

Bismillahir Rahmanir Rahim**Mr. Speaker,**

I feel extremely honoured to have the opportunity to place before this august house the budget for the fiscal year 2003-04 and supplementary budget for the fiscal year 2002-03. This is a great honour for me for two reasons. First, since the assumption of office on 10th October, 2001 the present government, under the able and dynamic leadership of Hon'ble Prime Minister Begum Khaleda Zia, in a very short period of time, has been able to restore macroeconomic stability and discipline in all spheres of the economy, thereby establishing a solid foundation for a bright economic future for the country. The second reason is a personal one. With this budget presentation, as the Finance Minister of the country, I am having a rare privilege of presenting the national budget for the ninth time.

Mr. Speaker,

2. At this moment of pride, I recall with profound respect our former great President Shaheed Ziaur Rahman, the man who made the proclamation of Independence of Bangladesh. He was a valiant freedom fighter and a visionary architect of multiparty democracy and Bangladeshi nationalism. Till the day of his martyrdom at the hands of cowardly conspirators, this great leader worked relentlessly for building a happy, prosperous, democratic and poverty free Bangladesh. He initiated many innovative programmes for the economic upliftment of the people. He inspired the people to change their lot and to establish their fundamental democratic rights. Following his great ideals and principles, we are also firmly committed to materialise the dream of the people of Bangladesh. Against all odds and conspiracies, our great leader Begum Khaleda Zia by dint of her outstanding leadership has demonstrated the same commitment through her policies and actions and has earned the overwhelming confidence of the people. We believe that the budget for the next year will be a further demonstration of our commitment.

Mr. Speaker,

3. Since the assumption of office, the present government has been confronting numerous domestic and international adverse situations. Global economic recession accompanied by international tensions have also adversely affected our economy. In the domestic front, this government has inherited from the past Awami League government a fragile and unstable economy. The wide-ranging reforms initiated by the BNP government in early nineties have not been sustained by the past Awami League regime. As a result, the pace of economic upturn and poverty reduction slowed down. Macroeconomic stability was threatened and an anarchy was created in the management of the economy. A recent World Bank report corroborates such a state of affair. The report states, "Much of the sustained economic progress made during the 1990s can be attributed to the wide-ranging reforms introduced in the early 90s by the BNP government to remove the plethora of controls on economic activities and establish the private sector as the engine of growth.... Under growing political pressure, however, the pace of reforms began slowing towards the middle of the 1990s.... Most observers believe that economic growth and poverty reduction could accelerate if the country were to undertake significant structural reforms in the areas of governance, state owned enterprises, financial sector and infrastructure."

Mr. Speaker,

4. During FY 2001-02 we were successful in restoring macroeconomic stability by reforming the budget framed by the past Awami League government and policies pursued by them in the management of the economy. Despite global political tensions and economic recession, we could sustain the pace of economic growth. The challenge in the current fiscal year has been to consolidate the success achieved in the past year and to further accelerate the pace of

economic growth, develop a sustainable medium term strategy for economic prosperity and poverty reduction and to initiate appropriate programmes for implementation of that strategy. I believe that the government has been successful in responding to these challenges. Our success in this regard has been acclaimed both at home and abroad. On the performance of the present government in the management of the economy, the recently concluded Bangladesh Development Forum at Dhaka in a press release commented, "Participants of the Bangladesh Development Forum commended Bangladesh's recent progress in achieving macroeconomic stability, reviving important reforms and preparing a sound poverty reduction strategy. There was broad agreement that reforms introduced during the past eighteen months had resulted in a strong economy and had established a solid foundation for accelerating growth and poverty reduction".

5. The Managing Director of IMF in a recent letter has also made the following observation on our performance, "The Government is to be commended on its efforts since taking office toward stabilizing the economic situation, establishing sound fiscal and monetary policies and reviving structural reforms.... IMF will do all it can to support Bangladesh's effort to move on to a path of higher sustainable growth with faster poverty reduction."

Mr. Speaker,

6. I would like to reiterate our belief that reform is indispensable for poverty reduction, human development, employment generation and for overall economic progress of the country. We demonstrated our commitment to reforms during the past BNP rule. The country could achieve much faster progress if the reform process initiated by us were sustained by the past Awami League government. Needless to say, it is very difficult to reestablish a reform process once its continuity is disrupted. After receiving a massive mandate through a free and fair election the present government under the bold leadership of Prime Minister Begum Khaleda Zia has, through strong determination and overwhelming support of the people, succeeded in reestablishing the reform process to ensure a better future for the nation.

Development and Poverty Reduction Strategy

Mr. Speaker,

7. We have prepared a three-year 'Economic Growth, Poverty Reduction and Social Development Strategy' through extensive consultations with the representatives of different professional bodies and representatives of people from all strata of the society. At our own initiative, we have prepared this strategy to attain the development goals determined according to our own needs and priorities. This strategy clearly indicates an action plan to achieve the desired goals and reflects the hopes and aspirations of our people. We have prepared the three-year strategy in the light of UN Millennium Development Goals and the election pledges of BNP. In order to implement this strategy a three-year rolling investment programme is being finalised. The major objectives of Millennium Development Goals are:

- 1) Reduction of the number of the world's poor by half by 2015;
- 2) Providing at least primary education to all the children;
- 3) Elimination of gender discrimination in all educational facilities at primary and secondary levels;
- 4) Reduction of infant mortality, maternal mortality and malnutrition by 65 percent, 75 percent and 50 percent respectively.

8. The strategy we have adopted to achieve our cherished goals are:

- 1) Generation of employment opportunities for the poor by pursuing a pro-poor economic growth;
- 2) Providing access of the poor to education, health, nutrition, and vocational training facilities;
- 3) Ensuring woman's advancement and reducing gender gap;
- 4) Ensuring economic and social security for the poor through targeted programmes;
- 5) Establishing good and participatory governance.

