

THE BUDGET 2000-01 Full text of Finance Minister's speech

In the name of Allah,
the Beneficent, and Merciful

Mr. Speaker,

I seek your leave to place before this august House the budget for the financial year 2000-2001 and the supplementary budget for 1999-2000.

2. I would like to commence my presentation by expressing my deepest gratitude to Allah, the Merciful and the Compassionate, for bestowing on me the rare opportunity of placing five consecutive national budgets before this august House. I am immensely grateful to Honourable Prime Minister Sheikh Hasina, the worthy daughter of the Father of the Nation Bangabandhu Sheikh Mujibur Rahman, for the invaluable guidance and unstinting cooperation she has kindly extended to me in discharging this important responsibility.

3. While placing this fifth budget of the present Government before this august House at the dawn of the new millennium and the new century, I pay homage to Bangabandhu Sheikh Mujibur Rahman, the dreamer, the architect and the father of this independent and sovereign nation. Responding spontaneously to his clarion call, the brave Bengalees took up arms, sacrificed their blood and achieved independence. I recall the memory of those fearless freedom fighters whose heroism and self sacrifice will inspire future generations in days to come. I pay homage to the four national leaders, the able lieutenants of the Father of the Nation. The brutal assassination of the four national leaders within the premises of the jail will go down as a shameful episode in our history. We are distressed to observe the repetition of the nefarious activities by defeated anti-liberation forces. Every conscious and patriotic citizen of Bangladesh is now indeed concerned as they realise the design of the unholy alliance of the anti-liberation and autocratic forces. The nation is witnessing with concern the unfortunate delay in trial of the killers of the Father of the Nation and his family even after reaching its final stage. The question in the minds of each and every conscientious Bengalee who believes in the ideals, vision and spirit of the great war of liberation is: has not the final hour for completion of the trial of the killers of the Father of the Nation arrived even after twenty five years? In order to establish rule of law in this country it is absolutely necessary to immediately complete this trial process and to implement the verdict.

4. In the election manifesto of 1996, the Bangladesh Awami League declared: "The founder of independent and sovereign Bangladesh and Father of the Nation Bangabandhu Sheikh Mujibur Rahman wanted to build a happy, prosperous and exploitation-free Bangladesh. Bangladesh Awami League is fully committed and promise-bound to translate this dream and aspiration of Bangabandhu into a reality". Today, at the very outset, I want to apprise this august House of the progress achieved by the Government of Prime Minister Sheikh Hasina in implementing Bangabandhu's political and economic vision for building a happy and prosperous Bangladesh.

5. The present Government assumed office after winning a free and fair election held in an environment of transparency and neutrality at a very critical juncture of political transition in Bangladesh. One of the commitments in our election manifesto was: "the problem of Chittagong Hill Tracts will be politically solved". Prime Minister Sheikh Hasina has fulfilled her electoral commitment with utmost sincerity. The Chittagong Hill Tracts Peace Treaty has, on the one hand, ensured basic human rights as enshrined in the Constitution for a disadvantaged segment of the society and on the other hand, it has also helped create a congenial atmosphere for socio-economic development of the country.

6. It was pledged in the election manifesto of 1996 that "in order to achieve a permanent solution of Farakka problem Bangladesh Awami League will conclude an agreement for a just and realistic resolution of the problem through bilateral discussion with neighbouring India". This commitment has been fulfilled through successful conclusion of Ganges Water Sharing Agreement. This Agreement has ensured due share of water for Bangladesh and has laid the foundation for environmental protection and accelerating agricultural development in South-West region of Bangladesh. The present Government has discarded the sterile policy followed during the last two decades and has established a new relationship with South-Asian neighbouring countries on the basis of equality and friendly cooperation. By declaring the 21st February as the International Mother Language Day UNESCO has not only recognised the sacrifice of the martyrs of the language movement of 1952, but also has given Bengali language and the Bengali nation a unique and prestigious place in the comity of nations. The sincere personal initiative of Prime Minister Sheikh Hasina in restoring peace and tranquility following the tension triggered by nuclear test carried out by two South Asian countries has been appreciated by the world at large. The award of UNESCO Peace Prize to Prime Minister Sheikh Hasina, the election of Bangladesh as a member of the UN Security Council through unanimous support of 172 countries and visit to Bangladesh by Heads of States/Governments of a number of friendly countries including US President Bill Clinton bear eloquent testimony to the success achieved by the present Government in the international arena. Undoubtedly, Bangladesh today is a proud name amongst nations across the world. Bangladesh made successful breakthrough in entering the international sports arena during the tenure of the present Government. It is the personal initiative and patronage of Prime Minister Sheikh Hasina that has enabled our cricket and football teams to bring laurels from abroad. Imbued with self confidence and determination, the nation's vision is now set on a more promising future.

