech/IT Parks in 12 districts and Sheikh Kamal IT Training and Incubation Centers at 8 different places is underway. Besides, Bangabandhu Hi-Tech City in Kaliakoir, Bangabandhu Sheikh Mujib Hi-Tech Park in Sylhet, Bangabandhu Sheikh Mujib Hi-Tech Park in Rajshahi and Business Incubation Center in CUET have been set up, and construction of ‘IT Training and Incubation Center’ in KUET and Software Technology Park in Chattagram is in progress.

122. **Human Resource Development:** Considering the demand for manpower in the IT industry, Bangladesh Hi-Tech Park Authority has set a target of providing training to 40 thousand youths by 2023. More than 18 thousand youths have already been trained under various projects and programmes. If the projects for the parks taken up by the Bangladesh Hi-Tech Park Authority are properly implemented,

employment opportunities will be created for 50 thousand youths by 2023. The high-tech parks and software technology parks that have already launched their operations have provided employment for 14 thousand people.

123. **South-South and Triangular Co-operation:** The South-South Network for Public Service Innovation was established in November 2017 in Antalya, Turkey to facilitate mutual exchange of knowledge and experience among the countries of the South. Five best practices have been identified under the South-South and Triangular Co-operation Network. These are - Digital Center, Service Innovation Fund, Empathy Training, TCV and SDG Tracker. There is an initiative to build a Center for Excellence where training will be imparted on technology subjects appropriate for the Fourth Industrial Revolution, including Robotics, Blockchain, Internet of Things (IoT), Big Data, Data Analytics, Machine Learning, Deep Learning, 3-D Printing.

124. Bangladesh Hi-Tech Park Authority has set up 23 specialised labs in different universities in the country to establish a bridge between the IT industry and the academia, and create opportunities for research in this sector. The process of setting up 15 additional labs in different universities is underway.

- The number of trainees in the IT and Innovation sector at the government level is 24 thousand.
- The number of employment among the trained in the IT sector is 26 thousand.
- Among the trainees, the number of entrepreneurs is 10 thousand.
- Training will be imparted to 36 thousand 20 teachers on ICT in Education Literacy, and Troubleshooting and Maintenance.

125. To achieve SDGs by 2030, an SDG Tracker has been designed to ensure the framing of the right policy and the equitable distribution of resources, and also to ensure the framing of information-based policy and the up-to-date online database suitable for proper decision-making. Acclaimed in the government circle, this Tracker is providing great support to the government of Bangladesh in achieving SDGs. To make the SDG tracker more public-friendly and to update data in the tracker as per the indicators, workshops have been conducted in collaboration with various national and international organisations, including the ministries overseeing the SDG implementation, Bangladesh Bureau of Statistics and the General Economics Division (GED). The SDG Tracker currently contains data from 61 indicators. 232 indicators have been set for 17 goals. Moreover, the Menu-fest Corner has been added.

Disaster Management and Relief

Madam Speaker

126. You are already aware that Bangladesh is a disaster-prone country. Due to global climate change, we are one of the countries most prone to natural disasters. In the last few years, we have been moving away from traditional disaster management and focusing more on reducing disaster risks and improving adaptability and resilience. But due to the recent COVID-19 pandemic, we have quickly expanded our humanitarian relief and support activities.

127. Many people have suddenly become unemployed as economic activities significantly slowed down as part of enforcing social distancing and continuing with long holidays to limit the spread of the novel coronavirus. In the wake of this crisis, we have started the free food distribution program. We have also begun Open Market Sale

(OMS) operations of rice and other essentials nationwide and reduced the OMS price of rice from Tk. 30 to Tk. 10 per kilogram in early April. In addition to rice, we have been distributing other food items, especially baby foods, among the poor for free. The government food storages had been maintaining an adequate buffer when the COVID19 crisis broke out. This buffer helped us to manage the supply of food and ensure that no one remained hungry throughout the crisis period, which is a major success of our government. To continue with this success, we have planned to procure additional 2 lakh metric tons of paddy and rice over and above of our regular procurement targets.

128. We have established a National Disaster Response Coordination Cell (NDRCC) to transmit coordinated early warnings and critical disaster information to the grassroots level. Bangladesh has been successful in engaging volunteers during disasters. 56 thousand volunteers have already been given trainings and provided with necessary rescue equipment, and a database of them has been prepared. 35 thousand urban volunteers have been specially trained for disaster response in urban areas. Regular drills are being conducted to keep these volunteers ready for disasters like earthquake, cyclone and fire. Bangladesh has become a role model of humanitarian support provider in the world by providing safe shelter, food, healthcare service etc. to 11 lakh Rohingya refugees who were forcefully dislodged from their homes in Myanmar. We will continue with this gesture of humanitarian response in the coming fiscal year too.

129. We have recently faced the onslaught of the deadly tropical super cyclone ‘Amphan’. Following the forecasts, we took adequate preparations to effectively combat the possible devastation by the Amphan cyclone. We could, therefore, quickly start the relief operations and tackle the situation in areas of the country hard-hit by

the cyclone.

130. I propose to allocate a total of Tk. 9,836 crore for the next 2020-21 fiscal year for disaster management and relief, which was Tk. 9,872 crore in current FY 2019-20.

Women Empowerment

Madam Speaker

131. To consolidate equal rights and empowerment of women, the Father of the Nation Bangabandhu Sheikh Mujibur Rahman in the Constitution of the People's Republic of Bangladesh, gave assurance to ensure participation of women in all walks of national life and equal status of men and women. I am pleased to inform the House that the advancement of women in every sphere of national life is now visible, due to the strong and timely steps taken by Hon'ble Prime Minister Sheikh Hasina for the political, economic, and social empowerment of women. Enrolment of girls at all levels of education is higher than that of boys nowadays. At the elementary education level, gender parity has been achieved across the country. Advancement made by women in education has also ensured their greater participation in the workplace, as evidenced by the results of the last five recruitments in the Bangladesh Civil Service. Besides, women now make up 41 percent of the country's paid workers outside agriculture. It is to be noted that Bangladesh has ranked 50th out of 153 countries in reducing gender inequality, and secured the top position in South Asia.

132. To increase women's participation in the workplace and ensure their involvement in development activities, the government is working relentlessly to enhance the capacity of women. To empower women by providing information technology-based services, a project

titled 'Tottho Apa' is under implementation to ensure access to information technology for underprivileged women. Besides, vocational training and loan disbursement activities for self-employment of rural destitute and helpless women have been strengthened at the district and upazila levels. The government is determined to eliminate child marriage from the country by 2041. It has taken initiatives to establish a National Forensic DNA Profiling Laboratory Management Directorate to ensure speedy and fair justice for abused women and children. Further, to safeguard the wellbeing of children, the government has planned to set up the Department of Children, construct children's complexes in all districts, and establish child daycare centers in all upazilas.

Tackling Climate Change and Conserving Environment

133. A motion titled 'Planetary Emergency' has been adopted in our august Parliament laying emphasis on the adverse effects of environmental degradation around the globe and climate change. We are addressing issues, such as environmental protection, pollution control, protection of biodiversity and combatting the adverse effects of climate change, by implementing the 'National Environment Policy, 2018'. The policy has specified the activities of various Ministries/Divisions and Departments. A study titled 'Assessment of Sea Level Rise and Vulnerability in the Coastal Zone of Bangladesh Through Trend Analysis' has been conducted to assess the risks of sea level rise in coastal areas in Bangladesh. Efforts to reduce air pollution have been continuing through the implementation of the *Brick Making and Kiln Installation (Control) Act, 2019*.

Chapter Five

Reform and Good Governance

Madam Speaker

134. The government has given priority on implementation of reform programs to ensure good governance and improve investment and business environment. The government took and implemented a range of reform initiatives in the past, and is still continuing its reform agenda. I would like to highlight some of the important reform initiatives undertaken by our government in different areas.

Improving Investment Climate

135. To generate employment through increased investment, a program has been taken to establish 100 Economic Zones (EZs) that will create about one crore new jobs. Development work on 93 Economic Zones has already been approved. Among them, permission was given to 11 EZs in the private sector, of which 8 have already commenced operations. Development work of TK. 1,700 crore is underway in government sector Economic Zones. Among the government sector EZs, ‘Bangabandhu Sheikh Mujib Industrial City’ is one of the main ones, which is being built as the biggest planned and modern industrial zone. In the Economic Zones, investment proposals worth about US\$ 20.25 billion, including US\$ 17.00 billion in government EZs and US\$ 3.25 billion in private EZs, have so far been received.

136. Six projects under Public-Private Partnership (PPP) are underway. To increase the number of PPP initiatives in improving the country’s infrastructure, step has been taken to amend the Bangladesh

Public-Private Partnership Act, 2015. To streamline production and business in the export-oriented industrial sector, the government will start the program to fully automate bonded warehousing management.

Advancement in Ease of Doing Business Index

137. If we can rationally reduce the cost of starting business, it will be possible for us to foster rapid Industrialisation and generate employment. Besides, gaining a good position in improving our business environment plays a positive role in attracting foreign investment. Our goal is to bring the position of Bangladesh in the *Ease of Doing Business Index* within two digits. To attain this objective, we have taken various reform initiatives to improve business environment. It is to be noted that business environment in the country is improving following the amendment of the *Companies Act, 1994*. For example, various registration fees applicable for companies have been significantly reduced, and there will be no fee for companies having capital of less than Tk. 50,000. To ensure quick clearance of goods and modernise the customs administration through trade facilitation, the government has formulated the new Customs Act.

138. One Stop Service Rules 2020 has been issued to implement the One Stop Service (OSS) system so that investors can get different kinds of investment related services easily and quickly from other investment related government offices. To operationalise this, the fully internet-based online One Stop Service Platform (OSS Platform) has been established. To improve the delivery of services and improve business environment, 18 business services of 4 government agencies, including Bangladesh Investment Development Authority, have been streamlined, and were made available in the OSS Platform for online use by businesses. As a result, our position in the *Ease of Doing*

Business Index has progressed to 168 in 2019 from 176 in 2018, which will help develop a positive image in the international arena about Bangladesh's business environment. The government plans to streamline 150 business services of 35 government agencies and make them available in the OSS Portal in the coming years. I am hopeful that our position in the Index will see further improvement in the following year.

Implementation of E-Mutation across the Country

Madam Speaker

139. The traditional land mutation process has been replaced by the E-Mutation system under the overall coordinatin of the Ministry Land and with assistance from Land Reforms Board, ICT Division and A2I project. The Ministry of Land has commenced full implementation of E-Mutation from 1st July 2019 simultaneously across the country excepting three Hill Districts. The E-Mutation system is currently in operation in 485 upazilla land and circle offices and 3 thousand 617 union land offices. As part of the 'special service-oriented program' under the Mujib Borsho, acceptance of manual application for mutation has been discontinued from 17th March 2020. Under the traditional system, people had to go to land offices to get the mutation done, and frequent travels required for the purpose involved a waste of time and money. In continuation of the Land Ministry's slogan of "Land Services in the Palm of your Hand", people now has the advantage of getting mutation done in a maximum of 28 working days compared to 45 working days taken earlier. This E-Mutation program has attracted attention of the international community, and received global appreciation. As a recognition of the deed, Bangladesh has, for the first time, received the prestigious

United Nations Public Service Award 2020 in the category of ‘Developing Transparent and Accountable Public Institutions’.

Implementation of E-Judiciary

140. The E-Judiciary project has been taken to bring the subordinate courts in the country under the ICT network. Under the project, each court will be transformed into an E-Court room. As a result, case management will become more efficient, since each court, different offices attached to judicial proceedings such as thanas, hospitals and jails, and concerned people, such as investigators, witnesses, lawyers and accused persons, will be connected under the central network. This will reduce time and costs for the litigants, who will soon be benefitted if the project is projected.

141. The land registration process will be digitised to make it easy and more transparent. Once the inter-operability (E-Service Bus) or linkage is established among different government agencies, it will help ensure secure inter-connectivity and exchange of information at the field level among the land offices, settlement offices, sub-registry offices and district registry offices, Directorate of Registration, other offices related to land, Election Commission, Department of Immigration and Passport, and Birth and Death Registration Office. This will enable citizens to avail electronic land registration services.