Mr. Speaker,

9. In order to implement the above strategy we have developed a medium term macroeconomic framework. The framework envisages macroeconomic stability with increase in growth rate to 6.5 percent in FY 2005-06 from 5.5 percent in FY 2003-04 keeping the rate of inflation below 4 percent. To attain a higher GDP growth rate the current Public Expenditure/GDP ratio of 14.5 percent will be raised to 16.4 percent in FY 2005-06. In order to move towards greater self reliance Tax/GDP ratio will be raised to 12 percent in FY 2005-06 from current level of 10.4 percent. It may be mentioned here that during the past Awami League regime the budget deficit exceeded 6 percent of GDP creating macroeconomic instability. The fundamental policy of this government is to promote faster economic growth along with sustaining macroeconomic stability. So the fiscal deficit will be contained at a sustainable level. Resource allocation for programmes directly and indirectly contributing to poverty alleviation will be augmented for rapid reduction of poverty and creation of large scale employment opportunities. An enabling environment will be created for private sector investment so that in economic growth and employment generation private sector can play a leading role. This medium term strategy will commence from FY 2003-04. The budget for FY 2003-04 has been framed as part of this strategy.

Mr. Speaker,

10. Our development partners have been playing an important role in our economic upliftment, human resource development, technology transfer and in poverty reduction. I am glad to inform this august house that our development partners have pledged their enhanced support in implementing our three-year strategy prepared at our own initiative. At the recently held Bangladesh Development Forum at Dhaka, it has been observed, "The Government's poverty reduction strategy was a sound basis for enhanced future cooperation between the Government and the Development Partners". We are determined to implement our development programme with our own resources. However, additional assistance from our development partners will be helpful for implementation of an extended development programme aimed at achieving faster economic growth.

Recent Economic Trends

Mr. Speaker,

11. I would now like to throw some light on the fundamentals of the economy for FY 2002-03. Last year our GDP growth rate was 4.4 percent, in the current year growth will go up by almost one percent reaching 5.3 percent. Agriculture will have a growth of 4 percent and industry 6.6 percent. Government has been pursuing a sound monetary policy to keep inflation stable, boost private investment and to enhance the net external resources of Bangladesh Bank. The budget deficit for the current fiscal year will remain within 4.2 percent of GDP.

12. Thanks to Government's prudent fiscal, monetary and economic policies, the export after a negative growth in the last year has grown by 4.4 percent up to March 2003. The foreign exchange remittance up to April this year has registered a rise of 24 percent. This has resulted in a surplus in external trade balance amounting to US\$ 660 million in the current account and an overall balance of US\$ 80 million. In contrast, in the last fiscal year of Awami League regime the current account had a deficit of US\$ 860 million. Due to pragmatic economic policies pursued by the present government, the foreign exchange reserve in the month of May, 2003 rose to over US\$ 2 billion as compared to only US\$ 1 billion when we took over.

Mr. Speaker,

13. As part of our economic liberalization policy, we made foreign exchange regime largely flexible during the previous tenure of BNP Government. To make the external sector more dynamic, we have introduced market based exchange rate management system from May 31, 2003. It may be mentioned here that India, Pakistan and Sri Lanka have been following this system for the last few years. I am glad to inform this house that after introduction of market based exchange rate system the value of taka has remained stable. This clearly proves that our macroeconomic fundamentals are sound and balanced.

Revised Budget of FY 2002-03

14. I will now discuss the revised budget for FY 2002-03 and the proposed budget for FY 2003-04. The estimated revenue receipt for FY 2002-03 was Taka 33084 crore. The revised revenue receipt estimate for FY 2002-03 has been lowered to Taka 31120 crore due to some shortfall in non-tax revenue receipts although the NBR revenue during this year is expected to exceed its target. The revenue expenditure for FY 2002-03 was estimated at Taka 23972 crore. In the revised budget this estimate has been refixed at Taka 25307 crore. The increase of expenditure on account of domestic interest payment, payment of arrears, enhanced allocation for repairs and maintenance, education, VGF and some other relief operations and inclusion of quite a few development projects involving expenditure of recurrent nature in the non-development budget resulted in this increased expenditure. A number of expenditures like stipends for students, research and development expenditure of recurrent nature etc. currently included in the development budget will be transferred to the revenue budget in future.

Mr. Speaker,

15. Our Government believes in financial discipline and responsible fiscal management. We consider it immoral to burden the future government with huge financial liabilities through improper and irresponsible financial management practices. Unfortunately, the previous Government demonstrated their irresponsibility by non-payment of huge arrears on account of electricity, telephone, land development tax, water and municipal tax of different agencies of the Government. Besides, a large amount of arrears on account of Government's advertisements in different newspapers, supply of animal feed and fodder in Government farms, prisoners' diet and pay of teachers of several universities, remained unpaid. In order to restore financial discipline we

had to allocate an amount of Taka 400 crore in the revised budget to pay off these cumulative arrears.

Mr. Speaker,

16. The revised budget for FY 2002-03 and the next year's proposed budget have been formulated taking into account the recommendations of the Public Expenditure Review Commission and Revenue Reforms Commission set up by this Government for enhancing effectiveness of public expenditure and strengthening revenue mobilisation efforts. A mid-term review of the budget was conducted for the first time by the present Government and the results have been reflected in the revised budget of FY 2002-03. Also based on the review, quite a large number of projects were pruned which were either less important or not linked to poverty reduction. This resulted in reduction of ADP size to Taka 17,100 crore in the revised budget.

