



successfully to district level. The digitization process of treasury challan will be completed in the next fiscal year. We have also initiated the development of a central employee database covering data on salary, pension, payroll and other relevant information for all the officers/staff of the republic. We are contemplating to create a pension fund in the next fiscal year.

41. A draft Audit act has been prepared as promised. After required scrutiny, I hope to table the bill in the parliament next fiscal year. Performance audit has been undertaken in 5 ministries. Hopefully, the reports will be issued within this year. Gradually, this activity will be expanded.

Ensuring Private Participation in the Infrastructure Sector

Mr. Speaker

42. In my first budget speech, I mentioned about PPP initiatives to meet investment deficit in infrastructural developments and maintenance. In order to ensure Government participation and create a transparent and strong PPP framework, we have established a PPP office as a separate entity. This office has started functioning with full financial and functional autonomy. Given the complexities inherent in contractual framework of PPP, capacity building of the officials of the ministries/division is underway. A law has been drafted consistent with the guidelines prepared for policies, strategies and selection and approval processes of projects under PPP.

43. As part of the PPP initiatives in FY2009-10, we created technical assistance fund, Viability Gap Fund (VGF) and infrastructure investment fund. We have finalised the policy guidelines on technical assistance and VGF. In the Finance Division, a full-fledged PPP unit has been established. This unit will put in place a PPP manual by this month. An investment fund called Bangladesh Infrastructure Finance Fund Limited (BIFFL) has been established.

44. Although the number of PPP projects is not as expected, a considerable number of such projects have been approved. I am hopeful these projects will be implemented soon. A number of PPP projects on power plants, land ports and other infrastructures have been successfully implemented. Eight projects under five ministries/divisions to be implemented on pilot basis have been identified. According to a preliminary estimate, probable investment in these projects will be around Tk. 3,000 crore.

Financial Sector

Mr. Speaker

45. International credit rating agencies Moody's and Standard and Poor's have reviewed and retained the credit rating position of Bangladesh. This indeed is a great success in the context of recent downgrading of credit ratings of many developed countries. This speaks of our financial discipline and sound macroeconomic management. This credit rating will facilitate enhanced external investment and trade.

46. We have undertaken a number of reform initiatives to establish an efficient financial sector. By installing LAN and WAN across all the divisions/offices, Bangladesh Bank, in its entirety, has been brought under a web-based internet connectivity. ERP (Enterprise Resource Planning) software has been installed to carry out accounting as well as human resource management activities effectively. A long term plan has been adopted to install Enterprise Data Warehouse and National Switch keeping in sight the wider target of implementing e-Commerce.

47. In FY2010-11, I made a commitment to establish one 'Probasi Bank' (Expatriate Welfare Bank) under private ownership. Meanwhile, approval has been accorded to establish three 'Probasi Banks' under private ownership. Besides, we have already prepared a draft amendment to the Bank Company Act 1991. A special committee has been formed to scrutinise the draft. The draft is expected to be finalized by next financial year.

48. I expressed our commitment to prevent money-laundering and financing for terrorism in the previous budget speech. By this time Anti-Money Laundering Act, 2012 and Anti-Terrorism (Revised) Act, 2012 have been formulated. This will facilitate exchange of information on money laundering and also strengthen activities related to the recovery of laundered money. At the same time, this will enhance the image of Bangladesh in the international arena. Of late, the Banking and Financial Institutions Division has published a detailed report on this subject. This report has been presented with the budget documents.

Mr. Speaker

49. The role of a strong insurance sector is vital for the economic activities of the country as well as for the expansion of trade and commerce and related risk mitigation. I mentioned in my previous budget speech about the establishment of an Insurance Development and Regulatory Authority (IDRA) to ensure legal and structural reforms in the insurance sector. This authority has finalized six regulations and working on five more with a view to establishing discipline in the insurance

industry. These rules and regulations, if applied properly, will protect the interests of the insurance policy holders on the one hand and bring dynamism in the insurance industry on the other.