Eliminating Corruption

142. The government has taken a zero tolerance approach against corruption. Many operations against corruption have been conducted this year, which were praised by all. To completely uproot corruption from the society to ensure the real socio-economic development in the country, the Anti-Corruption Commission is working to develop an

administrative structure based on good governance. To modernise and update activities of the Commission, the ‘Ant-Corruption Commission Rules’ has been amended in June 2019. The government will continue with its tough stance against corruption.

Reforms in Financial Sector

Madam Speaker

143. The government has been implementing various activities to bring about reforms and development in banking, capital market, insurance and other financial sectors.

144. Considering the importance of financial inclusion, Bangladesh Bank is working to ensure that the formalised banking facility is available to the disadvantaged people in both urban and rural areas. Mobile Financial Services have become immensely popular among the marginalised sections of the people in the country. The usefulness of MFS has been further reinforced during the COVID-19 pandemic. To streamline financial inclusion operations, the government is formulating the ‘National Financial Inclusion Strategy- Bangladesh’. Besides, the agent banking program has been initiated to take banking services to rural areas in a cheaper and affordable manner. As of December 2019, the program has been in operation across the country through 8 thousand agents and 11 thousand 320 outlets. Bangladesh Bank is also working to provide necessary assistance to the financial market to ensure the commercial success of FINTECH or the expansion of financial technology and creative financial technological initiative.

Bringing Interest Rate into Single Digit

145. To make our industrial and business sectors more competitive, we have brought the interest rate on bank loans within the single digit. This new interest rate (in the case of loan, the highest rate is 9%) has been made effective from April 2020.

Rescheduling of Loans

146. By making a 2% down payment, borrowers were allowed to reschedule their classified loans for a period of 10 years with a grace period of 1 year. This step helped reduce classified loans, which has gone down to 9.32 percent of total loans in December 2019 from 11.69 percent in June 2019.

147. To establish an improved loan culture in the country so that the loan recipients can repay their loans in time, necessary reform initiatives have been taken. Central database for large credit (CDLC) has been established for close monitoring of large loans and strengthening the monitoring system of banks and financial institutions. To main financial stability, a number of steps will be taken in the future, which includes preparation of a concept paper on macro-prudential policy, drafting a Financial Stability Map taking international best practice into consideration, and formulating a Stress Testing Guideline taking systemic risks into consideration.

148. Steps have been taken to improve business environment by making necessary amendments in the *Companies Act, 1994*. The mandatory provision of using ‘company seal’ for registering a company has already been withdrawn. This year, we will bring further changes in the Act so that One Person Company can also be registered

as a company. Besides, steps will be taken to introduce legal reforms in issues, such as faster business registration, dispute settlement, etc.

Liquidity Management in Post-COVID 19

149. To implement the stimulus package declared by the government to face the fallout of the outbreak of coronavirus in the country, the Repo Rate and the Cash Reserve Ratio (CRR) have recently been lowered by Bangladesh Bank to ensure effective liquidity management in the money market. For example, the Repo Rate has been cut in two steps from the previous rate of 6 percent to the new rate of 5.25 percent. Besides, special Repo has been introduced by increasing the Repo period to 360 days, while also maintaining the existing provisions of 1 day, 14 days and 28 days Repo. Similarly, the compulsory deposits provision for scheduled banks in the central bank or the Cash Reserve Ratio has been cut in two steps from the previous rate of 5.5 percent to the new rate of 4 percent. Besides, the Advance-Deposit (AD) Ratio has been increased from 85 percent to 87 percent.

Revitalising the Stock Market

150. The government has taken six short and long term measures to rejuvenate the stock market and bring dynamism into the sector. These include- enhancing participation of banks and non-bank financial institutions in the capital market, ensuring easy credit facility for merchant bankers and institutional investors, boosting investment capacity of state-owned Investment Corporation of Bangladesh, taking steps to bring confidence in the stock market, taking steps to increase institutional investment, and listing multinational companies and state-owned enterprises to enhance quality of IPOs in the stock market. It is

noteworthy that four state-owned banks, namely Sonali, Janata, Agrani and Rupali, have already decided to increase their investment in the capital market. Further, to maintain liquidity in the capital market by increasing investment from private banks, Bangladesh Bank now allows scheduled banks to invest Tk. 200 crore in the stock market taking financial support from the central bank. Banks will be allowed to show the fund as special investment, which will not fall within the purview of the banks' stock market exposure of up to 25 per cent of their capital.

151. Some tax incentives have been offered in the current fiscal year to encourage the capital market. For example, dividend income from the listed companies was made tax-free upto Tk. 50,000, and double taxation on dividend from listed companies was removed. Declaration of cash dividend for at least 50% of the profit of listed companies has been made mandatory.

Public Financial Management (PFM)

Madam Speaker

Depositing Surplus Fund to National Exchequer

152. A new piece of legislation named *The Deposit of Surplus Funds of Autonomous, Semi-Autonomous, State-Owned, and Public Non-Financial Corporations into the Government Treasury Act 2020* has been enacted to bring all the idle and surplus money of the state owned enterprises to the national exchequer. Under this law, 10 state-owned enterprises have deposited a total of Tk. 16,046 crore to the government treasury in FY 2019-20.

153. In FY2018-19, we brought our public financial management system to international standard through the introduction of new Budget and Accounting Classification System (BACS). In addition to civil administration, we have applied IBAS++ (Integrated Budget and Accounting System), a fully automated system developed by our local experts, in defense and railway budget and accounting process this year. In the next year, steps will be taken to consolidate and integrate them further to make the system more robust.

154. To simplify the development project fund release process, Project Directors (PDs) have been given the full authority in the current fiscal year to utilise project fund without seeking approval from any authority. As a result, 1-2 months' time is now saved in the fund release process of any project. This contributed to the process of accelerating the implementation of development projects.

155. The Social Safety Net MIS established by the Finance Division to bring transparency and improve efficiency of Social Safety Net (SSN) Programmes has made the selection process of beneficiaries easier through verification of information from the National ID server. By using this MIS, payments from the government exchequer to the beneficiary's bank or mobile bank account are being processed through the G2P programme. To bring all cash transfers under this payment procedure, this digital system has already been introduced in 10 large SSN programmes.

Digitalisation of Savings Certificate Management

156. To modernise the management system of national savings schemes (NSCs) transactions, the 'National Savings Scheme Online Management System' has been introduced in the current fiscal year at

the initiative of the Finance Division, and accordingly the sale, profit and encashment, etc. of NSCs have been digitised. Besides, the postal savings scheme and the postal banking system have also been automated.

Chapter Six

Revenue Collection Activities

Madam Speaker

157. Till now I have discussed the expenditures of the Government. Now we shall focus on the sources of the expenditures. The major share of the expenditures will come from internal resources which will be collected by National Board of Revenue (NBR). Internal revenue collection target is set on the basis of the size of the expenditure budget. There are mainly two sources of revenue: NBR-generated tax and non-NBR tax. Majority of our revenue, 85 percent to be precise, is collected by NBR. But it is also true that in order to meet the basic needs of the people of the country, enhance business activity and create employment and establish an equitable and just society, various types of tax exemptions or tax benefits have been given in Income tax, Customs and VAT. This exemption is in addition to different welfare expenditures, incentives or financial benefits of the government - which are often outside the purview of the revenue account. We have proposed to continue and expand similar facilities this year.

Madam Speaker

158. Revenue growth was 8.26 percent in FY 2018-19. Although revenue collection for FY 2019-20 is yet to finish, revenue growth is expected to slow down somewhat due to the COVID-19 outbreak. The COVID-19 outbreak will not be diminished easily and many voice doubt that the country's economy will return to normalcy in the next fiscal year. They apprehend that the impact of coronavirus will slow the economy down, and GDP growth will not be at the desired level. Keeping these factors in mind, we have arranged the revenue policy this year. In order to maintain the steady pace of economic and GDP

growth as in previous years, in addition to revenue collection, various types of proposals are placed in this budget for gaining momentum in trade and commerce, creation of employment and protection of public health.

Madam Speaker

159. We have taken many reform initiatives for both direct and indirect taxes to gain confidence of respected taxpayers, businessmen and, above all, the citizens of the country. Initiatives have been taken to make the Income tax, VAT and Customs departments fully automated and digital. In addition, the e-payment system has been introduced in the Income tax, VAT and Customs departments to facilitate tax payment.

160. Work is underway to modernise and update the Income Tax Ordinance by introducing the new Income Tax Act. To increase the number of taxpayers, the Income Tax Department is conducting regular survey activities, and has already identified 5 lakh new taxpayers in this year. With the implementation of the BITAX project, taxpayers are now able to file income tax returns online. Travelers are now able to pay travel tax online through mobile apps. As a result, the tax payment process has become easier than before. Specific plans to modernise the tax department and make tax management more investment and business friendly are mentioned in detail in Chapter Seven of the budget speech.

Madam Speaker

161. We are implementing the VAT Online project and establishing an online IT-based VAT system to ensure more efficient collection of VAT. As a result, businessmen will be able to pay VAT from their

home. Measures are being taken to install Electronic Fiscal Devices (EFD) in all business establishments to make VAT collection easy, transparent and hassle free.

162. Various activities have been taken to modernise the Customs service. The Customs Modernisation Strategic Action Plan 2019-2022 has been adopted to facilitate trade and commerce in the country. Modern scanners are being set up at customs ports and customs stations. The National Single Window (NSW) project has been taken up to connect all stakeholders in a single platform. It will provide the facilities of One Stop Service for import and export. Full implementation of the modern and technology-based NSW project will speed up trade and reduce business operating costs. This will be an important step in the implementation of cross-border paperless trade. With the introduction of the Advance Ruling program, importers or new entrepreneurs can now be certain of the H.S. Codes and Rules of Origin of their products before importing them. The Authorized Economic Operator (AEO) system has been introduced to ensure faster delivery of goods, enabling traders to avail the Fast Track facility. In addition, IT-based risk management and post-clearance audit activities have been undertaken. This will speed up the delivery of goods for all but risky persons or organisations.

Madam Speaker

163. We have also taken various measures to increase the capacity of revenue administration. Training Academies under the NBR are to be modernised. In VAT administration, we are creating Training of Trainers (TOT)-based trainers from among the officers. Emphasis is being laid on sustainable development in enhancing the internal capacity of revenue collection. Expansion activities of the revenue

administration are under consideration to improve the quality of services and increase the tax coverage. It is expected that these technology-based timely activities will encourage people to pay taxes, and they will feel pride in paying taxes which in turn will enhance the revenue flow in the country.

Chapter Seven

Income Tax, Value Added Tax and Import-Export Duty

Direct Tax: Income Tax

Madam Speaker

164. Direct tax or income tax is one of the major sources of internal revenue collection. Currently, income tax contributes nearly 35 percent of the total revenue collected by the NBR. Average growth in income tax collection has been above 15 percent in recent years. Analyses and review of data from different countries reveals a growing tendency towards income inequality among the citizens, which is a by-product of economic growth. Tapping adequate revenue to finance the overall development of the country, ensuring macro-economic stability, maintaining discipline in the financial sector, and establishing a welfare state having redistribution of wealth, social justice, equity and reduction of income inequality are some of the key objectives behind collecting income tax. The great strides made by our government in developing various socio-economic indicators of the country over the last twelve years received global appreciation as a role model. Economic growth and rise in per capita income in the past twelve years have made a large section of our population capable of paying income tax, which in turn opened up a huge potential and opportunity before us to significantly increase revenue collection. We need to make our income tax system more robust and dynamic so that the benefits of progress and development do not remain confined only to the fortunate few and can be shared by every citizen in the country, income inequality as a corollary to economic growth does not rise, and, above all, social justice, one of the key drivers behind the War of Independence, is ensured, and a society based on equity and welfare is

built. As activities related to tax are heavily information-intensive, the unprecedented advancement taking place in the field of information technology in recent times has brought immense opportunities for us for augmenting tax collection.

