



**MPs flash 10 fingers to mark the placing of 10th budget by Finance Minister AMA Muhith, middle, in parliament yesterday.** COURTESY: ZUNAID AHMED PALAK'S FACEBOOK PAGE

## Land services

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khatian is being introduced in three upazilas. Preparations for creating a database of *khush pukurs* and *jalmahals* have started too.

The minister said, the government was continuing its efforts to modernise all land-related services under multiple projects.

A report containing digital zoning maps of 152 upazilas was already prepared under a programme. In the second phase, the programme has been extended to 301 more upazilas.

Digital land zoning programme will be extended to hilly districts very soon, said Muhith.

The government was also considering establishing a new land management system through coordinated use of maps received from satellite and existing land records.

Under the new scheme, each family will receive a land certificate stating the class of land including its position and ownership rights; changes to any position or rights will be given immediate effect under specific guidelines, the minister added.

## 'Uncertain'

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and responsibilities of local government institutions need to be explicitly identified.

He also spoke for the idea of district government -- the system Bangabandhu Sheikh Mujibur Rahman had moved to introduce, but could not. Through reforms, Muhith believes, the district government could be easily established.

The government's strong political will is required for bringing reforms as the lawmakers and bureaucrats in the past had opposed any changes, fearing they would lose power over the local administration.

Although Muhith claimed his government has a strong political will, it would be a Herculean task and need time.

What the government immediately needs to do is bringing reforms in public and police administrations to improve governance by ensuring rule of law and fighting corruption.

He, however, didn't come up with any major proposal for reforms in the public administration. This indicates that the government doesn't have any such plans right now.

Muhith last year acknowledged that the AL government during its previous tenure (2009-2014) couldn't bring necessary reforms in the public administration. "We attached special importance to public administration reform in our election manifesto of 2009 [sic 2008]. But, progress in this regard has been insignificant."

The AL in 2008 had pledged to depoliticise the public administration and law enforcement agencies, and frame a public service act in line with constitutional provisions.

But nothing significant happened to this end in last eight years. The situation worsened to some extent. Ineffectiveness of bureaucracy has largely been blamed for slow progress in implementation of annual development budget.

An alarming rise in target killings in recent months has exposed inefficiency and failure of the law enforcement agencies to ensure people's security.

On public security, Muhith yesterday only spoke about a process of creating 50,000 news posts in the police.

He wants to ensure institutional accountability and timely performance by strengthening people's right to information.

He said steps will be taken to formulate "Guidelines for Preparing Voluntary Information Disclosure Manual" in all government offices.

The minister perhaps forgot to speak on how to fight corruption by strengthening the Anti-Corruption Commission.

In his previous budget speeches, he focused on the issue. But his yesterday's speech lacked focus on fighting corruption which remains a major obstacle to good governance in the country.

## Big dream, grim reality

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other than the measure of having one director for one project, little reforms are offered to address the chronic implementation problem. It is not clear how the same persons with the same efficiency level can implement a 21.64 percent higher ADP when they could not implement a much smaller programme in this outgoing fiscal year.

He then pins hope on consumption, especially the salary-driven type. That is an easy solution because an every-taka increase in salary is directly translated into growth. But his thoughts on exports and remittances are debatable.

He knows he needs a big jump in private investment from the current 21-22 percent of the GDP to 27 percent to bring jobs and growth. But he offered little in terms of removing impediments to investment, like augmented energy and gas supply.

He has high hopes on coal-based power projects, which are moving very slowly. He has talked high about gas exploration for basic energy but the fact remains that Bapex is technologically hamstrung and has not been very successful in increasing gas supplies.

He has boasted about mega infrastructure projects but most of them are running behind the schedule with resultant cost overrun.

While going in full throttle on mega projects, Muhith seems aware of the danger looming and therefore he has thought of debt sustainability and proposed an analysis in this regard.

Corruption and red-tape -- two important factors to thwart private investment -- are left mostly untouched.

He also spoke of a growing domestic demand from increased agricultural production to drive up growth. And he has put high hopes on exports as well as remittances because more people are finding jobs abroad. But the fact is

remittance is dwindling although a greater number of people are migrating. Middle East's economy promises no better pay. Nor does the global economy offer any demand for export growth.

Muhith wants a big leap in revenue receipts from this fiscal year's 10.3 percent to 12.4 percent of the GDP. This will prove a real challenge as no new reforms other than the ongoing ones have been proposed.

Only extensive VAT measures may well be his last hopes. Such a situation can lead to harassment and an additional pressure on people.

Similarly, his target for higher external financing to support spending looks tricky. He has eyed external financing at 1.9 percent of the GDP. But the fact is this year's figure may not cross 1.4 percent. So if the target fails, he will have to look for costlier domestic financing.