Proposed Budget for FY 2003-04

Mr. Speaker,

17. In the budget for FY 2003-04, revenue receipt has been estimated at Taka 36171 crore. In the next fiscal 16.2 percent growth in revenue receipt has been estimated. In the revenue budget for FY 2003-04, expenditure has been estimated at Taka 28969 crore which is 14.5 percent higher than the revised revenue expenditure of the current year. The rise in revenue expenditure in next fiscal year is attributable to a) enhanced allocation for repair and maintenance of government infrastructure, education, health and social safety net programmes like old-age allowance, allowance for widow and deserted women; b) provisioning for dearness allowance for government employees; c) building up of funds for micro-credit amounting to about Taka 400 crore and d) transfer of certain projects having recurrent nature of expenditure from development to non-development budget. These programmes account for 7 percent increase in revenue expenditure out of a total 14.5 percent increase.

Mr. Speaker,

18. I would like to propose an allocation of Taka 20300 crore for the Annual Development Programme (ADP). Consistent with the Government's Three-Year National Strategy for Economic Growth, Poverty Reduction and Social Development, this ADP for 2003-04, has been prepared to create employment opportunities and to reduce poverty. No unapproved project has been included in the ADP for 2003-04. But the unapproved projects now under process, if found consistent with the Strategy will be included in the ADP after approval. A provision for sector-wise block allocation has been made for these projects in the ADP for 2003-04. 49 percent of the ADP of FY 2003-04 will be financed from own resources while 51 percent from external sources. The total proposed allocation of expenditure for the next fiscal year is Taka 51980 crore which includes revenue expenditure, ADP, non-ADP development expenditure, net capital expenditure and net food outlay. This allocation is 18.4 percent higher than the revised budget for the current year. A major part of the proposed development budget and more than one-third of the allocation in the non-development budget for FY 2003-04 will be spent on programmes directly and indirectly linked to poverty reduction. It is expected that the budget deficit will be contained within 4.8 percent of GDP.

Human Resource Development

Education

Mr. Speaker,

19. We consider the pursuit of education as the fundamental basis for human resource development. In terms of budgetary allocation, education, therefore, has been given the greatest priority. For FY 2003-04, I propose an allocation of Taka 6740 crore in revenue and development budget combined for this sector which is Taka 236 crore more than the revised budget allocation for the current fiscal year. Education will receive highest allocation amounting to about 14 percent of the total budget.

Mr. Speaker,

20. In the year 1993, we first introduced nation-wide free and compulsory primary education programme. The same year marked the commencement of "food for education" programme which was acclaimed both at home and abroad. During the last Awami League regime politicisation engulfed the education sector too, the result of which was large-scale irregularity in the distribution of food in the "food for education" programme. In order to stop this irregularity, we have put in place a nation-wide stipend programme for primary education by mobilising our own resource. In the current fiscal year, about Taka 600 crore would be spent and about 52 lakh families would be directly benefited from this programme. The Millennium Development Goals (MDG) stipulate ensuring universal primary education by 2015. This stipend programme will continue as long as needed to achieve this goal. The decision of the Government to allow mothers to draw stipend reflects once again the Government's firm commitment towards empowerment of women.

Mr. Speaker,

21. In the beginning of the nineties, we decided to ensure recruitment of women teachers to at least 60 percent posts of teachers in the primary school. As a result, female primary school teachers had doubled to 38 percent. In order to reduce the shortage of teachers in government primary schools, recently 2306 head teachers and 15500 assistant teachers have been recruited under the revenue budget. In addition, another 5500 assistant teachers have been recruited under development budget. The newly created 4017 posts of assistant teachers meant for primary schools having 2 and 3 teachers will be filled up soon.

22. Due to corruption and politicisation, the last government miserably failed to reach-out text books to the students. After cleaning up all the irregularities, we have ensured supply of textbooks to the students in time. On January 1, 2003, the beginning of the school year, the Hon'ble Prime Minister formally handed over books to the primary school students.

23. We have received tremendous support from our development partners towards our commitment in the development of primary education in the country. The Government is going to take up a programme approach-based action plan over a 6-year period to improve the quality of primary education. Eleven development partners will provide US\$ 619 million to support this programme. The Government will match this support with an equivalent Taka amount of US\$ 1246 million.

Mr. Speaker,

24. During the last Awami League regime, private schools, madrasahs and colleges were enlisted under the Monthly Payment Order (MPO) scheme purely on political considerations. The MPO-list includes many educational institutions, from which not even a single student could qualify in public examinations. In a study it was revealed that the pass rate was nil in various public examinations including Secondary and Higher Secondary examinations of a total of 1394 MPO-listed educational institutions. The Government's annual expenditure for these 1394 institutions was over Taka 68 crore (Taka 680 million). This is a classic example of misuse of

taxpayers' money. In order to put an end to this unfortunate situation, the Government has attached greatest importance in establishing good governance and improvement in the standard of education in the country. The present Government earned considerable success in preventing unfair means in examinations. Reforms will continue in developing curriculum and greater number of teachers will be recruited. A National Education Commission has been set up to formulate an appropriate education policy. Steps have been taken to promote employment-generating education and enhance its quality by establishing an Education Training Authority and a separate Curriculum Development Institute. Education administration system will be decentralised and greater autonomy will be given to vocational and technical educational institutions. In order to expand education in science and technology, three new universities of science and technology are being established. To popularise the use of IT in educational institutions, the Government has taken steps to supply computers to all educational institutions in phases.

25. To ensure empowerment of women, the Government is pledge-bound to promote education for girls by providing free education and extending the stipend programme up to Class XII, a facility that was introduced by the previous BNP government. Financial assistance is being provided to the girls for purchase of books and to pay examination fees to appear in public examinations. At the sincere initiative of the Hon'ble Prime Minister Begum Khaleda Zia, Asian University for Women is being established in Bangladesh.