Madam Speaker

165. Globalization and extraordinary development and evolution in information technology are contributing to the fast-changing nature and context of investment, business models and economic transactions. Economic activities these days are increasingly going cross-border with the widespread adoption of virtual economy due to digital access to information. Against this backdrop, issues relating to international taxes are increasingly becoming relevant and important. Now we do not have any alternative but to tap required internal resources to successfully implement Vision 2021 and elevate into an upper middle income country. Successful implementation of Sustainable Development Goals by 2030 also calls for gearing up collection of income tax. As such, considering the present state of our taxation system, we need to build a modern and ICT-backed taxation system alongside reforming and revamping the income tax department at the earliest. For this, measures need to be taken to ensure the most efficient use of information technology in all the activities related to taxation such as filing of income tax returns, processing of returns, assessment of total income, computation of taxes and payment of taxes. Moreover, all activities related to TDS (tax deducted at source) need to be brought under an automated system. Necessary steps also need to be taken to facilitate capacity-building of the Income Tax Department on issues of auditing and international taxes.

Madam Speaker

166. We have been providing tax exemptions for a long time to facilitate expansion of the country's trade and investment, generation of employment and promotion of exports. Currently, many important sectors are enjoying exemption from payment of taxes and many sectors are paying income tax at a much reduced rate. Despite narrowing our tax-base, this is also creating scopes for employment and investment.

Madam Speaker

167. I will now present to this august House some important proposals related to Income Tax for FY 2020-21:

168. The tax-free threshold of income, tax rates and tax slabs for taxpayers other than companies and local authorities, especially individual taxpayers, have remained unchanged since FY 2015-16. The unchanged status of the tax-exempted income threshold on the one hand, and the loss of real income due to inflation on the other have created a feeling of discomfort among the genuine and valued taxpayers with regard to payment of taxes. Also, our valued taxpayers have been financially affected due to the global outbreak of the COVID-19 pandemic. Considering these factors, and also as a gift of the 'Mujib Borsho', I propose to increase the tax-free income threshold and reduce the tax rate applicable for the taxpayers other than companies and local authorities, especially the individual taxpayers. This reduction of tax burden will hopefully add some comfort to the lives of the individual taxpayers, and will also make them feel encouraged to pay taxes regularly. I, therefore, propose to increase the tax-free income threshold of male taxpayers from Tk. 2 lakh 50 thousand to Tk. 3 lakh and the tax-free income threshold of

female taxpayers and taxpayers above 65 years of age from Tk. 3 lakh to Tk. 3 lakh and 50 thousand respectively. At the same time, I propose to reduce the minimum tax rate for individuals from 10 percent to 5 percent, and the maximum tax rate for individuals from 30 percent to 25 percent. The following table presents the proposed tax-free income threshold, tax rates and tax slabs for all categories of individual taxpayers except companies and local authorities:

Total income	Tax rate
(A) On first Tk. 3,00,000/-	Nil
(B) On next Tk. 1,00,000/-	5%
(C) On next Tk. 3,00,000/-	10%
(D) On next Tk. 4,00,000/-	15%
(E) On next Tk. 5,00,000/-	20%
(F) On the balance of total income	25%

Madam Speaker

169. We have given highest priority to the digital transformation of the Income Tax Department. I hope that we will be able to materialise this digital transformation in the quickest possible time, and as an outcome the valued taxpayers will be able to pay taxes as well as file income tax returns online with utmost ease and comfort. To popularise the option of online payment of taxes and online submission of tax return among the taxpayers, I propose a tax rebate of Tk. 2 thousand to all the taxpayers who will file their income tax returns online for the first time. I hope this will highly encourage the taxpayers to submit their income tax returns online, which will in turn expedite the process of digital transformation of the Income Tax Department.

Madam Speaker

170. Except for banks, leasing and insurance companies, mobile

phone companies and cigarette manufacturers, tax rates for publicly traded companies and non-publicly traded companies have remained 25 percent and 35 percent respectively since FY 2014-15. To ease the tax burden of valued taxpayers at this critical time of the COVID-19 pandemic, I propose a 2.5 percent reduction in the tax rate of non-publicly traded companies to fix it at 32.5% from that of 35%. At present, the RMG factories having green building certification enjoy a special tax rate of 10 percent, whereas RMG factories without such certification pay taxes at a rate of 12 percent. The deadline of the SRO providing this special tax rate ends on 30th June 2020, and I propose to extend the time-limit of the said SRO by another two years. I hope our taxpayers in the RMG sector will be greatly benefitted from this tax rate reduction.

Madam Speaker

171. To mitigate the crunch in working capital among business people in the context of the fallout of the coronavirus pandemic, and to rationalise the existing rate of taxes deducted at source, I propose to reduce the rate of tax to be deducted at source on certain items including some essential commodities. I propose to bring down the rate of tax deduction at source at the stage of local supply of essential commodities, such as rice, atta, potato, garlic, onion, etc. from 5 percent to 2 percent irrespective of the base price. The prevailing highest rate of tax deducted at source on supply of locally sourced M.S. scrap stands at 5 percent. Considering the financial capability of small businesses dealing in local supply of M.S. scrap as well as the issue of promoting the steel manufacturing industry, I propose to fix the rate of locally sourced M.S. scrap supply, irrespective of its base price, at 0.5 percent. Currently, the tax deducted at source (TDS) on the import of garlic and sugar is at a rate of 5 percent, which I propose to reduce to 2 percent. Also, with a view to promoting the poultry

sector, I propose to reduce the rate of TDS on the import of raw material for poultry feed to 2 percent from the existing rate of 5 percent.

Madam Speaker

172. Exports of goods and services, including that of RMG, have faced a downturn due to the outbreak of the COVID-19 pandemic. I, therefore, propose to reduce the rate of withholding tax on export proceeds as a part of extending overall support to our export sector. The existing rate of collecting withholding tax on all sorts of export proceeds including that of RMG as stipulated in the Income Tax Ordinance is 1 percent that has further been reduced through an SRO, which continues to be in force till 30th June 2020. I propose to amend the Ordinance to fix the rate of withholding tax on all sorts of export proceeds including that of RMG at 0.5 percent instead of the existing rate of 1 percent.

Madam Speaker

173. We have taken steps to develop a strong bond market in the country to provide long-term financing. Flourishing of the bond market in the country will open up new scopes and opportunities for financing mega projects in public and private sectors. It is expected that this will reduce the cost of financing in public and private sectors. Especially, the problem of balance sheet mismatch in the financial institutions arising out of short-term liability against long-term assets will be mitigated by this. Therefore, to make the bond market attractive to the investors by abolishing the existing provision of deduction of source tax upfront on interest and discount on bonds, I propose to introduce the provision of TDS at the time of payment of interest and discount on bonds. In addition, instead of the present

provision of deducting withholding tax on the value of bond transactions, I propose introduction of withholding tax deduction on the commission fixed by the Securities and Exchange Commission (SEC), the regulatory body for the capital market. I hope that these measures will increase transactions of bonds in the capital market and facilitate the flourishing of a strong bond market in the country.

Madam Speaker

174. Apart from revenue collection, the ongoing crisis caused by the coronavirus outbreak and the ensuing changed economic circumstances demand that the mainstream economy of the country be brought back to track and the people be given the opportunity to resume their economic activities. The possibility of an impending global economic recession also looms large. To face these challenges, we have to formulate and implement our financial policies for the upcoming fiscal year with utmost prudence and foresight. On the one hand, we need to generate more revenue to finance greater public spending to stimulate demand in the economy, and on the other hand, we need to provide impetus to the economic activities in the private sector. Extraordinary time demands extraordinary measures. Also, in some cases, lack of adequate knowledge on tax return submission may result in causing mismatch regarding proper declaration of assets owned by a taxpayer in his/her tax return. Under these circumstances, in order to provide an opportunity for the taxpayers to amend this mistake as well as to pave the way to increase the flow of money into the mainstream economy, I propose to insert two tax incentive sections in the Income Tax Ordinance. Firstly, regardless of the provisions of any other prevailing law of the land, individual taxpayers will be allowed to disclose any type of undisclosed house property including land, building, flat, and apartment between July 1, 2020 and June 30, 2021 on paying tax at a particular rate on per square meter of the said

asset. Individual taxpayers will also be able to make any disclosure of undisclosed cash, bank deposits, savings certificates (Sanchayapatra), shares, bonds or any other securities between 1st July 2020 and 30th June 2021 on paying taxes at a rate of 10 percent on the value of the said declaration; and no authority including the income tax authority can raise any question on such declarations. Secondly, with a view to providing impetus to the stock market, a major hub of economic activity of the country, individual taxpayers can invest money in the capital market between 1st July 2020 and 30th June 2021 and show it in their tax returns on paying tax at a rate of 10 percent on the value of the investment subject to satisfying certain conditions including a lock-in period of three years, and no other authority including the income tax authority will raise any question in this regard. When comes into force, these provisions will increase the flow of money into the mainstream economy, generate employment and enhance collection of tax revenue.

Madam Speaker

175. There are widespread allegations of money laundering and tax evasion through under-invoicing, over-invoicing, and declaration of false investments. Our government has zero tolerance for such misdeeds. To put a rein on such tendencies, besides all other existing laws in this regard, I propose to insert a new section in the Income Tax Ordinance. According to the proposed provision, 50 percent tax will be levied on the proven amount of over- or under-invoicing, or on the proven amount of false declaration of investment. I hope that the proposed provisions will be highly effective in curbing money laundering and tax evasion caused through acts of under-invoicing, over-invoicing, and false declaration of investment.

Madam Speaker

176. I have already mentioned that the efficient administering of state affairs by our government during the last 12 years have resulted in achieving significant progress in different socio-economic indicators, as well as enhancing the per capita income. This has rendered many citizens of the country eligible of paying taxes. Due to lax in the existing provisions of the law, around 50 percent of the TIN (Taxpayer Identification Number) holders can now easily afford not to submit tax returns. Taking undue advantage of the situation, many eligible taxpayers are now avoiding submission of tax return and evading payment of taxes. Hence, except for a few logical exceptions, I propose to amend the Income Tax Ordinance to make submission of tax return mandatory for all TIN holders. When comes into force, this provision will potentially seal the scope of tax evasion, and significantly increase the number of return filers. Simplification of the tax return form is also necessary to smoothen the process of tax payment and tax return filing for all the taxpayers. In addition to the existing return forms, I, therefore, propose to introduce a new one-page-return-form to facilitate return submission by the marginal taxpayers. I hope the taxpayers will feel proud to be partners in the development of the country by paying taxes and easily submitting tax return using the proposed simplified return form.

Madam Speaker

177. In the run up to achieving Vision 2041 and reaching the Sustainable Development Goals 2030, we must gear up revenue mobilisation and streamline the financial sector of the country. To this effect, we have no other choice but to establish a strong, functional and transparent Income Tax Department. In the beginning of my speech, I have underscored the necessity of an ITC-driven, reformed and

restructured tax system in the country. The BITAX system of the tax department involving digital payment of taxes and online submission of tax returns will be modernised to give the digital transformation process of the department a real spearhead. Plans have been undertaken to give the tax department access to the database of different government, autonomous and private organisations through system integration and system interoperability. Special priority will be attached to issues related to virtual economy, international taxation and auditing. We are also planning to increase the number of taxpayers by making the ongoing survey program more intensive and technology-supported. Measures have also been taken to establish a tax academy per excellence in the country to enhance professional skills of the taxmen. Formulation of a new business development friendly and modern Income Tax Act is also underway. Programs have also been taken to make the people compliant to tax matters. A policy will be drawn to recognize and reward the tax officers who will demonstrate extraordinary professional feat including identification of new taxpayers and mobilisation of revenue. I sincerely believe that legal changes arising out of the proposed amendments and implementation of these amendments will enhance the capacity of the tax department to discharge the responsibility vested on it. As a result, the pace of revenue mobilisation will be accelerated, and this will place a positive and effective role in achieving the overall development goals.

Value Added Tax (VAT)

Madam Speaker

178. Value Added Tax (VAT) is a modern tax system. It is the largest contributor to the NBR tax revenue. In order to establish a taxpayer-, revenue- and development-friendly VAT system, Value Added Tax and Supplementary Duty Act 2012 has been implemented in July 2019

after a series of discussion with trade bodies. It has speeded up the process of growth in trade and commerce. Continuous digitalisation of VAT related administrative activities are going on through the VAT Online Project. After completion of automation, it will be possible to accrue the full benefits of the Value Added Tax and Supplementary Duty Act 2012. I will now place the following proposals on VAT before the august House.

