

ANNEX 2

Report on
CPD-BEA Regional Dialogue on
An Analysis of the
National Budget for FY2010-11

THE DIALOGUE

The Centre for Policy Dialogue (CPD) and Bangladesh Economic Association (BEA), Chittagong Chapter, jointly organised a dialogue titled *An Analysis of the National Budget for FY2010-11* on 24 June 2010, at The Peninsula Hotel, Chittagong, to discuss the proposed national budget for FY2010-11 and elicit the perceptions of the civil society stakeholders in the port city of Chittagong.

Hon'ble Minister for Industries, Government of Bangladesh, *Mr Dilip Barua* was present as the Chief Guest along with the Special Guest *Mr Mainuddin Khan Badal, MP*, Member of Parliamentary Committee on Public Undertakings. *Dr Fahmida Khatun*, Additional Director, Research, CPD, presented the keynote paper where she highlighted the distinctive features of the budget for FY2010-11 and CPD's views on the various budgetary proposals. The keynote presentation was followed by comments from the Panel Discussants *Dr Muinul Islam*, Professor, Department of Economics, University of Chittagong; and *Mr Saifuzzaman Chowdhury*. The dialogue was chaired by *Professor M Sekandar Khan*, President, BEA Chittagong Chapter.

The dialogue was attended by a distinguished set of civil society representatives in Chittagong including members of parliament (MPs), local government officials, academicians from universities, bankers, business leaders, industrialists, development practitioners, private sector entrepreneurs and journalists. The complete participant list of the dialogue is attached at the end of this Annex.

OPENING REMARKS BY THE CHAIR

Professor M Sekandar Khan initiated the session with some introductory remarks. He recalled that BEA Chittagong Chapter, has collaborated with CPD in organising a post-budget dialogue last year as well, and that he was happy that this tradition has continued this year. He hoped the dialogue will be an opportunity to voice the reaction of the common citizens with regard to various budgetary proposals, and that policymakers will take their views into cognisance. He then invited *Professor Mustafizur Rahman*, Executive Director, CPD to deliver his welcome note.

WELCOME NOTE

Professor Mustafizur Rahman welcomed all the participants to the dialogue. He expressed his sincere

gratitude to the Chief Guest, Special Guest, Panel Discussants and the participants for their presence. He also thanked BEA Chittagong Chapter for their support in organising the dialogue.

While explaining the CPD's tradition of analysing the budget proposals on a regular basis, every year, and organising national dialogues on such occasion, *Professor Rahman* noted that as a think-tank, CPD felt it important to reach out to regional level stakeholders to elicit their opinion with regard to the budget and get feedback at the grassroots level. Looking forward to a rich discussion, *Professor Rahman* hoped that the observations and recommendations emerging from the discussion would provide valuable insights which policymakers will take note of and the discussions in the national parliament will reflect so, before the budget is finalised. *Professor Rahman* expressed his sincere thanks to the ATN News for collaborating with the organisers and for their support in disseminating the dialogue proceedings to the wider national audience.

THE KEYNOTE PAPER*

Dr Fahmida Khatun also joined Professor Mustafizur Rahman in welcoming the audience and thanking BEA Chittagong Chapter for their support and collaboration. She recognised the dialogue as an opportunity for the civil society of Chittagong to express their views and demands regarding the proposed national budget. She stated that she would focus only on the salient features of the macro and sectoral analyses presented in the report to leave time for more detailed discussion.

Dr Khatun initiated her presentation by recalling the benchmarks attained during the outgoing fiscal year. She appreciated the commendable performance of the National Board of Revenue (NBR) in terms of revenue collection; containment of the budget deficit at 4.5 per cent (though on the lower side when compared with the projected 5 per cent); comfortable balance of payment (BoP) situation; and significant growth in the pace of annual development programme (ADP) implementation. However, she felt that an inflationary pressure was gathering momentum in the economy which could undermine macroeconomic governance and the growth prospects in the coming year. She noted that export sector performance was being adversely affected because of the lagged impact of the global financial crisis. However, *Dr Khatun* expected that considering the overall trends in the economy it may be possible to attain a gross domestic product (GDP) growth of 6.0 per cent in FY2010-11.