Capital Market

Mr. Speaker

50. Undoubtedly, the role of capital market is important for capital formation, industrialization and employment generation. Despite worldwide economic slowdown, our capital market remained buoyant. Later on, this buoyancy could not be sustained. It is sad but true that during the last one year the market went through massive correction in market capitalization and index. We took different initiatives to rectify the situation. This has created an environment which will restore stability in the stock market. At the same time, we have taken an initiative to restore investors' confidence and declared several incentive packages for the capital market.

51. The face value of a share of all listed companies and mutual funds of two stock exchanges has been reset at Tk. 10. It has been made mandatory for the sponsor-directors of a company to hold individually at least 2 percent and collectively 30 percent of share of the paid up capital. The old legal provisions on book-building procedure, mutual fund and paid up capital have been updated. We have taken an initiative to amend the relevant laws to make the activities of Securities and Exchange Commission transparent and accountable. However, in my opinion special reform interventions are needed to address instability in the capital market and to prevent its unwarranted volatility. To this end, we will introduce demutualization programme in the stock exchanges by the next fiscal year. It will bring transparency in the functions of the stock exchanges and the market system.

52. In order to ensure transparency and accountability in the transactions of the capital market, the monitoring system has been strengthened with the introduction of modern surveillance system. In parallel, a separate Clearing and Settlement Company is going to be established to facilitate disposal of stock exchange transactions within the shortest possible time. In future, we shall also take up initiative to establish a special court for the disposal of capital market related cases.

53. In my previous budget speech, I mentioned about the importance of Financial Reporting Act for establishing stability in the capital market. It is by no means possible to prevent over valuation or under valuation of stock markets unless the accounts of the business entities are transparent and reliable. By now, a draft of this act has been prepared. After necessary scrutiny, I hope to present the Act in the Parliament for approval next fiscal year.

Business Environment

Mr. Speaker

54. Now, let me inform you about the progress so far made in bringing about three basic changes to the business process through seven steps that I mentioned in my previous budget speech to be undertaken to reduce the cost of doing business. In order to assist the new entrepreneurs, initial preparations for automation of land registration process have been completed. As a first step towards digital land management, the digitization of all land related information of 62 districts excluding the hill tract districts have commenced. An initiative has been taken to establish One Stop Service Centre at RAJUK. At the same time, we are working for digitalization of all land deeds. Hopefully, on completion of this activity by April 2013, the time taken for issuance of registered deeds will come down from 7 days to 2 days. Side by side, we are working to complete installation of a trade portal as promised by 2013. In order to minimize business related complications, a data centre have been established in the Supreme Court with 5 dedicated benches in the High Court Division to hear and dispose off the cases arising from tax, money and labour related disputes. To move in tandem with modern international trade practices, work is in progress to procure ASYCUDA-World for automated estimation of duties and levies for advance declaration and cargo clearance and to deposit treasury *challans* online or through mobile phones instead of using the paper based ones.

55. We have adopted a liberal policy in conducting our foreign trade. Following this policy, we have signed different regional and bilateral trade accords recently. As a result, the SAFTA (South Asian Free Trade Agreement) member countries have largely reduced their sensitive lists. India has allowed duty free access to all goods except 25 for the SAARC's Least Developing Countries (LDC). Under the SAARC Agreement on Trade in Services (SATIS), the member countries have exchanged primary 'offer list' and 'request list'. Further, the member countries of Asia-Pacific Trade Agreement (APTA) including Bangladesh have signed a framework agreement. We have also established border *haats* (*Shimanto haat*) with India. The size/scope and number of these border *haats* will be increased gradually. We will soon finalise the forthcoming import and export policies.

56. Fair competition is essential for trade. In my previous budget speech, I pledged to formulate 'Competition Act'. Meanwhile, the draft bill has been placed before the Parliament. A Competition Commission will be formed once the bill is passed. As a result, it will be easier to prevent illegal practices in competition. We have begun the

process of bringing the multi level marketing companies and societies under a legal framework and making their activities transparent as well.