Madam Speaker

179. Various measures related to VAT have been formulated in such a way that these will speed up socio-economic development of the country in spite of economic losses caused by the Covid-19 pandemic. These proposals will also ensure business friendly environment and add dynamism in the enforcement of Value Added Tax and Supplementary Duty Act 2012.

180. To combat the fear of global recession as a fallout of the COVID-19 outbreak by making the VAT system modern and business-friendly, I propose the following measures to make the application of the existing law easier:

- a) I propose amendment, modification, deletion, and insertion of a few sections under Value Added Tax and Supplementary Duty Act 2012. These amendments will make this new law lucid, easy to understand and more taxpayer friendly;
- b) In line with changes in the law, some amendments related to the Value Added Tax and Supplementary Duty Rules 2016 have also been proposed;
- c) To encourage the local manufacturing industries, I propose to reduce Advance Tax (AT) on imported raw materials for manufacturing industries from existing 5 percent to 4 percent;

- d) To make the law more taxpayer friendly, time limit for input tax credit has been proposed to extend upto 4 tax periods from existing 2 tax periods;
- e) I propose expansion of input tax credit facility for the benefit of the taxpayers. 80 percent of the expenditure incurred on transportation services will be considered as input credit;
- f) New provision has been proposed to avoid multiple withholding of VAT from the bill of sub-contractors who are engaged in various development projects as service providers;
- g) Amendment of the relevant section of the law has been proposed to make partial input tax credit effective and easier;
- h) During the period of epidemic, pandemic or natural calamities, our taxpayers find difficulties while submitting returns. Delay in the submission of returns attracts provisions for fine and interest. To avoid fine and interest during these situations, relevant amendment of the law has been proposed to authorise the NBR to extend this time limit;
- i) There is a provision in the law for submission of return within 15 days completion of tax period. A new provision has been proposed to consider the next working day as the deadline for return submission if the 15th day becomes a public holiday;
- j) To speed up the adjudication of VAT related offences, I propose to insert the provision of summary adjudication in the law;
- k) I also propose amendments to make tax withholding system simple and consider the bill issued by Gas, Water, Electricity and Telephone authority as tax invoice;
- l) To reduce the tendency to lodge illogical cases in VAT related appeal forums the provision for deposit has been proposed to

increase from 10 percent to 20 percent of disputed tax while filing appeal before the Appellate Tribunal or Appeal Commissioner;

- m) For the purpose of trade facilitation, new rules have been proposed for disposal of unusable or expired raw materials, damaged products and waste or by-products;
- n) I propose to amend the provision related to tax determination to add appropriate adjudicating officer in addition to Commissioner only which will speed up administrative process;
- o) For the convenience of taxpayers, I propose to include local VAT circle office as a place for return submission;
- p) In order to make the collection process of arrear Excise Duty effective and efficient, amendment of relevant sections of the *Excises and Salt Act, 1944* has been proposed.

Madam Speaker

181. I am proposing to continue the existing VAT exemption facility in the cases of government's priority and fast track projects, such as Rooppur Nuclear Power plant Project, High Tech Parks, Economic Zones and the Public-Private Partnership (PPP) projects. In addition, for the growth and development of domestic industry and export sector, I also propose to continue existing VAT and supplementary duty exemptions provided to the industries like automobiles, refrigerators, freezers, air conditioners, mobile industries, etc.

Madam Speaker

182. To promote our local industry, I now place a number of proposals before the august House for VAT exemption and reduction of VAT rates for FY 2020-21, which are as follows:

- a) Local manufacturers currently enjoy VAT exemption on the manufacturing of mobile phone sets, and the current VAT rate for mobile phone set assembling is 5 percent. To encourage expansion of this sector, I propose to extend this facility for one more year;
- b) I propose total VAT exemption on locally produced mustard oil;
- c) To encourage the agricultural sector, I propose to give exemptions on agricultural machineries such as Power Ripper, Power Tiller operated Seeder, Combined Harvester, Rotary Tiller, etc. at the trading stage;
- d) To encourage the environment-friendly solar energy sector, I propose to provide VAT exemption on upto 60 AMP solar battery production for partner organisations of Infrastructure Development Company Ltd (IDCOL);
- e) To encourage the growth of local ICT sector, only 5 percent VAT rate on domestic production of Loaded PCB (Printed Circuit Board), Unloaded PCB and Router have been proposed;
- f) I propose to reduce the VAT rate to 5 percent from the existing 15 percent for manufacturing of potato flakes made of locally produced potatoes;
- g) Domestic production of maize is increasing rapidly. I propose to reduce VAT rate at 5 percent from the existing 15 percent for manufacturing maize starch;
- h) To encourage local textile industries, I propose to impose fixed VAT at the rate of 6 taka per kg from the existing 5 percent ad valorem VAT on Polyester, Rayon and all other synthetic yarn, and at the rate of 3 taka per kg from the existing 4 taka per kg on all kinds of Cotton Yarn.

Madam Speaker

183. To support activities related to detection and prevention of corona virus, I propose to exempt VAT on Test kits of Covid-19 on the import, manufacturing and trading stages. Alongside, exemption has also been proposed at the manufacturing and trading stages for locally manufactured Personal Protective Equipment (PPE) and Surgical Mask (including face mask) to protect health workers. Besides, I also propose to exempt VAT on COVID-19 medicines at the import, manufacturing and trading stages. I also propose to continue exemption on meditation service for one more year to keep mental health sound during the pandemic.

Madam Speaker

184. At present, there are 7.5 percent VAT at the factory stage and 5 percent VAT at the showroom stage of the furniture sector. To ensure similarity in both cases, I propose to increase VAT at the rate of 7.5 percent from the existing 5 percent on the showroom stage of furniture. I also propose to increase VAT at the rate of 10 percent from the existing 5 percent for air-conditioned launch services.

185. I propose to increase supplementary duty from 10 percent to 15 percent for all kinds of services rendered by BRTA for car and jeep registration and related services, from 25 percent to 30 percent for chartered aircrafts and helicopters, from 10 percent to 15 percent on the services provided through mobile phone SIM/RIM card, and from 5 percent to 10 percent on locally manufactured cosmetics. Imposition of Supplementary duty at the rate of 10 percent has been proposed on Ceramic Sink, Basin, etc. at the manufacturing stage.

Madam Speaker

186. To reduce the consumption of tobacco products and maximise revenue collection from this sector, I place the following proposals:-

- a) Price Per 10-sticks lower slab cigarette to become Tk. 39/- and above and supplementary duty on it to be 57 percent; I propose to fix the price per 10-sticks middle slab cigarette at Tk. 63/- and above, that of high slab 10-sticks cigarette at Tk. 97/- and above and the price of premium slab 10-sticks cigarette at Tk. 128/- and above where supplementary duty will be 65 percent for all those three slabs.
- b) I propose to raise the price of handmade non-filter 25-sticks Bidi at Tk. 18 from existing Tk. 14/-, that of 12-sticks at Tk. 9/- from existing Tk. 6.72 and the price of 8-sticks at Tk. 6/- from existing Tk. 4.48/- where supplementary duty of this product will be unchanged at 30 percent. I also propose to fix the price of 20-sticks filter bidi at Tk. 19/- from existing 17/- and that of 10-sticks filter bidi at Tk. 10/- from existing Tk. 8.50 where supplementary duty will remain unchanged at 40 percent.
- c) I propose to fix the price of 10 gm of Jarda at Tk. 40/- and the price of 10 gm of Gul at Tk. 20/-. Supplementary duty of both the products is proposed to become 55%.

Madam Speaker

187. Excise duty is now collected on Bank Accounts and Airline tickets under the Excises and Salt Act, 1944. I propose to amend and insert certain sections to make this act easily implementable and time-befitting. Alongside, I propose to fix the excise duty rates on bank balance at the following rates:

- a) In cases where the balance exceeds Tk. 10 lakh but does not

exceed Tk. 1 crore, Excise duty has been proposed to increase from Tk. 2,500/- to Tk. 3,000/-;

- b) In cases where the balance exceeds Tk. 1 crore but does not exceed Tk. 5 crore, Excise duty has been proposed to increase from Tk. 12,000/- to Tk. 15,000/-; and
- c) In cases where the balance exceeds Taka 5 crore, Excise duty has been proposed to increase from Tk. 25,000/- to Tk. 40,000/-;

However, the applicable excise duty rates will remain unchanged in cases where the bank account balance does not exceed Tk. 10 lakh at any time during a year.

Madam Speaker

188. For effective enforcement of *Value Added Tax and Supplementary Duty Act 2012*, VAT registration process and Return submission activities have been automated under the VAT Online Project. In the meantime, almost 170 thousand persons have got VAT registration using the online platform. Moreover, taxpayers are submitting return through the online system which is getting popular every day. Almost 35 thousand taxpayers submit return through online system regularly. E-payment module has been prepared by the project which shall be implemented soon. Digitised VAT management system developed by the Project will reduce cost of doing business remarkably, and bring dynamism, transparency, and accountability in the VAT administration.

Madam Speaker

189. There are almost 4 million small and medium enterprises in Bangladesh. Although this sector holds an immense prospect for VAT revenue, the collection of VAT from this sector is very challenging. At

present, only 3 percent of total VAT is collected from this sector manually. A few years back, the government thought of using the automated system in this sector for collecting VAT. After exploring ideas from different countries, Electronic Cash Register (ECR) was introduced for some selected services. But the ECR technology did not fulfill our expectations due to some technical shortcomings. The technology had been reviewed thoroughly to identify its limitations. Thereafter, the government has decided to introduce the latest technology named 'Electronic Fiscal Device' (EFD). A plan has been taken up to install 10 thousand EFD machines at the initial stage. Later on 5 lakh machines will be installed throughout the country in phases. Due to some formalities of procurement, installation of EFDs in business units was delayed. Finally, it was planned to inaugurate the EFD installation in the last week of March 2020 to commemorate the Mujib Borsho. All the formalities were completed, but the installation was again delayed due to the outbreak of COVID-19 pandemic. We will do the installation on a priority basis once when the coronavirus situation subsides. We hope that we can distribute EFD to business units within this Mujib year. **Keeping the goal of "EFD implementation, Mujib Borsho's contribution" in our mind, we are going ahead with our plan to implement this.**

Import-Export Duty-Taxes

Madam Speaker

190. Measures have been taken to make the existing tariff structure more liberal and rational to foster the recovery of the domestic economy. Special attention has been given to ensure proper revenue collection with the aim of restructuring the economy affected by the outbreak of COVID-19. Taking into consideration of the proposals received from different stakeholders and agencies, I place the budget

proposals on import duty and taxes for the fiscal year 2020-21 before this august House for the protection of local industry and trade and the interest of consumers.

Madam Speaker

191. Proposals regarding customs duty, regulatory duty, supplementary duty and Value Added Tax at the import stage have been placed by considering the following factors:

- To take necessary steps to reconstruct the economy of the country which has been ravaged by the outbreak of COVID-19;
- To create opportunities for investment, employment generation and save foreign exchange;
- To provide incentives for export-oriented industries and their backward and forward linkages;
- To flourish and develop the agriculture, health, leather, textile, fishery, livestock and ICT sectors;
- To upgrade the ranking of Bangladesh in the Ease of Doing Business index;
- To prevent smuggling, misdeclaration of goods and ensure proper use of bonded warehousing facilities; and
- To enhance internal revenue (VAT and income tax) collection and protect local industries by rationalizing duty rates.

Madam Speaker

192. I propose existing 6 slabs of Customs Duty (0%, 1%, 5%, 10%, 15%, and 25%), 3% Regulatory Duty on goods having highest import duty, and existing 12 slabs of Supplementary Duty (10%, 20%, 30%, 45%, 60%, 100%, 150%, 200%, 250%, 300%, 350%, and 500%) on

import stage to continue in FY 2020-21. Besides, existing 0 percent import duty will remain unchanged for importing essential commodities, fertilisers, seeds, lifesaving drugs and raw cotton along with raw materials for some industries.

