

# Overview of National Budget 2015-16

Presented by:

**Prof. Dr. Swapan Kumar Bala FCMA**

29 August 2015

# Issues to be discussed:

- ✓ **Introduction**
- ✓ **Major Objective**
- ✓ **National Budget 2015-16 at a Glance**
- ✓ **Tax Revenue Target**
- ✓ **Tax Structure in the Budget**
- ✓ **Budgetary Resources**
- ✓ **Financing Total Expenditure**
- ✓ **Financing ADP**
- ✓ **Sectoral Allocation in the Budget**
- ✓ **Sectoral Allocation of ADP**
- ✓ **Main Features of Budget FY 2015-16**
- ✓ **Public Expenditure Framework**
- ✓ **Post-2015 Agenda: 7th FYP & SDGs**
- ✓ **New Issues in the Budget**
- ✓ **Some Post-Budget Issues (1 July to 27 Aug)**

# Introduction

The National Budget for the financial year (FY) 2015-16 was placed by the Finance Minister Mr. Abul Maal Abdul Muhith on 04 June 2015.

- ▲ This is the 6th consecutive digital presentation of budget speech, which was a comprehensive printed document of a total of **140 pages** in English version (5 initial pages *plus* 96-page body *plus* 39-page annexures).
- ▲ Finance Bill placed on June 04, 2015.
- ▲ Finance Bill passed on June 29, 2015 and
- ▲ Finally Budget passed on 30 June 2015.

# Major Objective

Base Year	FY	GDP Growth Rate
1995-96	2001-02	4.42
	2002-03	5.26
	2003-04	6.27
	2004-05	5.96
2005-06	2005-06	6.67
	2006-07	7.06
	2007-08	6.01
	2008-09	5.05
	2009-10	5.57
	2010-11	6.46
	2011-12	6.52
	2012-13	6.01
	2013-14	6.06
	2014-15 B	7.30
	2014-15 R	6.51
	2015-16 B	7.00

**From 2003-04 to 2014-15  
(12 years):**

- **7%+ in 1 year**
- **6%+ in 9 years**
- **5%+ in 3 years**
- **Continuous 6%+ in last 5 years.**

**Major objective of the National Budget 2015-16 is to “break free of the 6 percent growth trap”.**



# National Budget 2015-16 at a Glance

(Amount in crore Taka)

Particulars	Actual 2013-14	Budget 2014-15	Revised 2014-15	% of TE	Budget 2015-16	% of TE	% incr
<b>Revenue</b>	<b>140,375</b>	<b>182,954</b>	<b>163,371</b>	<b>68.2</b>	<b>208,443</b>	<b>70.6</b>	<b>27.6</b>
Tax Revenue	116,032	155,292	140,676	58.7	182,244	61.8	29.5
NBR Tax Revenue	111,423	149,720	135,028	56.3	176,370	59.8	30.6
Non-NBR Tax Revenue	4,609	5,572	5,648	2.4	5,874	2.0	4.0
Non-Tax Revenue	24,343	27,662	22,695	9.5	26,199	8.9	15.4
<b>Total Expenditure (TE)</b>	<b>188,208</b>	<b>250,506</b>	<b>239,668</b>	<b>100.0</b>	<b>295,100</b>	<b>100.0</b>	<b>23.1</b>
(% of GDP)	<b>(14.01)</b>	<b>(18.70)</b>	<b>(15.83)</b>		<b>(17.19)</b>		<b>8.6</b>
ADP	55,333	80,315	75,000	31.3	97,000	32.9	29.3
Non-ADP	132,875	170,191	164,668	68.7	198,100	67.1	20.3
<b>Deficit (excl. For. Grants)</b>	<b>-47,833</b>	<b>-67,552</b>	<b>-76,297</b>	<b>-31.8</b>	<b>-86,657</b>	<b>-29.4</b>	<b>13.6</b>
(% of GDP)	<b>(3.6)</b>	<b>(5.0)</b>	<b>(5.0)</b>		<b>(5.0)</b>		
<b>Financing</b>	<b>47,842</b>	<b>67,552</b>	<b>76,297</b>	<b>31.8</b>	<b>86,657</b>	<b>29.4</b>	<b>13.6</b>
Foreign Grants	6,357	6,206	5,674	2.4	5,800	2.0	2.2
Foreign Borrowing-Net	3,349	18,069	15,909	6.6	24,334	8.2	53.0
Domestic Borrowing	38,136	43,277	54,714	22.8	56,523	19.2	3.3
<b>GDP</b>	<b>1,343,674</b>	<b>1,339,500</b>	<b>1,513,600</b>		<b>1,716,700</b>		
<b>Tax GDP Ratio</b>	<b>8.64</b>	<b>11.59</b>	<b>9.29</b>		<b>10.62</b>		