26. In order to provide pension benefits to the teachers and employees of the MPO-listed educational institutions, the BNP Government during its previous tenure decided to build up a 100-crore Taka fund and as a first step channelled Taka 29 crore to finance it. But the previous Awami League Government did not allocate any money to this fund. To raise the fund to Taka 100 crore, I propose to allocate Taka 40 crore in the current year's revised budget and the rest in the budget for the next year.

Health

27. The present Government's aim is to build up a healthy population force and bring them in the mainstream of economic activities to accelerate the momentum of poverty alleviation. The Government is committed to implement a comprehensive programme with increased budgetary allocation in health sector in order to improve different health indices such as fertility rate, infant and maternal mortality rates, life-expectancy and controlling tuberculosis, AIDS and other contagious diseases.

28. The five-year Health and Population Sector Programme (HPSP) taken up by the previous government ends on June 30 this year. The programme could not achieve its desired results because of inherent weaknesses both in design and in its execution. Therefore, appropriate changes in the programme were found necessary. On this basis, the HPSP was reviewed and after extensive consultation with the recipients and providers of health services, development partners and others concerned, a three-year Health, Nutrition and Population Sector Programme (HNPSPP) has been formulated. The Government is continuing consultation with the development partners to ensure their support and participation in the programme. The implementation of this programme will commence from July 1, 2003. The problems of National Nutrition Project taken up by the previous government with Taka 641 crore outlay to address malnutrition, have been sorted out and the project has been put on track. Measures have been taken to fill up the vacant posts in the health sector in phases. Already 527 doctors have been appointed. Another 1733 doctors will be recruited soon. Besides, filling up of posts of 1500 nurses, 3000 health assistants and 632 medical technologists is in process.

29. We have already increased substantially the number of beds in different categories of

hospitals and supplied medical appliances including 173 ambulances for the benefit of the patients. Meanwhile, construction work of the new Ziaur Rahman Medical College with an adjunct 500-bed hospital has started. Initiative has been taken for constructing a second unit of Dhaka Medical College and Hospital with 600 beds. I propose to increase the grants-in-aid to the listed private sector hospitals to 55 cores in FY 2003-04. In the health sector, I propose in both revenue and development budget a total allocation of Taka 2797 crore in the revised budget for FY 2002-03 and Taka 2922 for the FY 2003-04.

Agriculture, Rural Development and Poverty Reduction

Agriculture

Mr. Speaker,

30. Considering the importance of agriculture in overall economic growth and poverty reduction, the Government has recognised agriculture as a priority sector. For the purpose of ensuring food security for all, the Government, alongside its efforts to increase food production, is undertaking a programme to encourage crop diversification, help establish agro-based industries, and eventually shift farming from subsistence to commercial level. In this context, I would like to mention that the Barind Authority has been implementing integrated programmes for development of the Barind areas in the northern part of the country since 1992. The development momentum created by our Government in the Barind area was greatly impeded by the decision of the past Awami League regime to merge all the projects of the Barind Authority under one umbrella. We have restarted the process of integrated development including irrigation of Barind area. In the revised budget, covering both revenue and development, I propose an allocation of Taka 757 crore and in the budget for FY 2003-04, an allocation of Taka 935 crore for this sector.

31. In the last budget of the previous government, that is for FY 2001-02, allocation for agricultural subsidy was only Taka 100 crore. After we took over power, allocation for agricultural subsidy was raised to Taka 200 crore. With an aim to expand subsidy programme in agriculture, I am proposing a further increase in the allocation raising it to Taka 300 crore in the next fiscal. In addition, I propose to provide a fund amounting to Taka 50 crore in the next fiscal to help develop agro-based industries.

32. To ensure optimum and appropriate use of water resources, the Government has formulated a National Water Management Plan based on balanced and well-coordinated policy objectives.

Fisheries and Livestock

Mr. Speaker,

33. We have seen the beginning of a silent revolution in Fisheries and Livestock sector as a result of steps taken by the previous BNP Government. The innumerable poultry farms, dairy farms, beef and goat fattening farms, fish farms and hatcheries that we see in Bangladesh now are the direct results of our efforts made in the past. In this context, I would like to mention that during our previous administration there was substantial increase in production of milk and import of powder milk was significantly reduced. We shall continue to provide similar type of support to milk production in future. We will continuously strive for the development of fisheries and livestock and other non-farm sub-sectors.

Social Security

Mr. Speaker,

34. We are promise-bound to spare no efforts to ameliorate the sufferings of the disadvantaged section of the society. On assumption of power by the present Government, at the behest of the Hon'ble Prime Minister, different programmes under social safety net including old-age allowance were substantially expanded. This desire of the Hon'ble Prime Minister reflects her special sympathy towards the elderly, poor, and helpless citizens of the country. During the previous Awami League regime monthly allowance under Old-age Allowance Programme for the elderly poor people was Taka 100 per person and the number of beneficiaries was only 4 lakh 15 thousand. Since assumption of power, we have enhanced the old-age allowance to Taka 125 and the beneficiaries were increased to 5 lakh. From next fiscal year, I propose that each recipient will receive Taka 150 per month and the number of beneficiaries be doubled to 10 lakh. As a result of expansion of the Old-age Allowance, the total expenditure on this account in FY 2003-2004 will be Taka 180 crore, registering a net increase of Taka 105 crore over that of the current FY 2002-03.