The finance minister's view on the state-owned banks does not inspire much hope about the future of these institutions. Reconstitution of bank boards is no guarantee that they would not be politically used. Nor will it prevent siphoning off of millions of taka.

In line with his government's sensitivity to the disadvantaged, Muhith has been extra sensitive. The budget looks sensitive to the vulnerable people with demographic change in mind. This is why he has thought of contributory social insurance schemes.

The demographic change the country is going through is also addressed through the proposed integrated government-run pension framework for self-employed and employees of private organisations.

All said and done, the finance minister will have to show a lot of energy and initiatives, and still he will have to keep his fingers crossed to see his big dreams come true.

## Tobacco tax to benefit

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health and the prime minister's pledge to make the country free of tobacco by 2040, said anti-tobacco campaigners who think tobacco industries have a strong lobby to influence the government tax policy.

For medium and high segment cigarettes that now cost Tk 45 and above per 10 sticks, the supplementary duty has been hiked only by one percentage point -- from 61 percent and 63 percent to 62 and 64 percent.

"If we consider the rise in per capita income and inflation, consumers will be able to buy the same amount of cigarettes at lower prices," said a statement issued by anti-tobacco campaigners PROGGA and Anti-Tobacco Media Alliance (ATMA).

The finance minister's effort to give privilege to the multinational tobacco companies is noticeable in this regard, which is a matter of concern, says the statement signed by PROGGA Executive Director ABM Zubair.

The budget proposed the prices of lowest slab of cigarette at Tk 23 from the existing Tk 18. However, supplementary duty (SD) on two kinds of bidi has been raised from 25 percent and 30 percent to 30 percent and 35 percent respectively.

The budget also proposed enhancing the SD on smokeless tobacco products (Jarda and Gul) from 60 percent to 100 percent. Anti-tobacco campaigners have lauded the move.

They, however, were critical of the fact that the finance minister has not simplified the price slab system.

There are four price slabs for four types of tobacco products -- low, medium, high and premium. For each slab, there are different prices and taxes.

"Such a price and tax structure creates scopes for tobacco companies to dodge taxes by presenting medium category cigarettes as low category," ABM Zubair had told The Daily Star earlier.

He said that while price and tax

increase on non-smoking tobacco is fine, collecting tax from these products is difficult. Therefore, the National Board of Revenue has to take strong steps in this regard.

## Farm output

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imports have already pocketed the money at the cost of local farmers' misery," reasoned Dr Asaduzzaman, casting doubt on efficacy of the duty measure now.

He rather emphasised on more investment in agricultural research and development, shifting rice-centric farm production paradigm to a more diversified and pragmatic one.

For real food sovereignty, the expert notes, "per-unit productivity" has to be enhanced at a level when "we can release land from rice to other farm products. We need to invest more in fisheries and livestock."

Projecting successes in agriculture in his speech, Muhith yesterday said that the agricultural production has increased in real term by 2.6 percent compared to that of the last fiscal year. "Besides, we have taken initiatives to transfer cash and other incentives directly to the farmers through mobile banking."

"This year also, Bangladesh retains the 4th position in freshwater fish production. At the same time, nutrition demand of the population is being met by ensuring growth in production of milk, meat and egg, and increase in the per capita availability of these products," said the finance minister.

He spoke of increased food storage capacity and implementation of projects to turn the food-deficit regions into surplus ones, and proposed a few more duty structures like doubling customs duty (to 10 percent from the existing 5) on soy cake import and reducing supplementary duty to half (to 10 percent from 20) on 'stabiliser for milk' to give supports to the local agro-based industries.

## Tk 200 crore

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"After taking everything into consideration, I propose to allocate a lump sum of Tk 200 crore for these purposes," Muhith said.

Rana Dasgupta, general secretary of Bangladesh Hindu Buddha Christian Oikya Parishad, said: "This is a positive move. We thank the prime minister and finance minister for the allocation."

He, however, said the government should end the discrimination against minorities when it comes to allocating budget to the religious affairs ministry.

At a press conference on May 24, the parishad demanded that at least Tk 2,000 crore be allocated in the budget for the next fiscal year for the development and welfare of the minority communities.

In the 2015-2016 fiscal year, Tk 243.35 crore was allocated for Bangladesh Islamic Foundation, while Hindu Religious Welfare Trust got Tk 70 lakh, Buddhist Religious Welfare Trust Tk 80 lakh and Christian Religious Welfare Trust got Tk 10 lakh, it said.

Rana said that although the finance minister talked about religious harmony in Bangladesh, a vested quarter, out of personal and political interests, was carrying out attacks on minorities.

"The government must work to stop such attacks and regain confidence of the minorities," Rana said, adding that such allocations should have been given to Buddhist and Christian communities as well.