# Tax Revenue Target

Tax Revenue	Rev. Budget 2014-15		Budget 2015-16		% Incr over
<i>National Board of Revenue (NBR) Portion</i>	Tk. (crore)	%	Tk. (crore)	%	FY15
<b><i>Taxes on Income and Profit:</i></b>	<b>48,614</b>	<b>34.56</b>	<b>64,971</b>	<b>35.65</b>	<b>33.65</b>
Companies	32,900	23.39	46,479	25.50	41.28
Other than companies	15,714	11.17	18,492	10.15	17.68
<b><i>Value Added Tax (VAT):</i></b>	<b>49,573</b>	<b>35.24</b>	<b>64,263</b>	<b>35.26</b>	<b>29.63</b>
VAT on Imports	17,330	12.32	21,518	11.81	24.17
VAT on Domestic Goods and Services	32,238	22.92	42,738	23.45	32.57
Turnover Tax (TT)	5	0.00	6	0.00	32.44
<b><i>Customs Duty:</i></b>	<b>15,134</b>	<b>10.76</b>	<b>18,790</b>	<b>10.31</b>	<b>24.16</b>
Import Duty	15,103	10.74	18,753	10.29	24.17
Export Duty	31	0.02	37	0.02	19.35
<b><i>Excise Duty</i></b>	<b>935</b>	<b>0.66</b>	<b>1,240</b>	<b>0.68</b>	<b>32.62</b>
<b><i>Supplementary Duty (SD):</i></b>	<b>19,852</b>	<b>14.11</b>	<b>25,875</b>	<b>14.20</b>	<b>30.34</b>
SD on Imports	4,951	3.52	6,143	3.37	24.07
SD on Domestic Goods and Services	14,901	10.59	19,732	10.83	32.42
<b><i>Other Taxes and Duties:</i></b>	<b>920</b>	<b>0.65</b>	<b>1,231</b>	<b>0.68</b>	<b>33.79</b>
Travel Tax	920	0.65	1,231	0.68	33.80
Other Taxes & Duties	0.1	0.0001	0	0.000	-100.00
<b><i>Sub-Total: NBR Portion</i></b>	<b>135,028</b>	<b>95.98</b>	<b>176,370</b>	<b>96.78</b>	<b>30.62</b>
<b><i>Non-NBR Portion</i></b>					
Narcotics and Liquor Duty	95	0.07	99	0.05	4.21
Taxes on Vehicles	1,248	0.89	1,297	0.71	3.93
Land Revenue	797	0.57	829	0.45	4.02
Stamp Duty (Non-Judicial)	3,509	2.49	3,649	2.00	3.99
<b><i>Sub-Total: Non-NBR Portion</i></b>	<b>5,648</b>	<b>4.02</b>	<b>5,874</b>	<b>3.22</b>	<b>4.00</b>
<b>Total Tax Revenue</b>	<b>140,676</b>	<b>100.00</b>	<b>182,244</b>	<b>100.00</b>	<b>29.55</b>