35. During the past regime under the programme of Widowed and Deserted Women Allowance Scheme, monthly allowance per head was Taka 100 and the number of recipients was about 2 lakh 8 thousand. After we came to power, like the old-age allowance, we have increased the monthly allowance under this scheme from Taka 100 to Taka 125 and increased the number of beneficiaries to 2 lakh 70 thousand. Under this programme, I propose to increase the monthly allowance from Taka 125 to Taka 150 and to raise the number of recipients to 5 lakh. In the FY 2003-04, an additional amount of Taka 50 crore will be required and the total allocation will stand at Taka 90 crore. Currently, Widowed and Deserted Women Allowance Scheme is managed by the Ministry of Social Welfare. Since the scheme is directly linked to women welfare, the Government has decided to place it under the management of Ministry of Women and Children Affairs.

36. To mitigate the sufferings of the acid-burnt victims and to provide assistance to the persons and families made destitute by sudden natural disasters, the Government established "Fund for Acid-burnt Women and Rehabilitation of Physically Handicapped" and "Fund for Mitigation of Risks from Natural Disasters" respectively. In FY 2002-03, these two funds had an allocation of Taka 15 crore and Taka 25 crore respectively. In the next FY 2003-04, I propose to allocate an additional amount of Taka 25 crore for the "Fund for Acid-burnt Women and Rehabilitation of Physically Handicapped" and Taka 50 crore for the "Fund for Mitigation of Risks from Natural Disasters".

Rural Development

Mr. Speaker,

37. In the current FY 2002-03, 8 lakh 7 thousand metric tons of food grains worth Taka 1100 crore have been allocated for rural infrastructure development programme (FFW) and rural infrastructure maintenance programme (TR), VGF and VGD. To achieve the intended use of food grains and to prevent waste in food supported programmes, the Government has introduced the system of partial monetisation of the programme. The monetisation of FFW for rural infrastructure development programmes will be further expanded in phases. Allocation for these programmes will continue to increase in future.

Mr. Speaker,

38. The present government continues to make tireless efforts to improve the lot of the rural people. Poverty reduction occupies the central theme of the budget for FY 2003-04. Special emphasis has been given to growth in farm and non-farm activities, development of rural infrastructure and generation of self employment opportunities in rural areas. In FY 2003-04, I propose a combined allocation of Taka

4353 crore in both revenue and development budget for the Ministry of Local Government, Rural Development and Cooperatives, which is Taka 720 crore higher than the revised budget of this fiscal. The Government intends to involve the youth in the national development efforts and, through appropriate training, convert them into productive human resource and encourage them to engage in self-employment activities by providing micro credit. The Government has started a housing scheme (*Abashon*) from FY 2002-03, for the landless, homeless and destitute in the rural areas with access to basic health and education. Through the implementation of the project under the overall supervision of the Prime Minister's Office, an estimated 65,000 landless and homeless families will be accommodated and would get support for self employment. The project will cost Taka 447 crore.

Micro Credit Programme

Mr. Speaker,

39. In addition to on-going micro credit programme, I propose a total allocation of Taka 345 crore for new micro-credit programmes. This is for the first time; the Government will be directly injecting substantial resources from Revenue Budget for micro-credit. Out of this amount, Taka 200 crore will be allocated to Rural Development and Co-operatives Division, Taka 30 crore to the Ministry of Fisheries and Livestock, Taka 25 crore for Ministry for Youth and Sports, Taka 25 crore to Ministry of Liberation Affairs and Taka 15 crore to Ministry for Women and Children Affairs. Through these programmes micro-credit will be provided to unemployed young men and women, small farmers, poor freedom fighters and destitute women after giving them appropriate training. In addition, to generate dynamism in the micro-credit activities of smaller NGOs, I propose an allocation of Taka 50 crore as an initial contribution of the Government for a proposed Micro-credit Foundation. We welcome NGO participation in poverty reduction. The Government will always be supportive of the extremely important role that the NGOs are playing.

Women Development

Mr. Speaker,

40. We want to ensure that women are actively involved in the mainstream of development activities and developmental benefits reach them equally. Various programmes supporting women empowerment including expansion of VGD programme, micro credit programmes, women entrepreneurship development programme, working women's hostel and child day care centre projects have been taken up. Steps have been taken to further expand and strengthen these programmes and to take up new programmes aimed at empowerment of women. To involve women in production-oriented activities, a training scheme has been undertaken at a vocational training centre at Dhaka. Besides, a project has been taken up to set up five women vocational training centres.

Physical Infrastructure

Energy

Mr. Speaker,

41. Seventy percent of the total commercial demand for energy is met by natural gas. According to the latest data the proven reserve of natural gas in Bangladesh is about 16 TCF. Besides, assuming 50 percent possibility, unconfirmed reserve of gas would amount to 42 TCF. The Government will adopt pragmatic measures to ensure the best use of natural gas based on the actual reserve and taking into account the interest of the country and the people. The Government has adopted a range of reform programmes to accelerate long-term development of energy and gas sector in a competitive environment, encourage private investment, and protect consumers' interest and the environment. As part of the reform process, the National Energy Regulatory Commission Act, 2003 has been enacted by the Parliament.

Power:

Mr. Speaker,

42. The Government considers power as one of the most priority sectors. The Government is, therefore, endeavouring to reach power to the doorstep of the people by way of enhancing power generation capacity, reforming the existing power generation and transmission system and by installing transmission and distribution lines. As power generation, transmission and distribution is capital-intensive, steps have been taken to encourage private sector investment in tandem with public sector investment and also through joint venture. Currently, a number of power generation projects are at different stages of implementation aimed at generating additional 1420 MW electricity under the public sector. Among these projects, Siddhirganj 210 MW Thermal Power station (First Unit) will commence production from August this year. On April 23, the Hon'ble Prime Minister formally inaugurated extraction of coal from Boropukuria Coal Mine. A major part of the extraction from the coal mine will go for power generation. Construction of a 250 MW power plant at Boropukuria has already started. In the ADP for 2003-04, I propose an allocation of Taka 4067 crore for the energy and power sector which is Taka 1218 crore higher than the original allocation of FY 2002-03 and 20 percent of total development outlay.