* The full keynote paper has been presented in Chapter 2 of the present volume.

FY2010-11 being the last year of Poverty Reduction Strategy Paper (PRSP) and first year of the Sixth Five-Year Plan and the Ten-Year Perspective Plan of Bangladesh 2010-2021 (*Making Vision 2021 a Reality*), *Dr Khatun* found the budget for FY2010-11 to be very important in setting the tone for future development of the Bangladesh economy. She felt that measures taken as part of the proposed budget will help to reduce the widening regional disparity if spatial considerations were kept in mind whilst implementing the budgetary allocations. From the perspective of medium term monetary outlook, containing inflationary pressure had emerged as a priority in order to attain GDP growth target of 8.0 per cent by FY2013-14. Keeping inflation at about 6.0 per cent by this year would pose a major challenge in this regard, she observed. She emphasised the need for market diversification and skill development to achieve the Medium Term Macroeconomic Framework (MTMF) targets with respect to export and remittance. For robust growth, investment ought to be given priority, she added. However, the existing gap between investment and savings did not augur good for the economy. *Dr Khatun* felt that significant effort will need to be given to reduce the incremental capital-output ratio (ICOR), and that this was crucial in enhancing competitiveness of the domestic industries and was key to achieving higher growth as envisaged in the MTMF.

Referring to a research conducted by the CPD, *Dr Khatun* reported that to attain the targeted GDP growth of 6.7 per cent, agriculture sector ought to play a key role. 3.8 per cent growth as envisaged in the budget was a challenging target, but not unreachable. In view of this, agriculture sector needed to be guided by carefully crafted policies. She also emphasised on the need for appropriate policies for the growing services sector. She said that GDP growth rate was critically dependent on the performance of the industrial sector. It was particularly the manufacturing sector which could boost the performance of both the industrial sector and the export sector performances. This was important from the perspective of overcoming the lagged adverse impacts of the global financial crisis, she strongly felt.

Drawing attention of the audience to the importance of proper and timely implementation of the ADP, *Dr Khatun* noted that it was important to follow the concept of critical path method (CPM) for monitoring the projects implementation; she called for preparing action plans for top 100 important projects selected by the Planning Commission. She reported that in the first 11 months of FY2009-10, ADP implementation was 38.6 per cent higher than that of FY2008-09, in monetary terms, and felt that this originated from better monitoring and

greater attention to implementation. However, she thought that to attain the revised targets there ought to be improvements on both counts. Summing up her presentation, she emphasised on the need for a more efficient public administration and better quality of service delivery.

PANEL DISCUSSION

Dr Muinul Islam, Professor, Department of Economics, University of Chittagong

Dr Muinul Islam mentioned that the proposed budget was a feasible and achievable one from the perspective of implementation despite the fact that some could criticise the targets to be rather ambitious. Recognising the links of the currently proposed budget with its predecessor, he observed that the budget for FY2010-11 should build on past record, and strive to take the economy forward. *Dr Islam* welcomed the innovative nature of presenting the budget this year, which had involved a powerpoint presentation. He noted that in doing so the Finance Minister was able to present key aspects of the budget FY2010-11 in a brief and attractive way. He however thought, the presentation deliberately avoided some uncomfortable issues.

Dr Islam also emphasised on better and faster implementation of the budgetary proposals to attain the fiscal targets set out in the FY2010-11 budget. Highlighting the severe power crunch as a major obstacle in the economy which has adversely affected the GDP growth over the previous fiscal, *Dr Islam* drew attention of the audience to slow development of the fuel and energy sector. He felt this was unacceptable. In this connection, he recommended to prioritise fuel and energy sectors as thrust areas of FY2010-11 budget. He urged for strengthening of the Petrobangla to overcome the fuel crisis. He also asked for government's priority attention to be given to building the required energy and fuel networks. He appreciated the provision of tax holiday on solar energy panels and suggested to boost alternative power. In this respect he welcomed the reduction of bank interest rate down to 5 per cent for the solar panel production. Duty-free import facility for raw materials of the solar panels would be a good incentive to motivate domestic producers, he perceived. He also urged the Finance Minister to provide subsidy to liquefied petroleum gas (LPG) cylinders to make it more affordable to the consumers. These efforts would reflect the government's genuine feelings towards the sufferings of the common people, he stressed.