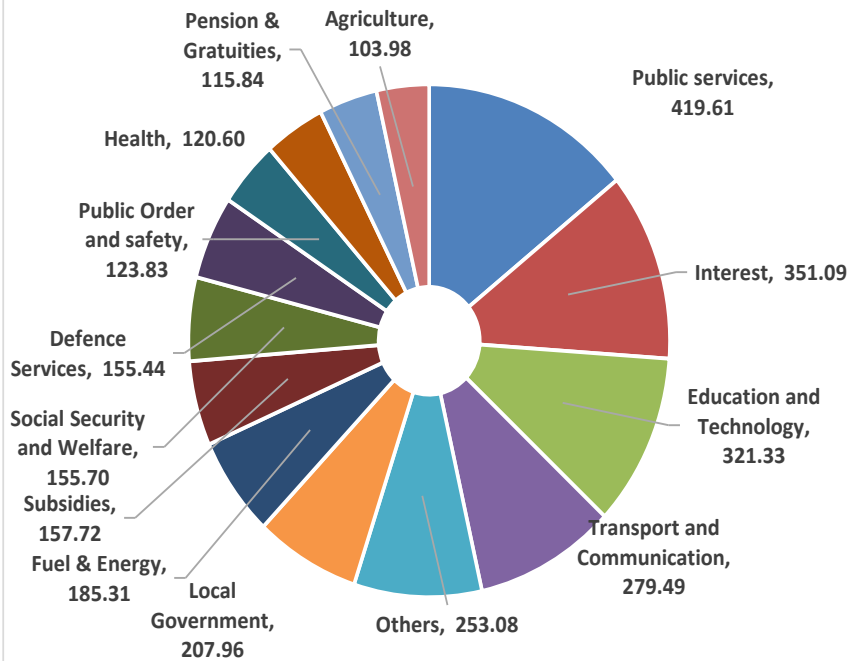
# Tax Structure in the Budget

	Rev Budget 2014-15		Budget 2015-16		% Incr over
	Tk. (crore)	%	Tk. (crore)	%	FY15
Direct Tax: NBR*	49,534	35.21	66,202	36.33	33.65
Direct Tax: Non-NBR	5,554	3.95	5,775	3.17	3.98
<b>Total Direct Tax</b>	<b>55,088</b>	<b>39.16</b>	<b>71,977</b>	<b>39.49</b>	<b>30.66</b>
Indirect Tax: NBR	85,494	60.77	110,168	60.45	28.86
Taxes at Import Stage	37,415	26.60	46,451	25.49	24.15
Taxes at Local Stage	48,079	34.18	63,717	34.96	32.53
Indirect Tax: Non-NBR	95	0.07	99	0.05	4.21
<b>Total Indirect Tax</b>	<b>85,588</b>	<b>60.84</b>	<b>110,267</b>	<b>60.51</b>	<b>28.83</b>
<b>Total Tax</b>	<b>140,676</b>	<b>100.00</b>	<b>182,244</b>	<b>100.00</b>	<b>29.55</b>
(% of Total Revenue)	(83.64)		(84.33)		
Total Non-Tax Revenue	22,694		26,199		<b>15.44</b>
(% of Total Revenue)	(16.36)		(15.67)		
<b>Total Revenue</b>	<b>163,370</b>		<b>208,443</b>		<b>27.59</b>
Tax-GDP Ratio	9.29		10.62		
Revenue-GDP Ratio	10.79		12.14		

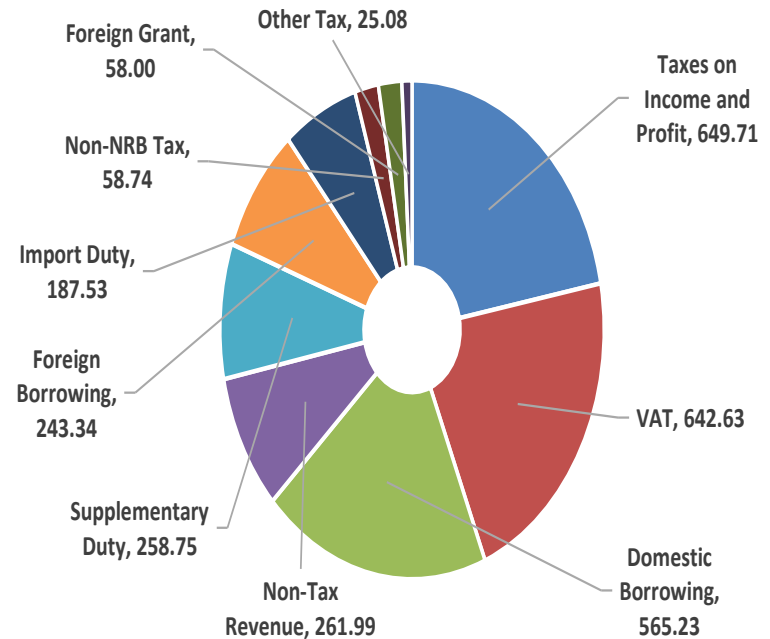
\* Assuming that Travel Tax & other taxes and duties being collected by the Direct Tax Wing of the NBR.