Roads

Mr. Speaker,

43. The communication sector is of immense importance for socio-economic development of the country. Since independence, hundreds of kilometres of national, regional highways and feeder roads have been built throughout the country. At this stage we need to give greater emphasis on repair and maintenance of roads and highways, bridges and culverts already built, rather than constructing new roads and highways. We have taken up an initiative to create a Road Fund to ensure all-time maintenance of roads/highways and bridges and culverts. Steps have been taken to construct roads on the basis of BOT and encourage private sector participation in repair and maintenance work.

44. The Government has already taken steps to build a bridge over the river Padma. A Japanese technical team will commence a detailed feasibility study of the bridge in the current year. Mukhtarpur Bridge on Dhaka-Munshiganj road, a second Sitalakhya Bridge and a third Buriganga Bridge will be constructed to mitigate traffic jam in the Dhaka Metropolitan area. In order to establish a quick communication system between the Chittagong Metropolitan city and the southern part of the country, a third Karnafuli Bridge will be constructed over the river Karnafuli. I propose a combined allocation of Taka 3189 crore under both revenue and

development budget for FY2003-04 for the improvement of road communication throughout the country.

Railway

Mr. Speaker,

45. Although the Bangladesh Railway network spreads throughout the country, there was no remarkable investment in this sector in recent years. As a result, in all spheres of this sector such as locomotives, wagon and railway track, there is evidence of decadence. The Railway continues to play an important role in transporting passengers and goods. Measures are being taken to revamp the railways by procuring new coaches, rebuilding railway tracks and repairing railway stations. The Government is actively considering to develop Bangladesh Railway as a corporate body. Corporatisation will bring in dynamism and attract private sector in the activities of the Bangladesh Railway. In the near future, Bangladesh Railway will evolve as a self-reliant and an efficient commercial entity. The long-awaited Rajshahi-Dhaka and Khulna-Dhaka train service over the Jamuna Bridge will begin this month. This will materialise a long-cherished dream of the people belonging to northern and south-western part of the country. I, therefore, propose a combined allocation of

Taka 1370 crore for Railway under both revenue and development budget.

Water and Air Transport

Mr. Speaker,

46. The inland water transport system is also extremely important in internal communication. It currently transports about 30 percent of total tonnage of goods and 13 percent of passengers. Measures will be taken to increase investment in river transport to mitigate various problems in water transport system including enhancing navigability of waterways. The present Government has also taken up measures to improve the air transportation system of the country. Due to earnest endeavour of the Government, three foreign airlines are already operating from the Chittagong Shah Amanat Airport.

Telecommunication

Mr. Speaker,

47. The present Government has taken various programmes to modernise and revamp telecommunication system of the country. Bangladesh Telecommunication Regulatory Commission has been set up and is working independently to make this sector more competitive and attract foreign and national investment in this sector. To meet the enhanced demands of telephones in large cities including Dhaka, two projects are in the process of implementation to provide 5 lakh land telephone connection and 10 lakh mobile phones connection. The internet service of BTTB has meanwhile, been extended to all districts and all Upzilas will have BTTB internet connectivity in stages. I propose an allocation of Taka 1195 crore in FY 2003-04 in both revenue and development budget for this sector.

Information Technology

Mr. Speaker,

48. The present Government attaches particular importance to information technology. In the meantime, a National Information and Communication Policy has been formulated. The

Government is giving due priority to computer education. The Government aims to set up 128 full-fledged computer labs in one school and in one college in all 64 districts and a work programme has been taken up to implement an IT-oriented curricula. Work is in progress for setting up a hi-tech park covering 265 acres of land at Kaliakor.

Repairs and Maintenance

Mr. Speaker,

49. Consistent and proper maintenance of public infrastructure like hospitals, educational institutions, government buildings, roads and highways, bridges etc. built with colossal expenditure is imperative for their proper upkeep and durability. But during the past regime, maintenance of infrastructure has been largely neglected which resulted in huge damage to these infrastructures and reduced their durability. Notwithstanding resource constraints, we have substantially increased the allocation for repair and maintenance of infrastructure. In the budget of FY 2003-04, I propose an allocation of Taka 1557 crore for repair and maintenance of infrastructure which is 48 percent higher than the original allocation of the current fiscal year. In future, we will continue to attach priority to infrastructure maintenance with increased allocation.

Environment

Mr. Speaker,

50. There is no alternative to environmental balance for a decent and healthy living for us and our posterity. An elaborate afforestation programme has been taken up with an aim to bring 20 percent of land area under the proposed programme. To avoid environmental degradation, the Government has banned the production, marketing and use of polythene shopping bags. The Government has also banned from Dhaka City from January 1, 2003 plying of two-stroke engine propelled vehicles, responsible for air pollution. These measures of the Government were lauded both nationally and internationally. For the expansion of a more eco-friendly use of energy, steps have been taken to establish adequate number of CNG stations. Environment Courts have been established for the first time in the country to ensure speedy disposal of cases relating to offence leading to environmental degradation.

Foreign Trade

Mr. Speaker,

51. To generate greater dynamism in export, the Government has declared a new 5-year Export Policy (2002-2007). In order to reduce excessive dependence on a limited number of export products, the new export policy lays emphasis on diversification of exports by exploring possibility of increased export of ICT software products, agriculture and agro-based products, light engineering (including auto parts and bicycles), leather products and high-end RMG. To encourage entrepreneurs in these sectors various incentives have been provided. In order to revamp our export trade, we reorganised economic and commercial wings of some of our embassies and opened up new trade units in our missions at Sydney, Paris, Berlin and Los Angeles.