7. GDP growth rate is the most widely accepted and dependable indicator of economic development. At present GDP growth rate is estimated in Bangladesh on the basis of two types of indices. So far, according to old index, GDP was calculated taking into account 1984-85 as the base year for

Total revenue receipts for FY 2000-2001 have been estimated at Taka 24,198 crore. This target is 13.3 per cent higher than that of the revised budget for the current year. Total revenue expenditure for FY 2000-2001 has been estimated at Taka 19,633 crore. This is 6.4 per cent higher than the revised estimates. The main reason for this increase in revenue expenditure is the increase of interest cost on domestic and foreign loans. The allocation for interest in the revised budget of FY 1999-2000 is Taka 3,554 crore and Taka 3,748 crore in the budget for FY 2000-2001.



Jatiya Sangsad in budget session.

— Star photo

The highest allocation in the combined revenue and development budgets has been proposed for education sector in FY 2000-2001. The proposed allocation for this sector is about Taka 5,596 crore. In FY 1995-96, the year immediately preceding the assumption of office by the present Government, total allocation for education sector in revenue and development budgets stood at Taka 3,522 crore. The allocation has increased to Taka 2,074 crore or 59 per cent over that of in 1995-96.

price index. In the new estimates, the price index of 1995-96 is taken as the base year to calculate growth rate. In the period FY 1991-92 to FY 1995-96 the annual growth rate of GDP according to old index was 4.4 percent, but according to the new index, the annual growth rate during this period is 4.5 percent. From FY 1996-97 to FY 1999-2000 according to the old index the annual growth rate is 5.5 percent as against 5.1 percent in terms of the new index.

8. According to the estimates prepared by Bangladesh Bureau of Statistics, the growth rate of GDP in FY 1999-2000 is likely to be 6 percent in terms of old index as against 5.5 percent in terms of new index. Whatever indices are used for this purpose, the hypothesis that Bangladesh never achieved such high growth rate as it did over last four years remains unshaken.

9. It is necessary to mention here that this growth rate was not achieved in a tranquil economic environment. In 1997-98 financial year, the meltdown in the economies of South-East Asia led to a turbulent and unstable economic environment. In 1998-99, Bangladesh economy was hit by the most devastating and prolonged flood of this century. In March 2000, prices of petroleum products reached highest level in the last nine years. Increase in prices of primary products was not limited to petroleum products only. According to the statistics of IMF, during the last one year, the prices of primary products (excluding petroleum) increased by about 5 percent. In Bangladesh, expenditure on imports has increased by about US\$ 237 million only on account of import of petroleum products. However the increase in price level has been contained and therefore the upward trend in international price level has not as yet penetrated Bangladesh. As a result of unprecedented flood in 1998-99 the inflation rate edged up to 8.92 percent (on the basis of twelve months' average). The rate has gone down to 4.58 percent (on the basis of twelve months' average) in April this year owing to efficient economic management. The inflation rate dropped to 3.09 percent (on point to point basis) this April as compared to April last year.

10. The stupendous tasks of infusing dynamism in the economy following devastating flood of 1998 and reducing inflation have been thwarted again and again by opposition political parties. Persistent attempts were made to obstruct economic development and destabilize the economy through repeated hartals and destructive activities. These destructive activities without any issue and without popular support have seriously jeopardized lives and livelihood of millions of labourers, hawkers, shop-owners, rickshaw-pullers and toiling masses who make their living through physical labour. It is a pity that during the Bangladesh Development Forum meeting at Paris last April the opposition parties, in flagrant disregard to national interests, had resorted to lobbying to dissuade the development partners from extending aid to Bangladesh. Despite these anti-people and negative activities we succeeded in achieving higher growth rate and in reducing inflation. This success has been achieved through efficient and prudent economic management. Despite adverse regional environment and natural disasters, the pace of economic growth has been sustained, thanks to the untiring efforts, resilience and self confidence of people.