Kajal Debnath, an adviser to Bangladesh Puja Udjapan Parishad, said the community people were lagging behind due to different forms of discrimination and that the government should continue such allocations.

"Attacks on the minority communities are going on and I believe the government would not consider Tk 200 allocation as a consolation for those attacks," said Kajal, also the presidium member of the parishad.

Ten people from religious minorities were killed, 366 injured and eight women were raped in the country in the first three months of this year, said a report of Oikya Parishad. Some 24 people were killed, 25 women raped and 1,562 families were affected in 262 incidents of minority persecution in the country last year, according to the parishad.

## Infrastructure

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are blamed for the poor utilisation of foreign aid.

Muhith is aware of the situation. To address the issue, he said the government was implementing structural reforms in project design and implementation stages.

If the government had mobilised the targeted aid, spending of low-cost funds would have received a major boost.

Foreign aid commitments have gone up in recent years, but the utilisation capacity of ministries and divisions didn't improve, leaving a huge amount in the pipeline.

The unused foreign aid in the pipeline reached new high of \$22.95 billion in March. The amount accounts for about 40 percent of the yearly development budget.

Mustafizur Rahman, executive director of Centre for Policy Dialogue, said Bangladesh should avail the low interest foreign aid and loan opportunities as much as possible to mobilise fund for deficit financing.

"Our debt servicing record is good. Our outstanding foreign debt is manageable. On the other hand, the interest rate of the aid money is also low." Bangladesh would not be able to enjoy the low cost foreign aid for too long, the economist said last week.

Once the country's per capita incomes goes above \$1,200 as per the World Bank criteria, it would lose the low-cost loan opportunity and would be graded as a blended country that receives both concessional and non-concessional loans, he added.

The domestic credit burden is deepening and the domestic loans have high costs. The more Bangladesh delays the utilisation of aid money in the pipeline, the more money it would lose as it becomes richer, said Mustafizur.

Till March this fiscal year, the development partners had pledged \$3.81 billion, but \$2.57 billion was disbursed during the period, according to official estimates.

Economists said as the government failed to reap the benefits of the available foreign aid, it is being forced to borrow funds from domestic sources at an interest rate of 7 to 8 percent against 1 to 2 percent for donor funds. Furthermore, excessive domestic borrowing by the government crowds out private sector investment.

## Focus on fast-track

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Rooppur nuclear power plant, Rampal power plant, Payra sea port, Matarbari power plant, Padma bridge rail link and Dohazari-Cox's Bazar-Gundum rail line.

However, no allocation was made for the two other fast-track projects -- Sonadia deep sea port and LNG terminal -- as they will be implemented on government-to-government (G2G) basis.

Apart from these growth-enhancing projects, the government plans to include three more projects in the list of mega projects. They are Matarbari coal terminal, Bhola gas pipeline, and petrochemical industry in coastal area.

Experts have welcomed the government initiative, saying it would speed up implementation of the priority projects.

Dr Shamsul Hoque, an infrastructure project specialist, said, "I welcome this move. This is an outstanding initiative. It will add a new dimension to project implementation."

With this move, government monitoring on the projects would also be increased, said Shamsul, a professor at Bangladesh University of Engineering and Technology (Buet).

He said the government must not compromise on project quality while implementing them fast.

Referring to the publication of the special booklet and the huge allocation, Abdus Sobhan Sikder, former principal secretary to the Prime Minister's Office, said no such initiative was taken in the past.

Since 2013, a Fast Track Project Motoring Committee, headed by the prime minister, has been looking after the top priority projects.

Another committee, Fast Track Task Force led by the principal secretary to the PMO, is supervising those.

**PADMA BRIDGE**  
The government allocated Tk 6,026.48 crore for the project in the upcoming fiscal year, up by around 68 percent from that of the outgoing fiscal year.

An allocation of Tk 3,592 was made for the Tk 28,793 crore project in FY 2015-16.

Talking to this correspondent, Padma Bridge Project Director Shafiqul Islam said the volume of work in the project would increase significantly this year as additional money has been allocated for it.

He said 34 percent of the project work has already been completed.

The government wants to inaugurate the bridge by December 2018.

The bridge is being built with the government's own funds after the World Bank withdrew its \$1.2 billion funding commitment over corruption allegations.

**PADMA RAIL LINK**  
The government last month incorporated the Tk 34,989-crore Padma bridge rail track project in the list of fast-track project.

Under the project, a 172-km rail track would be built between Dhaka and Jessore.

Of the funds, the government will provide Tk 10,239 crore and China Tk 24,794 crore.

Once implemented, the Padma bridge and the Padma rail link would boost the country's economic growth by 1.5-1.75 percentage points, according to officials.