52. A World Bank-supported study has been carried out to assess the impact of phase-out of MFA from 2005 on our garment sector. The recommendations of the study will be implemented in phases. To protect the RMG industry, the Government has taken up a number of measures. I trust these steps will enable the industry to sustain its position in the global trade in garments.

Mr. Speaker,

53. The contribution of expatriate Bangladeshi community in earning foreign exchange for the country is extremely important. The Government have set up Bangladeshi Banks, opened up exchange houses and provided a range of incentives so that they can send their hard-earned foreign exchange to the country without hassle. As a result, last year foreign exchange remitted by Bangladeshis stood at US\$ 250 crore, which was 33 percent higher than that of 2000-01. We expect remittance to cross US\$ 300 crore this year. The Government has taken up various steps for the welfare of expatriate Bangladeshis. These include establishing housing complex for expatriate Bangladeshis and creating infrastructure facilities for IT training for persons seeking employment abroad. Besides, measures have been taken to recruit labourers for employment overseas, to assist the recruits in having easy and hassle-free travel and to build a hostel complex at Dhaka for safe transit of the expatriate Bangladeshis.

Public Administration, Security and Law and Order**Mr. Speaker,**

54. Our armed forces continue to remain ever-vigilant in protecting independence, sovereignty and security of the country. Besides defending the country from any possible external attack, they are extending immense services to the nation by joining hands with civil administration in times of natural disasters, national elections and in maintaining law and order within the country. Our armed forces have also earned considerable reputation in international peace keeping missions. The present government is committed to develop Bangladesh armed forces into a modern fighting force. For this purpose, I propose an allocation of Taka 3995 crore in FY 2003-04. After deducting an estimated receipt of Taka 457 crore from the UN on account of their service and use of military equipment, the net outlay for the armed forces would stand at Taka 3538 crore.

Mr. Speaker,

55. The present Government attaches top most priority to the improvement of law and order and building a society free from terrorism. For overall improvement of law and order situation, a three-month long combined *Operation Clean Heart* was launched in October 2002 jointly by the armed forces, police, BDR and Ansars. The Operation was widely acclaimed and it reinforced the confidence of the people in the Hon'ble Prime Minister's unflinching commitment to maintain law and order in the country. Rapid Trial Tribunal has been established for quick dispensation of cases relating to murder, rape, possession and use of drugs, illegal arms and explosives. In addition, monitoring cells have been established at national and district levels to review the progress of serious and sensational cases which demand immediate justice. Quick disposal of some cases leading to rigorous punishment of culprits involved in gruesome murders reflected Government's seriousness in establishing the rule of law and bolstered confidence of the people in the Government.

Mr. Speaker,

56. Steps have been taken to make police force more effective in maintaining internal law and order. To encourage the police force to discharge its duties resolutely, the Government despite resource constraints has already increased different allowances for the policemen. In

addition, the number of persons enjoying family ration has been substantially increased. This year an armed battalion has been raised and 5813 new posts have been created. Steps have been taken to arm police with modern weapons and to provide them with appropriate training. To attain greater mobility the police force will be provided with increased number of vehicles. The accommodation problems of the police force are also being resolved. In FY 2002-03, two new battalions of Bangladesh Rifles have been raised. In FY 2003-04, I propose an allocation of Taka 1791 crore, up by Taka 122 crore compared to current year's original budget for Ministry of Home Affairs. Besides, I also propose to increase Government contribution to the monthly pay of Union Council Dafadars and Mahalladars from Taka 350 and Taka 500 to Taka 500 and Taka 700 respectively.

Mr. Speaker,

57. The present Four-Party Alliance government has taken measures to bring in reforms in century-old judicial system. To avoid the delay in settlement of cases using the traditional method of dispensation of justice, initiatives have been taken to settle cases through alternative methods of dispute resolution on pilot basis in the Family Courts. The same system will be introduced in phases in family, commercial and civil suits and to that end necessary amendments will be made in relevant laws. The process of separating the judiciary from the executive is progressing.

A Public Prosecution Service will be constituted soon to bring in efficiency, neutrality and accountability in the prosecution of criminal cases on behalf of the state. A project titled "Legal and Judicial Capacity Building" is under implementation at a cost of Taka 230 crore to enhance the infrastructure facilities and to introduce IT in court management.

Mr. Speaker,

58. For the attainment of the cherished goal of poverty reduction and good governance, we have strengthened our efforts to put in place a modern system of administration responsive to the demands of the people through reforms in the existing administrative system. We have already implemented quite a few recommendations of the Public Administration Reforms Commission and action is underway to implement the rest. We shall take measures to refix on a rational basis the pay and allowances of the Government employees. However, due to resource constraints,

I propose to grant, for the time being 10 percent dearness allowance for all government employees from July 1, 2003. For this purpose an allocation of Taka 700 crore has been made in the next year's budget

Nationalised Sector

Mr. Speaker,

59. The present government has taken bold steps to reduce losses of State Owned Enterprises (SOEs). As a result, already, overall losses have been reduced by 17 percent and losses of manufacturing SOEs have been reduced by 41 percent and it is expected that loss in this sector would be further reduced to 0.4 percent of GDP from 1 percent in FY 1999-2000. The legitimate claims of the employees of SOEs which were privatized or closed down have been paid on time from government's budgetary resources. Adequate provision has also been made in the proposed budget for payment of claims of employees of SOEs which are likely to be privatized or closed in future.