# Budgetary Resources

**Use of Resources**



**Resource Coming From**



Source: Budget Summary FY' 16



# Financing Total Expenditure

(Amount in crore Taka)

	Actual 2013-14	Budget 2014-15	Rev Budget 2014-15	% of TE	Budget 2015-16	% of TE	% change
<b>Overall Exp. Financing:</b>	<b>188,208</b>	<b>250,506</b>	<b>239,668</b>	<b>100.0</b>	<b>295,100</b>	<b>100.0</b>	23.1
<b>External Sources</b>	<b>9,706</b>	<b>24,275</b>	<b>21,583</b>	<b>9.0</b>	<b>30,134</b>	<b>10.2</b>	39.6
Foreign Grants	6,357	6,206	5,674	2.4	5,800	2.0	2.2
Foreign Borrowing (Net)	3,349	18,069	15,909	6.6	24,334	8.2	53.0
<b>Internal Sources</b>	<b>178,510</b>	<b>226,231</b>	<b>218,085</b>	<b>91.0</b>	<b>264,966</b>	<b>89.8</b>	21.5
Revenue to finance NonDev Rev Exp	110,566	128,231	127,371	53.1	164,571	55.8	29.2
Revenue Surplus	29,808	54,723	36,000	15.0	43,872	14.9	21.9
<b>Domestic Borrowing</b>	<b>38,136</b>	<b>43,277</b>	<b>54,714</b>	<b>22.8</b>	<b>56,523</b>	<b>19.2</b>	3.3
Borrowing from Banking System (Net)	18,168	31,221	31,714	13.2	38,523	13.1	21.5
Non-Bank Borrowing (Net)	19,968	12,056	23,000	9.6	18,000	6.1	-21.7

# Financing ADP

(Amount in crore Taka)

	Actual 2013-14	Budget 2014-15	Revised 2014-15	% of TE	Budget 2015-16	% of TE	% change
<b>ADP Financing: ADP Size</b>	<b>55,332</b>	<b>80,315</b>	<b>75,000</b>	<b>100.0</b>	<b>97,000</b>	<b>100</b>	<b>29.3</b>
<b>External Sources</b>	<b>17,718</b>	<b>28,900</b>	<b>26,085</b>	<b>34.8</b>	<b>34,500</b>	<b>35.6</b>	32.3
Project Aid	6,575	27,700	24,900	33.2	34,500	35.6	38.6
Special Support/ Credit for Dev	0	1,200	1,185	1.58	0	0.0	-100.0
Others	11,143	0	0	0	0	0.0	-
<b>Internal Sources</b>	<b>39,997</b>	<b>51,415</b>	<b>48,915</b>	<b>65.2</b>	<b>62,500</b>	<b>64.4</b>	27.8
<b>Total Resources</b>	<b>57,715</b>	<b>80,315</b>	<b>75,000</b>	<b>100</b>	<b>97,000</b>	<b>100</b>	<b>29.3</b>

# Sectoral Allocation in the Budget

<b>Sectoral Allocation in the Budget</b>							
<b>Ministry/Division</b>	<b>Budget 2015-16</b>	<b>Revised 2014-15</b>	<b>Budget 2014-15</b>	<b>Actual 2013-14</b>	<b>Actual 2012-13</b>	<b>Actual 2011-12</b>	<b>Actual 2010-11</b>
<b>a) Social Infrastructure</b>	<b>43%</b> 69,183	63,320	63,036	50,645	42,973	38,677	36,219
<b><u>Human Development</u></b>							
1. Ministry of Education	17,103	16,197	15,540	14,131	11,334	10,579	10,079
2. Ministry of Primary and Mass education	14,502	12,417	13,673	10,957	9,413	8,157	8,304
3. Ministry of health and family Welfare	12,695	11,538	11,146	9,348	8,549	7,667	7,287
4. Others	15,771	15,174	13,706	9,548	7,625	6,869	6,118
<b>Sub Total</b>	<b>60,071</b>	<b>55,326</b>	<b>54,065</b>	<b>43,984</b>	<b>36,921</b>	<b>33,272</b>	<b>31,788</b>
<b><u>Food and social Safety</u></b>							
5. Ministry of Food	1,672	1,136	1,685	919	814	1,122	1,194
6. Ministry of Disaster Management	7,440	6,858	7,286	5,742	5,238	4,283	3,237
<b>Sub Total</b>	<b>9,112</b>	<b>7,994</b>	<b>8,971</b>	<b>6,661</b>	<b>6,052</b>	<b>5,405</b>	<b>4,431</b>