Regarding the agriculture sector, *Dr Islam* feared that reduced subsidy would weaken the overall economic

stability. Rather it would be advisable to provide more subsidy to some sectors, such as livestock, fish breeding and poultry. He found reduced tariff on imported milk powder, brought down to 5 per cent in the FY2010-11 budget, to be unacceptable. He rather urged for giving subsidy to domestic livestock producers. He felt that rationale of government's tariff reduction was not clear at all. He urged for setting up *Land Reforms Commission* on an urgent basis, for agriculture, as he believed no nation can take advantage of prosperity bypassing economic development in the rural areas, particularly for agriculture, and land reform was key to attain this.

Expressing his frustration regarding the transportation and communication infrastructure, *Dr Islam* noted that the recently initiated *Jatrabari Flyover* construction was the single most notable initiative. Many more needed to be undertaken, he felt. *Aila*-devastated dams are still to be reconstructed, he lamented. Acknowledging the huge prospects of public-private partnership (PPP), *Dr Islam* urged the utilisation of this model to develop Bangladesh's infrastructure. Domestic investors will need to be persuaded to invest in infrastructural development through the PPP route; undisclosed money could stimulate investment in the PPP since that had been allowed. He anticipated that if Bangladesh can achieve success through such collaborations, dependency on foreign aid would be further reduced.

Dr Islam identified several positive achievements in the economy. He welcomed the *Education Policy* which he thought to be a timely step, and expected that modalities to implement the policy in the upcoming year will be considered with due priority. However, he expressed his discomfort regarding the privileges given to the private universities in the amended *Private University Act*, and requested the relevant policymakers to reevaluate such decisions and assess whether these were against the interest of mass education.

Dr Islam suggested that appropriate steps be taken to make use of the Tk. 35,000 crore of idle money lying with the banks and financial institutions to energise investment. Taking into cognisance the fact that domestic savings and remittance ratio to GDP was going up against a relatively stagnant investment-GDP ratio over the last few years, he asked for sensible measures using these surplus savings, to the tune of 5-6 per cent equivalent of the GDP, to stimulate investment. He also hoped that the new *Competition Act* and a number of other commendable measures that were in the pipeline would prove to be good for the country's economy. Opposing the opportunity given by way of legalising the undisclosed money through investment opportunity in the Bangladesh

Infrastructure Finance Fund (BIFF), he felt that this was "not workable." He perceived the entire process to be unethical, and believed that this would not be helpful to the economy, this would only encourage such misdeeds in future.

Dr Islam also expressed his disappointment regarding the tax collection scenario. He noted that only 7.5 lakh taxpayers submitted their tax returns in FY2009-10, whilst NBR had registered more than 23 lakh Tax Identification Number (TIN) holders. He asked to bring the remainder under the tax net and stressed the need to raise the revenue generated through direct taxes; he also underscored the need to increase tax mobilisation from the various indirect tax sources.

Mr Saifuzzaman Chowdhury, Former President, Chittagong Chamber of Commerce and Industry (CCCI)

Mr Saifuzzaman Chowdhury agreed with *Dr Islam's* views and noted that a 6.7 per cent GDP growth could be achievable only if the government was able to overcome the ongoing power shortage. Being a person from the industrial arena, he realised that to enhance the industrialisation process, there was no alternative to resolving the ongoing power crisis, on an urgent basis. He thus insisted on prioritising power generation by, in his words, "any means." He asked for further immediate and speedy exploration of coal and gas resources to get a grip on the situation. He expected the policymakers to consider the option of nuclear power, as a mid-term solution.

Mr Chowdhury then focused on effective implementation of ADP in FY2010-11. He hoped that the allocated money would be disbursed in a timely manner, and that "bureaucracy would not dictate democracy this time." He also opted for ministries to set targets for their respective development works.