Mr. Speaker,

60. The Expenditure Review Commission in their recent interim report has highlighted the issues of accumulated loss, mismanagement, financial crisis and overstaffing of nationalised sector. The report indicates that out of 330 industrial units of Bangladesh Jute Mills Corporation, Bangladesh Steel and Engineering Corporation, Bangladesh Textile Mills Corporation, Bangladesh Chemical Industries Corporation and Bangladesh Forest Industries Corporation, 223 units have been closed or privatized. But the manpower of the headquarters of these corporations has not been reduced proportionately. The capital of these corporations has been completely exhausted due to continuous losses incurred by them over the years. To overcome the acute shortage of working capital their bank borrowing has risen alarmingly. This has caused financial crisis in the nationalized banks as well. The total loan of these corporations rose to Taka 10500 crore. Due to increase in borrowing and huge accumulated loss the financial structures of these corporations have collapsed. The Commission has recommended rapid and drastic reduction of loss making operations of nationalized sector. In view of the prevailing situation the Commission has recommended abolition of sector-wise corporations and their replacement by a central agency. The Commission has also mentioned in their report that many municipalities have been created without following the conditions laid down for creation of new municipalities. They have recommended not to create new municipalities without proper justification and fulfillment of necessary conditions. The Commission further recommended for reduction of financial dependence of municipalities on government by raising their own resources. The government will take appropriate steps after due examination and review of these recommendations.

Financial Sector and Private Investment

Mr. Speaker,

61. In this age of globalization it is necessary to create enabling financial climate for domestic as well as foreign private investment. With this end in view, the government has undertaken far-reaching reform initiatives in the financial sector. Necessary amendments to Bangladesh Bank Order, 1972, Bangladesh Banks (Nationalization) Order, 1972 and Banking Companies Act, 1991 have already been made. These will bring about more transparency and efficiency in the banking sector, both private and nationalized. A project has been undertaken to enhance the technical and professional capacity of Bangladesh Bank.

Mr. Speaker,

62. The Government has formed a high powered committee to look into the problems of loan defaults. On the basis of certain specific principles recommended by that committee, some defaulted loans have already been written off or rescheduled. In order to further amend and consolidate the existing law for enforcing recovery of defaulted loan by banks and financial institutions, Money Loan Court Act, 2003 has been enacted by repealing the previous Money Loan Court Act 1990. Prudential Guidelines have been framed by Bangladesh Bank for better operation of commercial banks and financial institutions to prevent further loan defaults. For preventing illegal and irregular financial transactions 'Money Laundering Prevention Act' has been enacted and in order to make this Act effective few task forces have been formed. All these reforms in the financial sector are expected to result in gradual downward movement of interest rate and reduction in investment cost. We believe that substantial allocation in the proposed budget for infrastructure development together with the financial sector reforms will

boost both local and foreign private investment in the industrial sector.

63. The investors lost confidence in the capital market due to the share scam in 1996 during Awami League regime. The ongoing institutional reforms initiated by this government have established transparency in share transactions and restored the confidence of the investors in the share market. Successful implementation of on-going reforms in the financial sector will have a very positive impact on the capital market as well.

Good Governance

Mr. Speaker,

64. We believe that for successful implementation of our three year "Economic Growth, Poverty Reduction and Social Development strategy", it is essential to establish good governance, improve law and order and remove corruption at all levels. This is a conviction shared by all of us: the people, the government and the development partners. In this respect the government has made its intention clear through initiating different programmes and we have made good progress in almost all areas. In her inaugural speech at the recently held Development Forum at Dhaka, our Prime Minister mentioned, "We have made much progress during the last nineteen months.... A number of development and governance problems are yet to be addressed. We have, therefore, to accomplish much more in the days ahead". The reforms needed in these areas have been outlined in our medium term strategy and we will implement them in phases.

65. The government has already decided to constitute an independent Anti-corruption Commission. Necessary legislation for this purpose is in the process of finalization. Reforms have been initiated in all important areas to ensure good governance. But the Government's efforts alone in this regard are not enough. We hope all political parties, NGOs, professionals and people's representatives at all levels, irrespective of political opinion, will come forward to join the Government's efforts to establish good governance, improve law and order and remove corruption.

People's Participation in Development

Mr. Speaker,

66. I believe that three-year development strategy, prepared by us after extensive consultations, has reflected the hopes and aspirations of our people. While preparing the budget for FY 2003-04, which forms part of the three-year strategy, I have made extensive consultations with my cabinet colleagues, members of the parliament, politicians, journalists, trade bodies, eminent economists, representatives of NGOs and different professionals. I have accommodated as far as possible their valuable suggestions in the proposed budget and I hope to give due consideration to their important recommendations in future as well. I thank all of them for their valuable suggestions in the formulation of this budget. I specially thank the Hon'ble Prime Minister for her valuable guidance in preparing the budget for FY 2003-04.

Mr. Speaker,

67. Before I conclude the first part of my presentation, I would like to inform this august house that it is our sacred pledge to provide food, clothing, shelter, education, health and employment to all citizens of Bangladesh. Our aim is to establish a political, economic and social system which would enable us to fulfill this pledge and uplift the image of Bangladesh in the comity of nations. This needs vision and appropriate reforms. We have fulfilled this need through developing a medium term strategy. The budget for next fiscal year is prepared within the context of that strategy.

Mr. Speaker,

68. I firmly believe that the inherent potential of our beloved country, if properly utilized, can bring for all of us a very bright future. The heroic people of Bangladesh have demonstrated their extraordinary valour and courage in the war of liberation, in fighting natural calamities and in their relentless war against poverty. Their resolute will and their ceaseless efforts to improve their lot are valuable assets for the country. I urge upon all of you, to come forward in a united way to utilize these assets. Let us build a Bangladesh free from hunger, fear, social and economic repression.