11. The present Government had inherited a devastated agricultural system in 1996. I take this opportunity to remind this august House the following assessment in Awami League's

election manifesto of 1996: "The BNP Government during their five-year-rule has brought the agricultural system on the verge of collapse. Eighteen farmers were gunned down by the previous Government only because they asked for fertilizer at fair price. External dependence for food had increased. Awami League is determined to put an end to this". I am proud to claim today that the Government of Sheikh Hasina has fulfilled the electoral commitment to revitalise the agriculture sector. When the present Government assumed office, total annual food production stood at 19 million tons. During the current year, food production is likely to be around 24.3 million tons. Over last four years, annual food production has increased by 5.3 million tons. On the contrary, food production dropped to 19.00 million tons in 1995-96 from 19.3 million tons in 1991-92. Over last four years, Bangladesh has witnessed consecutive record production of foodgrains. This unprecedented production in the agriculture sector testifies to the success of the policies pursued by the present Government.

12. In the election manifesto of 1996, Bangladesh Awami League promised, "necessary and appropriate subsidy will be provided to this sector". In fulfilment of this promise, Taka 411 crore was given as subsidy for fertilizer import during the last four years, whereas no such subsidy was given by the previous government. At that time no subsidy was provided for electricity consumed for irrigation. In 1999-2000 the cost of each kilowatt hour of electricity was Taka 2.63, whereas electricity tariff for irrigation equipment has been fixed at Taka 1.75. Therefore, during the current year 33 percent of the electricity cost has been given as implicit subsidy for electricity used in irrigation. In 1994-95 the rate of implicit subsidy for diesel used in irrigation equipment was 9.3 percent; in 1999-2000 this rate has increased to 26.7 percent.

13. A congenial atmosphere for agricultural growth has been created through complete removal of import duty on irrigation equipment, power tillers and other agricultural equipment. The Government's procurement price of food-grains has been significantly increased to encourage the toiling farmers. In 1995-96, the procurement price of Aman rice per quintal was Taka 1100. In 1999-2000 this price has been increased to Taka 1250 per quintal. Likewise, during the same period the procurement price of Boro rice has been increased from Taka 1125 to Taka 1300 per quintal and that of wheat from Taka 750 to Taka 880.

14. Revolutionary changes have taken place in the field of agricultural credit. In FY 1998-99 alone agricultural credit to the tune of Taka 3005 crore has been disbursed. Never before in Bangladesh such a huge amount of agricultural credit was disbursed by the banking system. From 1991-92 to 1995-96, the annual disbursement of agricultural credit on an average was around Taka 1141 crore. From 1996-97 to 1998-99, it increased to Taka 2055 crore. During the first 9 months of the current financial year, agricultural credit to the tune of Taka 2009 crore has already been disbursed. The importance of agricultural loan for modernisation, diversification and overall development of agriculture is unquestionable. But disbursement of agricultural credit and its recovery gradually declined under the previous Government due to their aimless policies and weak management. Moreover, the farmers were seriously discouraged by corrupt practices. The present Government has made agricultural credit easily available and its distribution process quicker and corruption-free through various administrative reforms and amendment of traditional practices and processes. The present Government has revised traditional policies and has

introduced systems through which sharecroppers and farmers directly involved in the production of agricultural products can obtain agricultural credit without collateral. Through this system, Bangladesh Krishi bank alone has extended agricultural loan on easy terms to about one lac sharecroppers. During this period, about 7.5 lac new farmers got access to agricultural credit from institutional sources. 964 bank booths were opened to disburse agricultural loans in inaccessible rural areas where no branch of Krishi Bank existed. It is gratifying to note that success has been very impressive not only in loan disbursement but also in loan recovery from all classes of borrowers including sharecroppers. In line with the directives of Prime Minister Sheikh Hasina, the Krishi Bank and Rajshahi Krishi Unnayan Bank have expanded activities by establishing new branches. In tandem with the increase in agricultural production, the Government has adopted appropriate and pragmatic policies to improve the income level of farmers through setting up agro-based industries and increasing agricultural exports. The present Government's pro-people and agriculture-friendly policies have proved that despite natural disasters, Bangladesh can bring about revolutionary change in agriculture by creating favourable economic environment for the toiling peasantry.