Mr Chowdhury commented that growth achieved in the last fiscal year was due to the hard work of the private sector entrepreneurs. He stated that domestic entrepreneurs were the key to development. They needed an investment-friendly environment and supporting infrastructure to boost forward their business. As land price was becoming exceptionally high in the country, it was difficult for small entrepreneurs to start new business, he observed. He, therefore, urged the government to build *SME Parks* in different zones specifically targeted for small-scale entrepreneurs. He also proposed that pre-shipment inspection (PSI) should be limited only for commercial imports; this would reduce business cost, he felt.

Mr Chowdhury thought that Bangladesh economy had inner strengths and the country and the stakeholders should not be dependent on donor dictation. Taking note of the country's USD 10 billion foreign exchange reserve, he urged for proper utilisation of these reserves. He noted that one had to "spend better to earn better." He also felt that export of manpower to some of the developed countries who are facing shortage of labour force due to ageing of population ought to give Bangladesh an opportunity to engage more workers abroad and earn more foreign exchange. Remittance earned from those new sources could contribute to maintaining good foreign exchange reserves and underwrite our imports situation, he observed.

With regard to the issue of increased tax rate on private transports, particularly on cars, he hoped that the public transport system ought to be appropriately developed prior to taking such decision.

Drawing attention to CPD's power of mobilising public opinion and influencing policy making in the country, *Mr Chowdhury* hoped that CPD would organise further discussion sessions on progress of budget implementation, preferably on a quarterly basis. This would provide the policymakers an opportunity to review performance, share views with relevant stakeholders and undertake mid-course corrections, he opined.

OPEN FLOOR DISCUSSION

Growth Targets

Many speakers voiced that the growth target as proposed in the budget for FY2010-11, set at 6.7 per cent, would be a major challenge. This would critically hinge on both qualitative and quantitative aspects of budget implementation. In this context, *Professor Jamal Nazrul Islam*, Professor Emeritus, Research Centre for Mathematics and Physical Sciences, University of Chittagong put special emphasis on implementation of the ADP. He agreed with *Mr Saifuzzaman Chowdhury* that in Bangladesh production growth target was achieved, thanks mainly to the country's private sector. He, however, thought growth came at a cost of increasing disparity between the rich and the poor. He noted that in a society where infrastructure was weak, any injection of large amount of money may create disparity which needs to be addressed through proper policy and planning.

Mr Shah Alam, General Secretary, Communist Party of Bangladesh (CPB), Chittagong urged for a growth strategy that would reduce disparity. This was more important than growth target, he noted. *Ms Shahrin Ferdousi*, a

student of the Department of Economics, University of Chittagong sought clarification with regard to sources of economic growth and whether these sources could be harnessed towards higher growth in the economy.

Fiscal Measures

Mr Zahangir Alam Chowdhury, an Income Tax Lawyer drew attention of the audience to tax propositions and the amendments proposed in the budget. He pointed out a number of the various contradictions between the proposals in the budget speech and the finance bill accompanying it. He also observed that the budget speech was not a law that was to be implemented; in contrast the finance bill was a legal document. In the budget speech, he explained, it was stated that no tax would be imposed on general investors of the share market; however, the act by which the investors get exemption has not been withdrawn in the finance bill. The budget also proposed a 10 per cent tax on income from capital market institutions; but no reflection of this is found in the finance bill. Therefore, it may remain as high as 37.5 per cent tax for the institutions (company). He pointed out that income tax has increased to 0.1 per cent from the existing 0.025 per cent for the members of Stock Exchange. The apprehension is that, this burden will be shifted to the general investors. The tax will be deducted at source in case of all trade in the share market, whether the investor makes profit or not. Similarly in real estate sector, the sellers of apartments and flats were asked to pay advance income tax (AIT) (the present practice is to be paid at the end by the buyers of flat) at the time of selling the flat that eventually may not impact on their profit level. He observed that this AIT was likely to act as an indirect tax. He observed that this issue needs to be addressed appropriately.