193. I will now present sector-wise proposals on the basis of the above fundamental principles in details:

(A) Agriculture sector

Madam Speaker

194. Agriculture is a priority sector in Bangladesh. The zero rate is proposed to be unchanged for basic ingredients of the agriculture sector, especially fertilisers, seeds, insecticides, etc. I propose to continue and extend the tax incentives and exemptions on agricultural equipment and spare parts.

195. At present, farmers are cultivating plenty of onions in our country. But with the zero duty rate on imported onions, domestic onion farmers are weary of being deprived of fair market prices compared to production costs. This may discourage farmers from cultivating onions in future. Therefore, I propose a small rate of custom duty on onion import to ensure fair market price for onion farmers, encouraging onion cultivation and reducing dependency on imports.

196. Importation of edible salts (Sodium Chloride) has been restricted in our country for a long time. But, industrial salt (sodium sulphate/disodium sulfate) is importable. It has been noticed that there is a tendency to import edible salts by mis-declaring as industrial salts. Also, there are complaints of adulteration by mixing industrial salt with edible salt that is injurious to public health. Reason behind is that

the price difference between industrial salt and edible salt is too high. As a result, marginal salt farmers and salt mills are being deprived of getting fair market price. Therefore, I propose to increase the existing duty rate on industrial salt (sodium sulfate/disodium sulfate) to protect the salt farmers by ensuring that they get fair market price, and to mitigate public health risks.

197. To ensure sustainable development in the Fish, Poultry and Dairy sector, I propose to continue the existing tax exemptions, and extend such exemptions to two new raw materials (Soya bean oil cake and Soya protein concentrate). This will reduce the import cost of raw materials of poultry feed. Besides, I propose to increase the existing duty rate on the import of cuts and offal of chicken to provide protection to local poultry sector. (**Table-1 of Annex-B**).

(B) Industrial sector

Madam Speaker

198. Industrial sector will play a vital role in reconstructing the economy affected by the fallout of COVID-19. To boost industrial investment, ensure maximum utilization of production capacity of existing industries by rational protection, and make export-oriented industries more competitive through its diversified expansion, I propose following increases/decreases in the duty structure on different sub-sectors under the industrial sector (**Table-2 of Annex-B**):

1) **Small and Medium Enterprises (SMEs)**: Considering the development of small and medium enterprises, Honorable Prime Minister has declared Light Engineering as the 'Product of the Year' for 2020. Considering its importance, special measures have been taken to protect SMEs. In light with the recommendations of SME Foundation, I have proposed to reduce tax rate on import of

some of the raw materials used in the production of SME products. Duty and taxes on import of some products (e.g. nails, screws, small machinery parts, etc.) have been proposed to increase to protect SMEs. I also propose to increase the current duty rate on the import of honey in bulk to protect indigenous honey farmers.

- 2) **Export Sector:** Considering the justified proposals received from the RMG sector, I propose to reduce the existing duty rate on the import of certain products (such as RFID Tag, Industrial Racking System, Cutting Table, etc.) to promote export-oriented garments and textile industries. In addition, the existing provisions of bonded warehouse licensing rules will be rationalised to ensure proper utilisation of bond facilities.
- 3) **Footwear Industry:** To diversify export by tapping the potential of the footwear industry, I propose to reduce the duty rate of three raw materials imported by this industry.
- 4) **Electronics Industry:** To protect the domestic industry, I propose to expand the existing concessionary duty benefit on the import of raw materials by the refrigerator and air conditioner compressor manufacturing industry.
- 5) **Shipbuilding Industry:** To ensure expansion and protection of the domestic shipbuilding industry, I propose to withdraw the existing duty exemption on the importation of dredgers.
- 6) **Detergent Industry:** I propose to decrease the existing rate of customs duty of Linear Alkyl Benzene Sulphonic Acid (LABSA), one of the basic raw materials of the detergent industry.
- 7) **Sanitary Napkin and Diaper Industry:** I propose to expand the tax benefit on sanitary napkin and diaper industry by decreasing the rate of customs duty on the import of a raw material, Textile backed sheet/ Non-woven air through bonded (ADL).

- 8) **Steel Industry:** I propose to reduce the duty on the import of refractory cement to promote the steel industry. In addition, I propose to increase regulatory duty of three raw materials (Ferro-Manganese, Ferro-Silicon, Ferro-Silico-Manganese) to protect the steel raw materials manufacturing industry.
- 9) **Plastic and Packaging Industry:** I propose to reduce the duty on the import of photographic plates of plastic to promote the plastic and packaging industry.
- 10) **Paper Manufacturing Industry:** I propose to reduce the duty on import of washing and cleaning agent for the paper industry.
- 11) **Lube-blending Industry:** I propose to reduce the existing customs duty rate on the import of base oil, the main raw material of the lube-blending industry, to promote the said industry in Bangladesh. In addition, the minimum value for base oil, lubricating oil and liquid paraffin has been proposed to be rationalised.
- 12) **C.R. Coil Industry:** I propose to increase the existing regulatory duty on the import of finished products for the C.R. coil industry to protect this sector.
- 13) **LPG Cylinder and Auto Tank Industry:** To provide incentives to the emerging LPG cylinder and auto tank manufacturing industry, I propose to extend concessionary tax benefits on several new raw materials and rationalise existing tax benefits.

(C) Health Sector

Madam Speaker

199. To combat the outbreak of the COVID-19, special notification has been issued as an interim mechanism before budget to exempt all import duties and taxes on coronavirus testing kits, masks and personal

protective equipment (PPE) and on the raw materials required to locally produce hand sanitisers, masks and PPE. To further strengthen the health sector, I propose to reduce import duty on essential raw materials for locally producing Autoclave machines used for sterilising medical instruments.

(D) ICT Sector

200. Cellular phone is one of the main elements of the ICT sector. Due to the concessionary duty benefits enjoyed by the cellular phone manufacturing industry on the import of raw materials, local manufacturing and assembling operations of cell phones have flourished in Bangladesh. To encourage cellular phone manufacturing and further strengthen the industry, I propose to rationalise the existing import tax concessions and make it more investment-friendly. In addition, to protect the local industry it has been proposed to set the minimum assessable value of cellular phones at the import stage to ensure proper valuation and just revenue.

(E) Import of Gold

Madam Speaker

201. Despite the Gold Policy 2018, gold has not been imported legally into the country due to the existing high tax incidence. I propose to withdraw 15 percent VAT on the import of gold bar to discourage illegal import and encourage the import of gold on legal routes through authorised dealers. I hope this measure will boost up gold importation through the legal route, expand the local gold ornaments making industry and enhance VAT at the local stage (**Table-3 of Annex- B**).

Madam Speaker

202. To increase the electricity generation capacity the government encouraged the setting up of furnace oil-based power plants to generate electricity quickly on an emergency basis after taking the responsibility of government in 2009. In this regard, the import duty on furnace oil was waived at the import level in 2011 through a gazette notification to reduce the generation cost of electricity. Alternative fuel has already been available, and power plants have been built based on such fuel to generate electricity at an affordable price. As a result, the country is now generating more electricity than is required. Therefore, I propose to withdraw the exemption benefit on the import of furnace oil to discourage the installation of furnace oil-based power plants.

203. I propose to reduce the duty rate on the import of electrical signaling equipment, one of the main components of deep sea fishing, to encourage the fishing sector and tap the potential of the blue economy.

Madam Speaker

204. I propose necessary amendments in the Customs Act, 1969, to establish the Bangladesh Single Window Commissionerate, implement the *De Minimis* Rules, expedite the clearance of imported goods to remove port congestion, reduce the discretionary adjudicating power of customs officers, and reconstitute the Appellate Tribunal for speedy disposal of litigations.

Madam Speaker

205. **Amendments in the First Schedule of the Customs Act:** We have observed that there are clerical errors and inconsistencies in the existing structure of tariff headings and H.S Codes. In order to

simplify international trade process, I propose to rationalise the duty rates, create new H.S Codes where necessary, delete and correct H.S Codes and notifications (**Table-4 of Annex- B**).

206. Rationalisation of minimum value relating to some goods attracting high duty has been proposed for enhancing revenue collection by combatting under-invoicing of high valued items.

Madam Speaker

207. The country's economy has come to a standstill due to the COVID-19 pandemic halting the rapid progress of the economy. In order to overcome this situation, there is no alternative but upgrading customs to international standards to facilitate import and export trade. Several measures like upgradation of the ASYCUDA World, National Single Window, Automated Customs Risk Management, Authorized Economic Operator, etc. have already been taken by the NBR to modernise Bangladesh Customs. If these measures are implemented in due time, the ease of doing business ranking of Bangladesh will improve, investment will be facilitated, and the wheels of the country's economy will be further accelerated. I believe, these measures will bring a new horizon in revenue generation.

208. The economy of Bangladesh has continuously progressed so far, and is receiving appreciation from everywhere in the world today. We are determined to join the club of developed countries. The role of the revenue administration in this regard is very significant. If we can properly implement the modernisation, automation and expansion initiatives, it is expected that revenue administration would become more accountable and transparent, and the increased revenue collection would bring greater dynamism to the economy of our country. We shall achieve our development goals.

Chapter Eight

Commitments Made in the Budget for FY 2019-20 and Progress on Their Implementation

Madam Speaker

209. I made a number of commitments while presenting the national budget for FY 2019-20. Of them, many commitments have already been implemented, and the process of implementation of others is underway. I now present the progress of implementation of these commitments before this august House.

- 1) To ensure that remittance earnings come through formal channels, cash incentive at the rate of 2 percent on remittance earnings by non-resident Bangladeshis has been given since 1st July 2019. As a result, a new record of US\$ 16.56 billion in remittance inflows has been achieved in just 11 months of this fiscal year surpassing the previous record of US\$ 16.42 billion in 12 months of the preceding fiscal year.
- 2) To boost exports of readymade garments, the government is providing 1 percent cash incentive to exports of readymade garments (RMG) in all sectors since 1st July 2019
- 3) To enhance competitiveness of our industrial and business sector, the interest rate on bank loans was reduced to a maximum rate of 9 percent from 1st April 2020.
- 4) To introduce new financial tools in the banking and financial sector: (a) the Venture Capital Guideline has been formulated; (b) the Bangladeshi Taka denominated ‘Bangla Bond’ was introduced for the first time at the London Stock Exchange; and (c) Stamp Duty on trust deeds in the bond market have been reduced.

- 5) To promote the capital market and encourage investment, the government has undertaken a number of steps, which include – (a) making tax-free the dividend income in the stock market of upto Tk. 50,000; (b) removal of double taxation in the income from the share market; and (c) making the mandatory provision of declaration of cash dividend instead of stock dividend on at least 50 percent of dividend earnings.
- 6) To bring 100 percent import and export consignments under scanning, two new scanners have been installed in this fiscal year, and procurement of another 14 scanners is currently in progress.
- 7) As part of ensuring minimal tax exemptions, compared to FY 2018-19, exemptions have been reduced by 41 percent in income tax, 21.34 percent at the import stage and 92 percent in value added tax respectively in the current fiscal year.
- 8) Two dedicated benches have been set up at the Hon'ble Supreme Court for speedy disposals of cases related to financial and revenue matters; As part of our budget commitment to reform the bank, financial and revenue sectors, we have taken up the task of amending 10 existing laws, and drafting 6 new laws.
- 9) We have so far brought about 2 lakh 20 thousand pensioners under online payment through electronic fund transfer (EFT) system. We expect that during the ongoing Mujib Borsho, all pensioners will be brought under the EFT.
- 10) We have digitised the sales, profit encashment, etc. of national savings certificates (NSCs) by introducing the 'National Savings Scheme Online Management System'. Besides, the postal savings scheme and the postal banking system have also been automated.
- 11) As part of our commitment to introduce Insurance Schemes in different sectors: (a) we have introduced the livestock insurance

scheme; (b) we have begun the task of formulating the health insurance scheme for government employees; and (c) we will take steps to introduce insurance in the agriculture sector.

12) A total of 2 thousand 620 secondary, higher secondary and technical education institutions and madrasas have been brought under the Master Pay Order (MPO) system in the current fiscal year.