Mr. Speaker,

15. Following the assumption of office by the present Government there have been gradual reduction in incidence of poverty owing to acceleration of the rate of growth and especially thanks to remarkable success in agricultural sector. According to the estimates of the Bangladesh Bureau of Statistics, 47 percent of the population were below the poverty line in April 1996. This number has declined to 44.7 percent in May 1999. Simultaneously, remarkable success has been achieved in development of human resources. In FY 1995-96 adult literacy rate was 44 percent, it increased to 60 percent in FY 1999-2000. Gross enrolment in primary schools is 97 percent now. 65 percent of students enrolled in primary schools successfully complete their primary education. In 1996, the average life expectancy was 58.9 years which rose to 60.8 years in 1998. From 1991 to 1996 the annual average rate of increase in life expectancy was 6.7 months whereas from 1996 to 1998 the average rate of increase was 10.8 months. In 1996, child mortality rate was 67 per thousand; it declined to 57 per thousand in 1998. Daily per capita calorie intake in 1996 was 2216 kilo calorie which rose to 2283 kilo calorie in April 1999. The per capita income estimates and social development indicators clearly suggest that over the last four years Bangladesh has successfully reached a new turning point in poverty reduction.

16. Economic growth is an essential but not a sufficient condition of poverty alleviation. The fruits of economic growth do not directly reach the segments of the society, isolated from the mainstream economy. It has been rightly observed in Human Development Report 1993: "But there will always be those excluded wholly or partially by the market: the very young, the very old, the disabled and those with heavy domestic commitments". Our ultimate goal is welfare of people; not market-driven development alone. Therefore, over the last four years the Government has in a planned way created a social safety net to alleviate poverty through innovative and effective projects and programmes.

17. An allowance for elderly poor people was introduced in FY 1997-98. Under this scheme over 4 lac elderly people receive Taka 100 as allowance per month. In FY 1999-2000 an allowance for distressed widows and deserted wives was introduced. About 2 lac women are receiving allowance under this scheme. A National Foundation for physically and mentally retarded people has been established with an initial grant of Taka 10 crore for their education, training and rehabilitation. Six homes for elderly (Shanti Nibas) have been established at a cost of Taka 10 crore for housing and nursing of helpless elderly people. A project named "Asrayan" has been introduced at the personal initiative and supervision of the Prime Minister to provide accommodation to 50,000 homeless families. So far, under this scheme housing facilities as well as micro-credit have been extended to 17,260 ultra poor families at a cost of Taka 60.48 crore. In FY 1997-98, a Housing Fund was established with a grant of Taka 58 crore. An additional sum of Taka 15 crore was released to this fund in subsequent years. So far an amount of Taka 43.50 crore has been disbursed from this fund through NGOs as house building loan to 22,000 families in 202 upazilas in 62 districts. About 1.1 one lac people will benefit from this programme. In 1998, an Employment Bank was established with a paid up capital of Taka 75 crore with the objective of creating employment opportunities for the youth. Branches of this bank are in operation now in 24 district headquarters. A programme called "one house one farm" has been launched under the leadership of the Prime Minister to increase income of the poor people. Responding to the call of the Father of the Nation the people of this country once converted each house into a fortress to resist the enemies. It is my firm conviction that they will, in the same way, win the war against poverty by responding to the call of the Prime Minister Sheikh Hasina. A fund has been established for oppressed, destitute women and child welfare with an initial grant of Taka 5 crore. Over the last four years various food related programmes have been rapidly expanded for the disadvantaged and the poor. In 1998-99, 4.2 million distressed families were provided food for a period of seven months at a cost of about Taka 585 crore. In 1999-2000, food assistance was given to 2.35 million families for 3 months and 4.21 million vulnerable families for 2 months. Taka 229 crore was spent on VGF programme in 1999-2000. Under the above programmes so far Taka 1222 crore has been spent for social security. Furthermore, micro-credit amounting to Taka 2035 crore was provided in various projects of 14 ministries of the Government. NGOs have disbursed micro-credit totalling Taka 7735 crore to 87 lac members. We understand that four years is far too inadequate for alleviation of complex and widespread poverty in Bangladesh. Nevertheless, the innovative and creative projects undertaken by the present Government have established a firm and sustainable base for alleviation of

Continued on page 6