Mr Zahangir Alam Chowdhury echoed *Professor Islam*, and expressed his disappointment with regards to the limited tax net in the country. Close monitoring and appropriate motivations were needed to raise this number. Referring to the penalty option of Tk. 19,200 for not submitting return for one year, he underscored that there was an opportunity to the government to earn an additional sum of about Tk. 3,000 crore only from the penalty in this regard. He found imposing the penalty to be more effective compared to search for a new 5 lakh tax-payers to increase the tax revenue. He also suggested that the universal self-assessment system should be further reformed and can be made more effective through various measures. This will augment direct income tax, he proposed.

Mr Fazlul Haq, Former Principal, Hazi Mohammad Mohsin College felt that imposition of source tax on

savings bonds and the proposed tax on Pensioners' Savings Scheme was rather unproductive. He also believed that increased indirect taxes on items such as car, milk, etc. would increase inflationary pressure. However, the direct tax network should be strictly monitored to improve tax return rates from the TIN-holders. *Professor Jamal Nazrul Islam* emphasised the need to motivate regular payment of tax by the citizens, so that the government was able to raise resources to invest on public welfare, specifically for the poorest sections of the society.

Mr Badrul Haque Chowdhury, Senior Vice President, Bangladesh Freight Forwarders Association (BAFFA) opposed the increased tax rate at source from 7.5 per cent to 15 per cent on freight forwarding, stating that it will become a burden on those who were operating in this service sector; this would undermine their competitive strength, he observed. He also pointed out that no sectoral allocation has been made in support of logistics in connection with freight forwarding, and that no incentive or special proposition was provided to boost the sector. He recalled that prior to the budget proposition, the Association had placed a number of suggestions towards improvement of the freight forwarding services; however, those suggestions were not reflected in the budget.

ADP Implementation

Mr Fazlul Haq supported the idea of the Critical Path Method and *Program Evaluation Review Technique* for better implementation and monitoring of the budgetary measures and programmes. *Engr Mohammad Delwar Hossain*, President, Institution of Engineers, Bangladesh (IEB), Chittagong Centre urged for stronger monitoring during the implementation of the Budget FY2010-11.

Energy Sector and Private Investment

Many discussants noted that investment was not picking up because of the power crunch. Both local and foreign investors were waiting for the resolution of the problem.

Professor Jamal Nazrul Islam mentioned that Bangladesh's Atomic Energy Commission, if given the opportunity to work independently, would be able to solve the problem of power crisis to a large extent.

Professor Islam also detected the problem of escalating land prices as a barrier to investment. He thought that this was an emerging obstacle from the perspective of investment in and development of new industries. *Mr Rezaul Kabir*, Executive Director of Swadesh, a local NGO proposed that the government

should allocate subsidies for the sick industries to promote domestic industrialisation.

Communication and Transportation

Expressing her concern about the infrastructure sector, *Begum Rosy Kabir*, Former MP observed that the communication sector should be patronised with appropriate measures. *Mr Mazharul Haque Shah Chowdhury*, Former MP also urged for speedy implementation of the proposed four-lane Dhaka-Chittagong highway. He also proposed building of railway line connecting Dhaka and Chittagong via Lakhsham in order to reduce travel time. *Engr Mohammad Delwar Hossain* also emphasised the need for development of the Dhaka-Chittagong connectivity, both in the form of highways and railways. The link between the capital and the port city ought to be strengthened, he observed.

Mr Mahbul Haq Chowdhury (Babur), Secretary General, Bangladesh Reconditioned Vehicles Importers and Dealers Association (BARVIDA) expected a clear direction regarding transport and communication sector in the FY2010-11 budget. He recommended for development of a comprehensive transportation policy. 15 per cent newly imposed value added tax (VAT) on buses with 40-plus seats was counter-productive in the context of the need for encouraging the public sector transport to improve the traffic situation, he noted. He also opposed reduction in supplementary duty (SD) on cars with cylinder capacity of 1501-1650 cc, from the existing 100 per cent to 45 per cent.