13) A guideline has been prepared to rehabilitate the affected people from the river erosion-prone areas, and an allocation of Tk. 100 crore has been made.

210. We have not been able to implement other commitments due to the outbreak of COVID-19. However, we will soon implement them.

Chapter Nine

Conclusion

Madam Speaker

211. We have now reached the concluding part of the budget speech for 2020-21.

Madam Speaker, At this critical juncture in the wake of the outbreak of COVID-19 pandemic, our topmost priority is to save people from being infected by the virus. At the same time, it is incumbent on us to maintain the momentum of the economy to ensure the provision of food and clothing for the people. In this trying moment, our Hon'ble Prime Minister Sheikh Hasina herself is reaching out to all segments of the population to keep their trust and morale high and unwavering. She firmly believes that life moves on, does not stop in its course. This budget, formulated at the directives of Hon'ble Prime Minister, will be our tool as we move towards overcoming economic recession and establishing the foundation for desired economic success in the future in continuation of past development. Meanwhile, the IMF has projected that our growth in the next year will be 9.5 percent. The vast darkness that has shrouded us will certainly go away one day. It is evident from the history that the Bengalis as a nation is an epitome of bravery and valour. We sailed through many crises and disasters in our national lives using our collective strength. In 1971, we fought shoulder to shoulder against our enemy, and finally achieved our victory. Imbued with this spirit, under the bold leadership of our Hon'ble Prime Minister, we as a nation, with the support and cooperation from all, will also emerge victorious in the fight against the COVID-19 pandemic, InshaAllah. We shall have to overcome the situation with patience and bravery without being distracted and

panicked at this critical moment. The Almighty Allah has decreed in Surah Al Baqarah, Verse 155 that –

“And We will surely test you with something of fear and hunger and a loss of wealth and lives and fruits, but give good tidings to the patient”

[Surah Al Baqarah, Verse 155]

The Almighty Creator has promised that nothing is done for bad but all are done for the betterment of its creations. Surely the Almighty will give us shelter under the cool shade of His bountiful mercy and relieve all of us from the scourge of this pandemic. We will return to our normal lives. There will be a new dawn on the horizon piercing the veil of darkness all aournd us.

Madam speaker, thank you very much.

Jai Bangla

Jai Bangabandhu

Long Live Bangladesh

Annexure-A

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Table 1: State of Socio-economic Progress

Year	Life Expectancy (Year)	Population Growth Rate (%)	Poverty Rate (%)	Extreme Poverty Rate (%)	Literacy Rate (%)	Infant Mortality Rate (per thousand live birth)
2006	65.4	1.49	38.4	24.2	52.3	45.0
2007	66.6	1.47	36.8	22.6	53.3	43.0
2008	66.8	1.45	35.1	21.0	54.4	41.0
2009	67.2	1.36	33.4	19.3	55.5	39.0
2010	67.7	1.36	31.5	17.6	56.8	36.0
2011	69.0	1.37	29.9	16.5	55.8	35.0
2012	69.4	1.36	28.5	15.4	56.3	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	70.9	1.37	24.8	12.9	63.6	29.0
2016	71.6	1.37	24.3	12.9	71.0	28.0
2017	72.0	1.37	23.1*	12.1*	72.3	24.0
2018	72.3	1.37	21.8*	11.3*	73.2	22.0
2019	72.4**	1.10**	20.5*	10.5*	-	-

Source: Bangladesh Bureau of Statistics, WDI, *Estimate, **UN Social Indicator Data.

Table 2: Progress in the Past Decade

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				
2010-11	6.46	5.26	22.16	27.42	928	7,264	360.7	10.9
2011-12	6.52	5.76	22.50	28.26	955	8,716	368.8	8.7
2012-13	6.01	6.64	21.75	28.39	1,054	9,151	372.7	6.8
2013-14	6.06	6.55	22.03	28.58	1,184	10,416	381.7	7.4
2014-15	6.55	6.82	22.07	28.89	1,316	11,534	384.2	6.4
2015-16	7.11	6.66	22.99	29.65	1,465	14,429	388.2	5.9
2016-17	7.28	7.41	23.10	30.51	1,610	15,379	386.3	5.4
2017-18	7.86	7.97	23.26	31.23	1,751	18,753	406.64	5.8
2018-19	8.15	8.03	23.54	31.57	1,909	22,231	409.77	5.5
2019-20	5.20 ^R	8.08 ^R	12.72 ^R	20.80 ^R	2079 ^R	24,000	451.21*	5.5 ^R
2020-21 (Projection)	8.20	8.1	25.3	33.5	2326	--	--	5.4

Source: Bangladesh Bureau of Statistics and Power Division, ^R = Revised Target, *Estimated by Department of Agricultural Extension, Ministry of Agriculture.

Table 3: Supplementary Budget for 2019-20

(Crore Tk.)

Sector	Budget 2019-20	Revised 2019-20	Actual 2019-20 Up to March
1	2	3	4
Total Tax Revenue	3,77,810	3,48,069	1,64,144
	(13.1)	(12.4)	(5.9)
NBR Tax	325600	300500	136459
Non-NBR Tax	14500	12567	4923
Non Tax Receipt	37710	35002	22762
Total Expenditure	5,23,190	5,01,577	2,12,319
	(18.1)	(17.9)	(7.6)
Non-Development Revenue	310262	295280	143000
Expenditure	(10.8)	(10.5)	(5.1)
Development Expenditure	211683	202349	64240
	(7.3)	(7.2)	(2.3)
In which, Annual Development Programme	202721	192921	60606
	(7.0)	(6.9)	(2.2)
Other Expenditure	1,245	3,948	5,079
	(0.0)	(0.1)	(0.2)
Budget Deficit	-145,380	-153,508	-48,175
	(-5.0)	(-5.5)	(-1.7)
Financing			
External Source	68016	56163	-157
	(2.4)	(2.0)	(0.0)
Domestic Source	77363	97345	48311
	(2.7)	(3.5)	(1.7)
In which, Banking Source	47364	82421	64130
	(1.6)	(2.9)	(2.3)
GDP	2885872^a	2805700^b	2805700^b

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

Table 4: Proposed Budget Structure for FY 2020-21

(Crore Tk.)

Sector	Budget 2020-21	Revised 2019-20	Budget 2019-20	Actual 2018-19
1	2	3	4	5
Total Tax Revenue	378000	348069	377810	251879
	(11.9)	(12.4)	(13.1)	(9.9)
In which,				
NBR Tax	330000	300500	325600	218616
Non-NBR Tax	15000	12567	14500	7342
Non Tax Receipt	33000	35002	37710	25921
Total Expenditure	568000	501577	523190	391690
	(17.9)	(17.9)	(18.1)	(15.4)
Non-Development Revenue	311190	274907	277934	217807
Expenditure	(9.8)	(9.8)	(9.6)	(8.6)
Development Expenditure	215043	202349	211683	151055
	(6.8)	(7.2)	(7.3)	(6.0)
In which,				
Annual Development Programme	205145	192921	202721	147287
	(6.5)	(6.9)	(7.0)	(5.8)
Other Expenditure	41767	24321	33573	22828
	(1.3)	(0.9)	(1.2)	(0.9)
Budget Deficit	-190,000	-153,508	-145,380	-139,811
	(-6.0)	(-5.5)	(-5.0)	(-5.5)
Financing				
External source (including grants)	80017	56163	68016	32966
	(2.5)	(2.0)	(2.4)	(1.3)
Domestic source	109983	97345	77363	101737
	(3.5)	(3.5)	(2.7)	(4.0)
In which, Banking source	84980	82421	47364	29479
	(2.7)	(2.9)	(1.6)	(1.2)
GDP	3171800^a	2805700^b	2885872^a	2536177

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

Table 5: Annual Development Programme (Sectoral Allocation) for FY 2020-20

(Crore Tk.)

Ministry/Division	Budget 2019-20	Revised 2018-19	Budget 2018-19	Actual 2017-18	Actual 2016-17	Actual 2015-16	Actual 2014-15
1	2	3	4	5	6	7	8
(a) Human Resource							
1. Ministry of Primary and Mass Education	9404 (4.6)	9016 (4.7)	9270 (4.6)	6337 (4.3)	6545 (5.5)	5,452 (6.0)	4,924 (6.0)
2. Ministry of Health and Family Welfare	10054 (4.9)	7667 (4.0)	9937 (4.9)	6712 (4.6)	5339 (4.5)	3,540 (3.9)	3,362 (4.1)
3. Directorate of Secondary and Higher Education	9865 (4.8)	7698 (4.0)	8927 (4.4)	5714 (3.9)	3375 (2.8)	5,003 (5.5)	3,659 (4.5)
4. Others	29111 (14.2)	25013 (13.0)	27,481 (13.6)	18,876 (12.8)	8,187 (6.8)	8,192 (9.1)	5,064 (6.2)
Sub Total	58,434 (28.5)	49,394 (25.6)	55,615 (27.4)	37,639 (25.6)	23,446 (19.6)	22,187 (24.6)	17,009 (20.8)
(b) Agriculture and Rural Development							
5. Local Government Division	31131 (15.2)	32589 (16.9)	29777 (14.7)	23690 (16.1)	15030 (12.6)	17,995 (19.9)	15,285 (18.7)
6. Ministry of Water Resources	6269 (3.1)	7099 (3.7)	6257 (3.1)	5900 (4.0)	4660 (3.9)	3,671 (4.1)	2,718 (3.3)
7. Ministry of Agriculture	2452 (1.2)	1764 (0.9)	1823 (0.9)	1676 (1.1)	1398 (1.2)	1,637 (1.8)	1,733 (2.1)
8. Others	5319 (2.6)	4246 (2.2)	5,632 (2.8)	3,852 (2.6)	3,904 (3.3)	3,095 (3.4)	2,650 (3.2)
Sub Total	45,171 (22.0)	45,698 (23.7)	43,489 (21.5)	35,118 (23.8)	24,992 (20.9)	26,398 (29.2)	22,386 (27.4)
(c) Energy Infrastructure							
9. Power Division	24804 (12.1)	23632 (12.2)	26014 (12.8)	24354 (16.5)	26552 (22.2)	13,447 (14.9)	15,864 (19.4)
10. Energy and Mineral Resources	1836 (0.9)	2417 (1.3)	1916 (0.9)	2163 (1.5)	862 (0.7)	1,099 (1.2)	1,056 (1.3)
Sub Total	26,640 (13.0)	26,049 (13.5)	27,930 (13.8)	26,517 (18.0)	27,414 (22.9)	14,546 (16.1)	16,920 (20.7)
(d) Communication Infrastructure							
11. Ministry of Railway	12491 (6.1)	10249 (5.3)	12599 (6.2)	198 (0.1)	9701 (8.1)	2,053 (2.3)	4,093 (5.0)
12. Road Transport and Highways Division	24825 (12.1)	23960 (12.4)	25163 (12.4)	19707 (13.4)	15882 (13.3)	7,954 (8.8)	6,507 (8.0)
13. Bridges Division	7973 (3.9)	6682 (3.5)	8561 (4.2)	6266 (4.3)	3220 (2.7)	3,738 (4.1)	5,266 (6.5)
14. Others	6894 (3.4)	6541 (3.4)	6,482 (3.2)	4,488 (3.0)	2,756 (2.3)	2,299 (2.5)	1,362 (1.7)
Sub Total	52,183 (25.4)	47,432 (24.6)	52,805 (26.0)	30,659 (20.8)	31,559 (26.4)	16,044 (17.8)	17,228 (21.1)
Total	182,428 (88.9)	168,573 (87.4)	179,839 (88.7)	129,933 (88.2)	107,411 (89.9)	79,175 (87.7)	73,543 (90.1)
15. Others	22,717 (11.1)	24,348 (12.6)	22,882 (11.3)	17,354 (11.8)	12,127 (10.1)	11,134 (12.3)	8,069 (9.9)
Total ADP	205145	192921	202721	147287	119538	90,309	81,612

Source: Finance Division; Figures in parenthesis indicate percent of total ADP allocation.

Table 6: Sectoral Allocation in Budget

(Crore Tk.)