57. Seven sites have been primarily selected for establishing economic zones under the 'Bangladesh Economic Zones Act 2010'. I am confident that we shall soon move much ahead of the competing countries with respect to expansion of trade. As part of the implementation process, we have made the legal framework on the trade bodies time-befitting. In these zones, the private sector will play the dominant role. The zone planning, communication system, infrastructural development and land acquisition will be done by the government. However, the entrepreneurs will have to ensure other arrangements needed for establishing an economic zone.

Chapter VI Some Key Sectors

Mr. Speaker

58. Now, I would like to present before this august House the achievements of our government in various sectors in the last three years, sector wise plans for the coming year, future plans and sector wise budget allocations in order to implement those plans.

(I) Power and Energy Sector

Power

Mr. Speaker

59. Power is the main driving force of our socio-economic development and poverty reduction efforts. From the very beginning, we underscored the importance of this sector and accordingly attached highest priority to power and energy sector in our election manifesto. We laid emphasis on a comprehensive action plan. By now, we have prepared the Power Sector Master Plan (PSMP) 2010. We kicked-off our implementation agenda by installing new power plants, upgrading transmission and distribution system, diversifying renewable energy sources and identifying ways to ensure economic use of power. Despite all these efforts, due to load-shedding, people in Dhaka and elsewhere has been suffering a great deal. A question, then, might be asked; what is the result of all these initiatives? In response, I would like to submit that some of the development activities have lagged effect and their impact only become visible after a certain period. I am confident that the results of all our endeavors will become visible to the nation by 2013.

60. When we formed our government in 2009, the demand for electricity was 5,600 MW against which 3,525 MW of electricity could be generated. At that time, we had at our disposal a total of 33 power plants under both public and private sectors. We had 8,305 km transmission lines, 103 sub-centers and 2,56,143 km distribution lines. The demand for electricity in the country now stands at 7,518 MW and we are producing 6,066 MW. Now, we have got as many as 79 power plants under both public and private sectors. However, because of accelerated demand, power shortage is being strongly felt.

61. According to our commitment made in the budget for FY2009-10, we have laid an additional 523 km of transmission line and 22,857 km of new distribution line and set up 10 new sub-stations till April, 2012. A total of 1.30 crore subscribers have been brought under new connectivity network in the last three years. The percentage of population under the coverage of electricity supply has been raised from 47 percent to 53 percent. We have been able to add 3,300 MW of additional electricity to our national grid from January, 2009 to April, 2012. You will agree with me that the power situation as of now in the country is much better than any other time in the past.

62. In my budget speech for FY2009-10, I had mentioned that we will produce additional 5,000 MW of electricity by 2013. By this time, the demand for electricity has gone up substantially. The per capita electricity consumption rate has increased from 220 kwh to 265 kwh. We have, therefore, planned to produce 8,294 MW of electricity by 2013 in addition to our previous target. Agreements have been signed to install 52 power plants both under public and private sectors to achieve this goal. We are expecting that these plants will go into commercial production by FY2013-14. Moreover, installation of 30 power plants having capacity to produce 5,600 MW of electricity is in progress. These new power plants will come into operation by 2015-16.

63. We will be able to generate 700-800 MW of additional electricity by undertaking BMRE of old gas fired power plants by February 2015. In the context of growing demand for power, 250 MW of electricity will be imported from India by 2013. In addition to this, import of electricity from Myanmar, Nepal, and Bhutan is under way. Moreover, steps have been taken to construct coal based power plants with a capacity of 2,938 MW of electricity under joint venture investment by 2016. We also have taken initiatives to produce 5,000 MW of electricity from nuclear energy by 2030. Besides, we have kept unhindered the process of diversifying energy sources. Thus far, 70 MW of electricity has been produced from renewable energy sources