External Sector

As a representative of export sector, *Mr Nasir Uddin Chowdhury*, First Vice-President of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and Managing Director, Eastern Apparels Ltd. observed that because of the adverse impact of the prevailing global financial crisis and domestic power crunch, the export sector is now passing through its toughest time. He added that the production cost was soaring due to use of alternative power. In this context, he opposed the proposed increase in the tax on export from 0.25 per cent to 1.0 per cent at source. He urged for reconsideration of the proposal to retain competitiveness in this sector. He also noted that it was unjust to bring rented houses of readymade garments (RMG) under the VAT net.

Mr Mahmudul Hasan, Director, Bangladesh Frozen Foods Exporters Association also asked the government to reconsider the proposed increase in income tax at source on export of frozen food in the budget. He also urged for

a special provision in stimulus package, for the export-oriented shrimp sector. In this context, he proposed for provision of soft loans for the shrimp cultivators.

Mr Nasir Uddin Chowdhury suggested that the government should take initiatives to support the foreign wage earners who contributed in the country's high foreign exchange reserve of USD 10 billion last year. He also urged for appointment of a commissioner at the airport to help ease the processing of documents of migrant workers and to mitigate the hassle of the workers.

Food Security and Safety Net

Mr Mohammed Noor Nabi, Assistant Professor, Department of Economics, University of Chittagong reminded the audience that in the last budget the government had promised to provide at least one member from each family below the poverty line, with a job; however, the progress was dismal. The government has once again set its target to generate one crore job opportunities; but no clear indication as to how this would be realised, is found in the budget for FY2010-11.

Ms Shahrin Ferdousi apprehended that as the economy was making its way out of the global financial crisis, there was a possibility of food inflation in the country. At this point, any reduction in the subsidy for agriculture sector (reduced from Tk. 4,950 crore to Tk. 4,000 crore in the present budget) could hamper attainment of the country's food security. While *Mr Shuvo Brata Saha*, Lecturer, East Delta University, Chittagong, thought that allocation of Tk. 700 crore for climate change was inadequate in view of Bangladesh's growing concerns with the present environmental situation.

Mr Shah Alam expressed his disappointment with respect to the government's measures to curb the power of business syndicates and in dealing with such syndicates. He felt that the government should reintroduce the Ration Card system instead of introducing Agriculture Inputs Assistance Card. He also felt that introduction of the Health Card would help all households in the proximity of the community clinics. *Begum Rosy Kabir* remarked that women-related allocations should be made use of suitably to attain the budgetary targets.

Small and Medium Enterprise (SME) Development

Mr A T M Kamruddin Chowdhury, Assistant Secretary, BEA Chittagong Chapter, and AVPS & Manager, Shahjalal Islami Bank Ltd. echoed Bangladesh Bank Governor Dr Atiur Rahman's stance on gender equity. He welcomed the allocation of Tk. 24,000 crore for women

entrepreneurship and SME. He called for reviews of the existing laws and urged for appropriate regulations to recover the SME loans. He also asked for simplified SME loan recovery policy from the government.

Allocation to Research and Development (R&D)

Mr Adnan Mannan, Lecturer, Department of Genetic Engineering, University of Chittagong noted that no clear direction was given in the FY2010-11 budget towards R&D. He noted that most researches conducted in Bangladesh were foreign aid funded; he called for additional allocation in the area of R&D through budgetary measures. Being a member of *Swapnajatra* team which invented genome sequencing of jute, *Mr Mannan* urged for funding to secure patents of these kinds of inventions. *Mr Rezaul Kabir* strongly recommended that "brain drain" be stopped for strengthening of the research capability in the country.

Democratisation and Decentralisation of the Budget

Professor Mahfuzul Haque Chowdhury, Department of Political Science, University of Chittagong advocated for democratisation of the budget process. He proposed that the initial budget should be prepared by the bureaucrats; while another will be designed by the Parliamentary Budgetary Committee after receiving feedbacks from stakeholders of different levels. These two budgets need to be scrutinised to compile a final one - through this collaborative process a more democratic budget can be developed. *Professor Chowdhury* also observed that the district level budget was a good idea and hoped that the government will be able to design such a budget.