Ministry/Division	Budget 2020-21	Revised 2019-20	Budget 2019-20	Actual 2018-19	Actual 2017-18	Actual 2016-17	Actual 2015-16
(a) Social Infrastructure	155,536 (27.38)	139,508 (27.81)	143,429 (27.41)	113,098 (28.87)	87,914 (27.31)	83,088 (29.97)	72,878 (30.26)
Human Resource							
1. Ministry of Education	33117 (5.83)	28400 (5.66)	29623 (5.66)	24460 (6.24)	20144 (6.26)	21,081 (7.60)	17,429 (7.24)
2. Ministry of Primary and Mass Education	24940 (4.39)	23701 (4.73)	24041 (4.60)	19916 (5.08)	18344 (5.70)	17,330 (6.25)	16,240 (6.74)
3. Ministry of Health and Family Welfare	22884 (4.03)	18611 (3.71)	19944 (3.81)	14693 (3.75)	13036 (4.05)	10,341 (3.73)	10,251 (4.26)
4. Others	59,281 (10.44)	53,182 (10.60)	55,448 (10.60)	42,394 (10.82)	28,891 (8.98)	27,247 (9.83)	20,904 (8.68)
Sub Total	140222 (24.69)	123894 (24.70)	129,056 (24.67)	101,463 (25.90)	80,415 (24.98)	75,999 (27.41)	64,824 (26.92)
Food and Social Safety							
5. Ministry of Food	5478 (0.96)	4510 (0.90)	4502 (0.86)	3710 (0.95)	1748 (0.54)	352 (0.13)	1,269 (0.53)
6. Ministry of Disaster Management	9836 (1.73)	11104 (2.21)	9871 (1.89)	7925 (2.02)	5751 (1.79)	6,737 (2.43)	6,785 (2.82)
Sub Total	15314 (2.70)	15614 (3.11)	14373 (2.75)	11635 (2.97)	7499 (2.33)	7089 (2.56)	8054 (3.34)
(b) Physical Infrastructure	167011 (29.40)	159545 (31.81)	164603 (31.46)	136155 (34.76)	112728 (35.02)	81806 (29.51)	81984 (34.05)
Agriculture and Rural Development							
7. Ministry of Agriculture	16437 (2.89)	12952 (2.58)	14049 (2.69)	12174 (3.11)	9237 (2.87)	7,626 (2.75)	10,740 (4.46)
8. Ministry of Water Resources	8089 (1.42)	8770 (1.75)	7932 (1.52)	7553 (1.93)	6026 (1.87)	4,636 (1.67)	3,646 (1.51)
9. Local Government Division	36102 (6.36)	37049 (7.39)	34240 (6.54)	27973 (7.14)	18623 (5.79)	20,731 (7.48)	17,701 (7.35)
10. Others	8,925 (1.57)	8,720 (1.74)	10,013 (1.91)	7,393 (1.89)	6,812 (2.12)	7,151 (2.58)	5,682 (2.36)
Sub Total	69553 (12.25)	67491 (13.46)	66234 (12.66)	55093 (14.07)	40698 (12.64)	40144 (14.48)	37,769 (15.68)
Power and Energy	26758 (4.71)	26154 (5.21)	28051 (5.36)	37188 (9.49)	28561 (8.87)	14621 (5.27)	16984 (7.05)

Ministry/Division	Budget 2020-21	Revised 2019-20	Budget 2019-20	Actual 2018-19	Actual 2017-18	Actual 2016-17	Actual 2015-16
Communication Infrastructure							
11. Road Transport and Highways Division	29441 (5.18)	28049 (5.59)	29274 (5.60)	23517 (6.00)	19298 (6.00)	10,498 (3.79)	8,900 (3.70)
12. Ministry of Railway	16326 (2.87)	13789 (2.75)	16263 (3.11)	741 (0.19)	12406 (3.85)	3,489 (1.26)	6,334 (2.63)
13. Bridges Division	7980 (1.40)	6686 (1.33)	8564 (1.64)	6317 (1.61)	3242 (1.01)	3,769 (1.36)	5,297 (2.20)
14. Others	7,688 (1.35)	7,323 (1.46)	7,259 (1.39)	5,156 (1.32)	3,346 (1.04)	2,849 (1.03)	1,826 (0.76)
Sub Total	61435 (10.82)	55847 (11.13)	61360 (11.73)	35731 (9.12)	38292 (11.90)	20605 (7.43)	22,357 (9.28)
15. Other Sector	9265 (1.63)	10053 (2.00)	8958 (1.71)	8,143 (2.08)	5,177 (1.61)	6,436 (2.32)	4,874 (2.02)
(c) General Services	140265 (24.69)	110813 (22.09)	123641 (23.63)	77356 (19.75)	68642 (21.33)	70,228 (25.33)	48,626 (20.19)
Public Order and Safety	28670 (5.05)	27441 (5.47)	27637 (5.28)	27022 (6.90)	22052 (6.85)	20,646 (7.45)	16,474 (6.84)
16. Others	111595 (19.65)	83372 (16.62)	96004 (18.35)	50334 (12.85)	46590 (14.48)	49582 (17.88)	32152 (13.35)
Total	462,812 (81.5)	409,866 (81.7)	431,673 (82.5)	326,609 (83.4)	269,284 (83.7)	235,122 (84.8)	203,488 (84.5)
(d) Interest Payments	63801 (11.23)	57664 (11.50)	57070 (10.91)	49461 (12.63)	41765 (12.98)	35,337 (12.75)	33,117 (13.75)
(e) PPP Subsidy and Liability	36610 (6.45)	30099 (6.00)	33202 (6.35)	13095 (3.34)	2578 (0.80)	1,334 (0.48)	3,770 (1.57)
(f) Net Landing and Other Expenditure	4777 (0.84)	3948 (0.79)	1245 (0.24)	2525 (0.64)	8235 (2.56)	5,443 (1.96)	432 (0.18)
Total Budget	568000	501577	523190	391690	321862	277236	240807

Source: Finance Division; () indicates % of total budget

Table 7: Ministry/Division-wise Budget Allocation

(Core Tk.)

Ministry/Division	Budget 2020-21	Revised 2019-20	Budget 2019-20
President's Office	27	24	24
National Parliament	335	322	328
Prime Minister's Office	3,839	3,743	3,528
Cabinet Division	258	301	241
Supreme Court	222	199	195
Election Commission Secretariat	1,717	2,219	1,921
Ministry of Public Administration	3,330	2,814	2,938
Bangladesh Public Service Commission	104	120	102
Finance Division	156,078	115,568	130,811
Office of the Comptroller and Auditor General of Bangladesh	265	237	238
Internal Resources Division	3,094	2,532	2,899
Financial Institutions Division	2,379	2,962	3,042
Economic Relations Division	5,876	5,218	4,560
Planning Division	1,248	1,611	1,231
Implementation Monitoring & Evaluation Division	148	202	149
Statistics and Informatics Division	383	666	375
Ministry of Commerce	619	420	632
Ministry of Foreign Affairs	1,633	1,597	1,621
Ministry of Defense	34,842	32,975	32,520
Armed Forces Division	41	131	38
Law and Justice Division	1,739	1,632	1,651
Public Security Division	22,658	22,214	21,920
Legislative and Parliamentary Affairs Division	40	34	35
Ministry of Primary and Mass Education	24,937	23,701	24,040
Secondary and Higher Education Division	33,118	28,400	29,624
Ministry of Science and Technology	17,946	16,439	16,439
Health Service Division	22,883	18,611	19,944
Information and Communication Technology Division	1,415	1,192	1,930
Ministry of Social Welfare	7,919	6,894	6,881
Ministry of Women and Children Affairs	3,860	3,789	3,749
Ministry of Labour and Employment	350	367	313
Ministry of Housing and Public Works	6,936	7,446	6,603
Ministry of Information	1,039	917	989

Ministry/Division	Budget 2020-21	Revised 2019-20	Budget 2019-20
Ministry of Cultural Affairs	579	501	576
Ministry of Religious Affairs	1,693	1,865	1,338
Ministry of Youth and Sports	1,474	1,452	1,485
Local Government Division	36,103	37,049	34,241
Rural Government and Co-operatives Division	2,235	2,228	2,449
Ministry of Industries	1,614	2,006	1,556
Ministry of Expatriates Welfare and Overseas Employment	642	586	591
Ministry of Textiles and Jute	714	1,360	800
Energy and Mineral Resources Division	1,905	2,480	1,986
Ministry of Agriculture	15,442	12,957	14,053
Ministry of Fisheries and Livestock	3,193	2,531	2,932
Ministry of Environment, Forest and Climate Change	1,246	1,076	1,495
Ministry of Land	2,014	1,690	1,943
Ministry of Water Resources	8,089	8,770	7,932
Ministry of Food	6,048	5,165	4,813
Ministry of Disaster Management and Relief	9,836	11,104	9,871
Road Transport and Highways Division	29,442	28,050	29,274
Ministry of Railway	16,338	13,803	16,277
Ministry of Shipping	4,000	3,906	3,833
Ministry of Civil Aviation and Tourism	3,688	3,417	3,426
Posts and Telecommunications Division	3,140	2,635	3,456
Ministry of Chittagong Hill Tracts Affairs	1,235	1,196	1,194
Power Division	24,853	23,674	26,065
Ministry of Liberation War Affairs	4,505	4,148	4,453
Anti Corruption Commission	150	123	140
Bridges Division	7,979	6,685	8,564
Technical and Madrasha Education Division	8,345	7,307	7,454
Security Services Division	3,858	3,235	3,694
Ministry of Health and Family Welfare	6,362	5,081	5,788
Total	568,000	501,577	523,190

Source: Finance Division

Annexure-B

List of table of import-export duty

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Table-1: Agriculture Sector

• **Reduction of customs duty on the Agriculture Sector**

Sl. No.	H.S. Code	Description	Existing CD Rate	Proposed CD Rate
(1)	(2)	(3)	(4)	(5)
1	0703.10.11	Onions Wrapped/canned upto 2.5 kg	0	5
2	0703.10.19	Onions in bulk	0	5
3	2833.11.00	Disodium sulphate	5	15

• **Reduction of Customs Duty on Agricultural Machinery**

Sl. No.	H.S. Code	Description	Existing CD Rate	Proposed CD Rate
(1)	(2)	(3)	(4)	(5)
1.	7315.11.90	Roller Chain used on Agricultural Machinery	10%	1%
2.	8482.10.00	Ball Bearings Used on Agricultural Machinery	10%	1%
3.	7209.16.00	M.S Sheet (1mm-3mm)	10%	1%
4.	8708.40.00	Gear Boxes and parts thereof	10%	1%
5.	8708.94.00	Steering	10%	1%
6.	4011.70.10	Tire used on agricultural Machinery	5%	1%
7.	4013.90.10	Tube used on agricultural Machinery	5%	1%
8.	8708.70.00	Wheel Parts (Rim) used on agricultural Machinery	10%	1%
9.	8414.90.90	Blower for grain dryer	10%	1%
10.	8311.90.00	Coated Electrodes of base metal	10%	1%

• **Products of Poultry/Dairy/Fisheries on which Customs Duty has been reduced**

Sl. No.	H.S. Code	Description	Existing Duty	Proposed Duty
(1)	(2)	(3)	(4)	(5)
1.	2304.00.00	Soyabean oil cake	RD-5 %	RD-0%
2.	2309.90.90	Soya Protein Concentrate	CD-10%	CD-0%

- **List of items on which Supplementary duty has been increased to protect domestic industry**

Sl. No.	H.S. Code	Description	Existing Duty	Proposed Duty
(1)	(2)	(3)	(4)	(5)
1.	0207.13.10	Fresh or chilled Cuts and offal of fowls Wrapped/ canned upto 2.5 kg	SD-0%	SD-20%
2.	0207.13.90	Fresh or chilled Cuts and offal, fresh or chilled, in bulk	SD-0% VAT-0%	SD-20% VAT-15%
3.	0207.14.10	Frozen Cuts and offal of fowls Wrapped/canned upto 2.5 kg	SD-0%	SD-20%
4.	0207.14.90	Frozen Cuts and offal of fowls in bulk	SD-0% VAT-0%	SD-20% VAT-15%

Table-2: Industry Sector

- **List of items on which Customs duty has been increased/decreased to protect domestic industry**