**DOHAZARI-COX'S BAZAR-GUNDUM RAIL LINE**  
The country's largest railway project, taken up in July 2010, has seen only 2.1 percent progress.

Under the project, single-line dual gauge railway tracks would be built from Dohazari to Cox's Bazar via Ramu, and Ramu to Gundum near Myanmar.

The government hopes the project's implementation would gather momentum, as it is included in the list of fast-track projects and funds have been assured for it.

The Asian Development Bank will provide Tk 13,115 crore for the project, and the rest will come from government funds.

The time limit for the revised project has been extended to 2022.

**METRO RAIL**  
The government plans to commission the Metro Rail Project [MRT line-6 from Uttara to Motijheel] ahead of its 2024 deadline. Work on the first part of the 20-km vital rapid transit project from Uttara North to Agargaon would be completed by 2019.

Work on the segment from Agargaon to Motijheel would be completed in December 2020.

Japan International Cooperation Agency (Jica) will provide Tk 16,594 crore for the project.

**PAYRA SEA PORT**  
The government has allocated Tk 200 crore for the upcoming fiscal year for primary work of the project, which has 19 components.

Last week, the government signed the first memorandum of understanding (MoU) for the project with Belgian company Jan De Nul for capital and maintenance dredging involving an estimated \$2 billion.

**ROOPPUR NUCLEAR POWER PLANT**  
The first phase of the 2,400 megawatt nuclear power project has seen considerable progress since Bangladesh signed the project agreement with Russia in January 2013.

A company has been set up to run the plant.

The government wants to complete at least one unit of the project by 2018 while the deadline for its completion is 2023.

**MATARBARI POWER PLANT**  
Land acquisition for the project has already been completed. Jica will provide Tk 28,939 crore for it.

**RAMPAL POWER PROJECT**  
Work related to land development and construction of boundary walls in the 1,320MW project is almost finished. It was launched by a Bangladesh-India joint venture company in 2010.

	TOTAL COST IN CRORE	FY16-17 ALLOCATION IN CRORE	PROGRESS
Padma bridge	Tk 28,793	Tk 6,026	32%
Padma rail track	Tk 34,989	Tk 4,102	0%
Dohazari-Gundum rail	Tk 18,304	Tk 614	2.1%
Metro rail	Tk 21,985	Tk 2,227	3.46%
Payra sea port	not yet set	Tk 200	2.1%
Rooppur plant 1st phase	Tk 5,087	Tk 618	80%
Matarbari Power project	Tk 35,984	Tk 2,400	1.18%
Rampal Power project,	Tk 14,999	Tk 2,540	2.1%

## Education gets

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The allocation to the sector was Tk 37,106 crore in the revised budget of the outgoing fiscal year. Since 2011, the year-on-year rise in the allocation has been around 10 to 11 percent, except fiscal 2013-14 when the jump was 17 percent.

This year's budget proposal sets aside Tk 26,847 crore for the education ministry and Tk 22,162 crore for the primary and mass education ministry.

Experts and educationists of the country have long been advocating for increasing the government expenditure on education.

They say the ratio of the education budget to the GDP has remained around two percent for several years, which is lower than many other Asian countries like Vietnam and Nepal.

The proposal for the next fiscal year has made them hopeful. They praised the government but at the same time insisted on proper utilisation of the money.

"We have to keep this trend up so that we move towards the international practice of allocating four to six percent of the GDP and 20 percent of the total budget [for education] within the next three years," said Prof Manzoor Ahmed, professor emeritus of Brac University, by phone.

The government should pay attention to ensure that the money is used properly, said Prof Manzoor.

The finance minister has come up with some new plans for the sector.

"We have a plan to recruit another 3,000 teachers and provide them with training."

The authorities have been working

to implement the plan for extending primary education up to class-VIII by 2018, Muhith said. Grade-VI and grade-VII have already been included at 760 primary schools.

In order to ensure quality primary education, the government will continue with the existing programmes, including free distribution of books and learning materials, appointment of teachers and their training, and construction and reconstruction of primary schools and training institutes.

A "National School Feeding Policy" is being formulated with a view to widening the coverage of the school feeding programme and engaging private sector in this initiative.

The budget also proposes an allocation of Tk 200 crore for renovation of dilapidated schools. A policy, to this end, will be finalised within two months, Muhith announced.

He also suggested allocating Tk 500 crore as endowment fund and Tk 100 crore as one-time grant to "Non-Government Education Institute Retirement Benefit Board" for the welfare of non-government teachers.

In addition, the finance minister proposed allocating Tk 50 crore for "Non-Government Teachers and Employees Welfare Trust".

Muhith urged the private sector to come forward to help construct 63,000 classrooms since the government's capacity is limited.

Due to lack of proper maintenance, many buildings of educational institutions of primary to higher education are in a poor condition, he added.