Mr Shah Alam also felt that democracy was being dictated by the bureaucracy. He blamed the bureaucrats for creating barriers for rejuvenation of upazila system and activation of zila parishad. He asked for separate budgets for upazila parishad, railway, etc. as part of a process that was directed towards decentralisation and democratisation of the budgetary process. He believed that the empowerment of local government was essential for combating corruption, along with the work of the Anti Corruption Commission (ACC).

Professor Jamal Nazrul Islam noted that any critical measure should be adopted only after broad and issue-focused discussion among all related stakeholders including the poorest.

Mr Mazharul Haque Shah Chowdhury termed the budget as a "Dhaka-centred" one, similar to all other budgets

prepared before. Explaining the necessity of decentralisation, he proposed for upazila-centred employment generation schemes as a measure to decentralise the development process.

Foreign Aid Dependence

Professor Jamal Nazrul Islam noted that recommendations for Bangladesh's economic development should not come from outside; neither should it be imposed. He strongly argued that for the past 20 years, policies recommended by the World Bank, International Monetary Fund (IMF) and Asian Development Bank (ADB) were cause for unmitigated disaster for the country. *Mr Fazlul Haq* also suggested that IMF and World Bank should be left out of decision making process in Bangladesh. *Mr Akash Mutsuddi*, Vice-President, Young Economist Society (YES), University of Chittagong noted that Tk. 16,000 crore of the total current budget of Tk. 39,000 crore would be financed by the IMF or the World Bank. He was apprehensive that such dependency may increase instead of alleviating poverty. In this connection, he raised the issue of hard policy conditionalities that accompanied the support of these multilateral financial institutions.

COMMENTS FROM THE SPECIAL GUEST

In his speech as the Special Guest, *Mr Mainuddin Khan Badal*, MP, Member of the Parliamentary Committee on Public Undertakings stated that the economy of Bangladesh was well poised and well placed at the moment for accelerated growth. He reaffirmed that the government was committed to achieve the ambitious development goals. He assured the audience that the government will by any means, try to overcome the current power crisis. To implement the 911 ADP projects included in the budget, he called upon his fellow parliamentarians to monitor the projects in their respective constitutions. The MPs will need to play a key role and set examples as responsible representatives committed to country's development, he noted.

Drawing attention of the audience to the obstacles confronting the advancement of the country, *Mr Khan* emphasised the need for an efficient bureaucracy and stated that the present government was working on building a depoliticised bureaucracy for the country's greater interest. He again sought active support of lawmakers in this endeavour of running the government.

He expressed his disappointment as no visible allocation for Chittagong was earmarked in the budget for FY2010-11. The development of Chittagong was not only

a regional development issue, he noted, it was critical to the development of the entire country and the entire national economy. Dwelling on the importance of the four-lane Dhaka-Chittagong highway to connect the centre with the Chittagong Port, to energise investment, he suggested to build a "Coastal Belt Chittagong Highway." This highway can be built without disturbing agricultural lands in Mirershorai upazila. He also expressed his concern about lack of adequate infrastructure from Dohazari to Cox's Bazar, a link to Sonadia island, where government is planning to build a deep seaport. He also criticised the slow progress of the dredging work in the Karnaphuli River and urged the relevant authorities to give priority attention to the issue. He also called for raising the efficacy of functioning of the autonomous bodies of the government and recommended speedy decentralisation.

Mr Khan expressed his sincere appreciation to the organisers of the dialogue for taking the initiative to bring this event to Chittagong. He proposed that the CPD and the BEA should consider organising such local level budget dialogues within a week of placement of the budget before the parliament, and extend its duration to a three-day long programme to hold more elaborate discussions. He thought that such an event in Chittagong would be a more rewarding exercise compared to the ones organised in Dhaka.

RESPONSE FROM THE CHIEF GUEST

Greeting all the participants of the dialogue, the Chief Guest, Hon'ble Minister for Industries, *Mr Dilip Barua* congratulated the newly elected Mayor of Chittagong City Corporation and appreciated the government's firm stand to conduct a free and fair mayoral election in Chittagong.