Sl. No.	H.S. Code	Description	Existing Duty	Proposed Duty
(1)	(2)	(3)	(4)	(5)
1.	0409.00.90	Natural honey in bulk	CD-15% VAT-0%	CD-25% VAT-15%
2.	8905.10.00	Dredgers	CD-1%	CD-5%
3.	3402.11.10	Linear Alkyl Benzene Sulphonic Acid (LABSA)	CD-15%	CD-10%
4.	3816.00.90	Mortars, concretes	CD-10%	CD-5%
5.	3701.30.20	Photosensitive plates imported by industrial IRC holder VAT compliant Printing and packaging industry	CD-25%	CD-15%
6.	3402.90.30	Cleaning preparation imported by industrial IRC holder VAT compliant paper mills	CD-25%	CD-15%
7.	2710.19.21	Base oil imported in bulk by Industrial IRC holder VAT compliant petroleum products processing or blending industry	CD-10%	CD-5%

- **List of items on which Supplementary Duty has been increased to protect domestic industry**

Sl. No.	H.S. Code	Description	Existing SD Rate	Proposed SD Rate
(1)	(2)	(3)	(4)	(5)
1.	7317.00.00	Nails, Tacks, Drawing Pins of iron/steel	0	20

Sl. No.	H.S. Code	Description	Existing SD Rate	Proposed SD Rate
(1)	(2)	(3)	(4)	(5)
2.	7318.14.90	Other Self-Tapping Screws	0	20
3.	7318.16.00	Threaded Nuts of Iron/Steel	0	20

• **List of items on which Regulatory duty has been increased/decreased**

Sl. No.	H.S. Code	Description	Existing RD Rate	Proposed RD Rate
(1)	(2)	(3)	(4)	(5)
1.	7202.11.00	Ferromanganese: Containing by weight more than 2% of carbon	10	15
2.	7202.21.00	Ferrosilicon: Containing by weight more than 55% of silicon	10	15
3.	7202.30.00	Ferro-silico-manganese	10	15
4.	7210.11.00	Plated or coated with tin of a thickness of 0.5 mm or more	3	15
5.	7210.20.00	Plated or coated with lead, including terne- plate	3	15
6.	7210.30.00	Electrolytically plated or coated with zinc	3	15
7.	7210.49.90	Other plated or coated with zinc	3	15
8.	7210.50.00	Plated or coated with chromium oxides or with chromium and chromium oxides	0	15
9.	7210.69.90	Other Plated or coated with aluminium-zinc alloys	3	15
10.	7210.70.30	Painted, varnished or coated with plastics of a thickness of more than 1.0 mm	3	15
11.	7210.90.00	Other Flat-rolled products of iron or non-alloy steel	3	15

• **Compressor Industry**

List of components for compressor industry which have been included in Table-1

Sl. No.	HS Code	Description	Existing Duty	Proposed Duty
(1)	(2)	(3)	(4)	(5)
1.	3403.19.00	Lubricating/cutting oil /anti-rust preparations containing petroleum or bituminous mineral oils	CD-10%	CD-1%
2.	3801.10.00	Artificial Graphite	CD-10%	CD-1%

• **Footwear Industry**

Components/Inputs for footwear Industry which are included in the existing SRO

Sl. No.	HS Code	Description	Existing Duty	Proposed Duty
(1)	(2)	(3)	(4)	(5)
1	5903.10.20	Textile Fabrics Laminated with Polyvinyl Chloride Imported by Industrial IRC Holder VAT Compliant Footwear Manufacturing Industry	CD-25%	CD-15%
2	5903.20.20	Textile Fabrics Laminated with Polyurethane (Artificial Leather) Imported by Industrial IRC Holder VAT Compliant Footwear Manufacturing Industry	CD-25%	CD-15%
3	6006.44.10	Printed Knitted or Crocheted Fabrics Imported by Industrial IRC Holder VAT Compliant Footwear Manufacturing Industry	SD-20%	SD-0%

• **Export Industry**

Components/Inputs for Export Industry which are included in the existing SRO

Sl. No.	HS Code	Description	Existing Duty	Proposed Duty
(1)	(2)	(3)	(4)	(5)
1.	8523.59.20	RFID TAG Imported by Industrial IRC Holder VAT Compliant 100% Export Oriented Textile Industry	CD-25%	CD-15%
2.	7308.90.20	Industrial Racking System Imported by Industrial IRC Holder VAT Compliant 100% Export Oriented Garments Industry	CD-25%	CD-15%

Table-3: Gold import

• **Withdrawal of VAT on import of Gold**

Sl. No.	H.S. Code	Description	Existing Rate	Proposed Rate
(1)	(2)	(3)	(4)	(5)
1.	7108.12.00	Gold (Unwrought)	VAT-15%	VAT-0%

Table-4 : Tariff Rationalization

i. Concerning increase/decrease of customs duty

a) Items on which customs duty has been reduced

Sl. No.	H.S. Code	Description	Existing CD Rate	Proposed CD Rate
(1)	(2)	(3)	(4)	(5)
1.	2712.90.10 2712.90.20 2712.90.90	Paraffin wax	25	15
3.	8424.41.10	Hand-operated sprayers for agricultural use	5	1
4.	8424.49.00	Other agricultural or horticultural Sprayers	10	1
5.	8530.80.00	Other electrical signalling equipment	10	1
6.	9403.20.30	Cutting table of a kind used with cutting machine	10	1
7.	9403.60.20	Cutting table of a kind used with cutting machine	10	1

b) List of items on which customs duty has been increased

Sl. No.	H.S. Code	Description	Existing CD Rate	Proposed CD Rate
(1)	(2)	(3)	(4)	(5)
1.	2106.10.00	Protein concentrates and textured protein substances	10	25
2.	3205.00.00	Colour lakes	5	15
3.	3215.90.10	Inkjet refill in injectable form	5	25
4.	3506.10.00	Products suitable for use as glues or adhesives, put up for retail sale as glues or adhesives, not exceeding a net weight of 1 kg	5	25
5.	3506.99.00	Other	5	25
6.	3824.40.00	Prepared additives for cements, mortars or concretes	5	10
7.	7605.29.00	Wire of Aluminium Alloys (Maximum Cross-Sectional Dimension =<7Mm)	5	15
8.	8535.40.10	Lightning arresters	5	10
9.	8535.90.10	Automatic sensor switches for lighting control	5	10

c) Items on which Regulatory Duty has been imposed or increased/decreased

Sl. No.	H.S. Code	Description	Existing RD Rate	Proposed RD Rate
(1)	(2)	(3)	(4)	(5)
1.	2711.14.10	Ethylene/propylene imported by VAT registered PVC/PET resin manufacturing industry in	3%	0%

Sl. No.	H.S. Code	Description	Existing RD Rate	Proposed RD Rate
(1)	(2)	(3)	(4)	(5)
		economic zone		
2.	2905.31.20	Ethylene glycol Imported by VAT registered PVC/PET resin manufacturing industry in economic zone	3%	0%
3.	2917.36.20	Terephthalic acid imported by VAT registered PVC/PET resin manufacturing industry in economic zone	3%	0%
4.	3917.10.00	Artificial guts (sausage casings) of hardened protein or of cellulosic materials	0%	10%
5.	7202.11.00	Ferromanganese: Containing by weight more than 2% of carbon	10%	15%
6.	7202.21.00	Ferrosilicon: Containing by weight more than 55% of silicon	10%	15%
7.	7202.30.00	Ferro-silico-manganese	10%	15%
8.	7210.11.00	Plated or coated with tin of a thickness of 0.5 mm or more	3%	15%
9.	7210.20.00	Plated or coated with lead, including terne-plate	3%	15%
10.	7210.30.00	Electrolytically plated or coated with zinc	3%	15%
11.	7210.49.90	Other plated or coated with zinc	3%	15%
12.	7210.50.00	Plated or coated with chromium oxides or with chromium and chromium oxides	0%	15%
13.	7210.69.90	Other Plated or coated with aluminium-zinc alloys	3%	15%
14.	7210.70.30	Painted, varnished or coated with plastics of a thickness of more than 1.0 mm	3%	15%
15.	7210.90.00	Other Flat-rolled products of iron or non-alloy steel	3%	15%

d) Goods on which supplementary duty has been imposed/ reduced/ increased/withdrawn

Sl. No.	H.S. Code	Description	Existing SD Rate	Proposed SD Rate
(1)	(2)	(3)	(4)	(5)
1.	9401.80.00	Other Seat	0	45

e) Items on which VAT has been withdrawn at the import stage

Sl. No.	H.S. Code	Description	Existing VAT Rate	Proposed VAT Rate
(1)	(2)	(3)	(4)	(5)
1.	4011.70.10	Tyre used on agricultural tractors	15	0
2.	4013.90.10	Inner tubes of rubber used on tractors	15	0

ii. List of items of which tariff description, H.S. Code have been amended, split, merged and created

a) Items on which H.S. Code description has been changed/amended

Sl. No.	H.S. Code	Existing Description	Changed Description
(1)	(2)	(3)	(4)
1.	3917.32.00	Other, not reinforced or otherwise combined with other materials, with Fittings	Other, not reinforced or otherwise combined with other materials, without Fittings
2.	3920.49.30	PVC film imported by Industrial IRC holder VAT compliant medical instruments manufacturing industries	PVC film imported by Industrial IRC holder VAT compliant medical instruments manufacturing industries or medicine packaging industries
3.	3920.92.30	Unprinted nylon film in roll form imported by Industrial IRC holder VAT compliant medical instruments manufacturing industry	Unprinted nylon film in roll form imported by Industrial IRC holder VAT compliant medical instruments manufacturing industries or medicine packaging industries
4.	5806.32.10	Imported by VAT registered satin ribbon manufacturing industry of a width exceeding 1650 mm and length exceeding 183 metre in roll	Imported by industrial IRC holder VAT compliant satin ribbon manufacturing industry
5.	6812.80.00	Of crocodile	Of crocidolite
6.	9018.31.10	Prefilled glass/prefilled plastic syringes with needles, needles shield, plunger and rubber stopper	Empty prefilled glass/prefilled plastic syringes with needles, needles shield, plunger and rubber stopper

b) Items for which new H.S. Code has been Split

Sl. No.	Existing H.S. Code	Splited H.S. Code	Description
(1)	(2)	(3)	(4)
1.	8547.90.00	8547.90.10	--- Imported by industrial IRC holder VAT compliant insulator manufacturing industry
		8547.90.90	--- Other
2.	8513.90.00	8513.90.10	--- Parts of Solar Powered lantern/lamps having no provision for electrical power Imported by Industrial IRC Holder VAT Compliant LED Lamp Manufacturing industries
		8513.90.90	--- Other
3.	7407.21.00	7407.21.10	--- Brass Rods Imported by Industrial IRC Holder VAT Compliant Valve & Bung Manufacturing Industries
		7407.21.90	--- Other

Sl. No.	Existing H.S. Code	Splited H.S. Code	Description
(1)	(2)	(3)	(4)
4.	8516.90.00	8516.90.10	--- Heater Coil Imported by Industrial IRC Holder VAT Compliant Medical Equipment Manufacturing Industries
		8516.90.90	--- Other

c) Items for which new H.S. Code has been created:

Sl. No.	New H.S. Code	Description
(1)	(2)	(3)
1.	3402.90.30	Cleaning preparation imported by industrial IRC holder VAT compliant paper mills
2.	3701.30.20	Photosensitive plates imported by industrial IRC holder VAT compliant Printing and packaging industry
3.	3808.91.22	Charcoal frame of mosquito coil
4.	7308.90.20	Industrial Racking System Imported by Industrial IRC Holder VAT Compliant 100% Export Oriented Garments Industry
5.	8523.59.20	RFID TAG Imported by Industrial IRC Holder VAT Compliant 100% Export Oriented Textile Industry
6.	8481.40.12	Auto Safety Valves, Inner Dia. <= 1 Inch Imported by Industrial IRC Holder VAT Compliant Medical Equipment Manufacturing Industries
7.	8481.80.22	Solenoid Valve Imported by Industrial IRC Holder VAT Compliant Medical Equipment Manufacturing Industries