In sharing the view of his government, and the priorities in the budget for FY2010-11, the Minister explained that the issue of food security received the highest priority in the budget. The government's effort in terms of achieving self-sufficiency in food was also reflected in the decision of last year to raise the subsidies for fertilisers, he noted. As for the issue of reduced subsidy in agriculture in the proposed budget, *Mr Barua* assured that subsidy to agriculture would be raised as and when required. He also assured the audience that the R&D Wing of the Agriculture Department would get adequate funds. Responding to issues raised with regard to the bureaucracy, *Mr Barua* stated that bureaucrats play an important supportive role, and that it was the duty of the bureaucracy to work with efficiency and sincerity, under the guidance of the parliament, to attain the policy targets set out in the budget.

In his opinion, Bangladesh economy was now poised for higher growth despite the lagged impact of the global financial crisis. The economy was also dependent on foreign aid only to the tune of 2 per cent of the GDP. Underscoring the initiatives of his government, he informed the audience that government has announced the ship-building sector as a thrust sector. Despite the fact that personally he was not in favour of the opportunity provided to invest undisclosed money, he thought that if the undisclosed money was invested in such sectors, that would benefit the country.

Acknowledging the ongoing power crisis as the major bottleneck in boosting industrial growth, he drew attention to the fact that in our neighbour country, India, two-thirds of the total power was generated from coal. He noted that there could be three outputs from coal – gas, electricity and fertiliser. He urged for political unity in order to take effective decision with regard to the Coal Policy.

The Minister referred to the economy as the foundation of a society that defines people's welfare. The present government has pledged to improve the economic condition of the country and budget for FY2010-11 was an important step towards this goal. He noted that the government is working towards accelerating investment in infrastructure. The plan to build the deep sea port which could also service the needs of the hinterlands in China and India, was a reflection of this commitment, he added. In his concluding remarks, the Hon'ble Minister thanked CPD for the role it played in the country's policy design, and thanked the Chair of the dialogue for giving him the opportunity to share his views with the audience.

VOTE OF THANKS

Mr Khorshedul Alam Quadery, General Secretary of BEA Chittagong Chapter, expressed his deep appreciation to the Chief Guest, Special Guest, Designated Discussants, and CPD's Executive Director and the keynote speaker,

for their respective contributions at the dialogue. On behalf of the BEA Chittagong Chapter and CPD, he thanked the audience, representatives of the media, particularly ATN News, and officials of Hotel Peninsula, who worked hard towards the successful holding of the programme.

CLOSING REMARKS BY THE CHAIR

The Chair of the dialogue, *Professor M Sekandar Khan*, President, BEA Chittagong Chapter thanked the participants for sharing their insights, information and views on the budget for FY2010-11. He expressed his gratitude to the Hon'ble Chief Guest, the Special Guest, the Executive Director of CPD and the audience for their contribution. He thanked the keynote speaker for the informative presentation. He expressed his hope that the budget reactions voiced at the dialogue will be taken into consideration when the budget will be finalised in the parliament. The Chair underscored the importance of such exchanges of views, and felt that there was a need for more interactive discussions involving all important stakeholders. He hoped that in future there will be more participation of the MPs in the dialogue.

Professor Khan, while summarising the overall discussion, pointed out that the discussants had disagreed with regard to reduction of subsidy in agricultural sector. He urged for implementation of the budget through local government, which he felt would bring better results. He recalled that some eminent economists opined that if 30 per cent of the budget was implemented through local government, it would not be difficult to implement the entire budget. He called for activation of autonomous commissions to be set up by the government to address various pending issues; in this connection, he requested an end to the practice of influencing the activities of such commissions by vested quarters.

Finally, he thanked CPD and all the participants of the programme, specifically the media personnel and the ATN News.

List of Participants

Professor Taher Ahmed

Rtd Vice President, Satkania Govt. College, Chittagong

Mr Shah Alam

General Secretary, CPB, Chittagong

Mr Didarul Alam

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