# Sectoral Allocation in the Budget

Sectoral Allocation in the Budget				( Tk. Crore)			
Ministry/Division	Budget 2015-16	Revised 2014-15	Budget 2014-15	Actual 2013-14	Actual 2012-13	Actual 2011-12	Actual 2010-11
<b>b) Physical Infrastructure</b>	<b>57%</b> 90,419	68,958	75,543	58,783	59,258	44,447	38,814
<b>Agriculture and Rural Development</b>							
7. Ministry of Agriculture	12,699	12,278	12,390	12,075	14,822	9,760	8,438
8. Ministry of water Resources	3,886	2,930	3,619	2,743	2,481	2,134	2,040
9. Local government Division	18,867	17,001	15,464	12,399	12,314	9,442	9,037
10. Others	5,523	5,198	5,337	4,526	4,217	4,385	3,648
<b>Sub Total</b>	<b>40,975</b>	<b>37,407</b>	<b>36,810</b>	<b>31,743</b>	<b>33,834</b>	<b>25,721</b>	<b>23,163</b>
<b>Power and Energy</b>	<b>18,540</b>	<b>9,339</b>	<b>11,540</b>	<b>10,504</b>	<b>10,280</b>	<b>7,969</b>	<b>7,233</b>
<b>Transport and Communication</b>							
11. Road Transport and Highway Division	7,911	6,660	6,864	5,560	5,369	7,278	5,584
12. Ministry of railways	7,717	5,328	6,363	4,462	4,841	1	-
13. bridges Divisions	8,953	5,300	8,737	2,067	785	418	385
14. Others	1,748	1,064	1,182	1,070	797	558	503
<b>Sub Total</b>	<b>26,329</b>	<b>18,352</b>	<b>23,146</b>	<b>13,159</b>	<b>11,792</b>	<b>8,255</b>	<b>6,472</b>
<b>15. Other sectors</b>	<b>4,575</b>	<b>3,860</b>	<b>4,047</b>	<b>3,377</b>	<b>3,352</b>	<b>2,502</b>	<b>1,946</b>

# Sectoral Allocation of ADP

Annual Development Programme (Sectoral Allocation)				( Tk. Crore)				
Ministry/Division	Budget 2015-16	Revised 2014-15	Budget 2014-15	Actual 2013-14	Actual 2012-13	Actual 2011-12	Actual 2010-11	
<b>a) Human Resource</b>	<b>22.0%</b>							
1. Ministry of Primary and Mass Education	5,542	4,333	5,778	4,299	3,683	2,408	3,151	
2. Ministry of health and family Welfare	5,331	4,562	4,349	3,416	3,316	2,612	2,551	
3. Ministry of Education	4,197	4,142	3,647	3,034	2,206	1,867	1,598	
4. Others	6,238	7,139	5,745	3,340	2,205	1,682	1,236	
<b>Sub Total</b>	<b>21,308</b>	<b>20,176</b>	<b>19,519</b>	<b>14,089</b>	<b>11,410</b>	<b>8,569</b>	<b>8,536</b>	
<b>b) Agriculture and Rural Development</b>	<b>25.3%</b>							
5. Local government Division	16,650	14,861	13,467	10,542	10,425	7,989	7,573	
6. Ministry of water Resources	3,062	2,142	2,831	1,998	1,756	1,442	1,349	
7. Ministry of Agriculture	1,824	1,432	1,524	1,272	1,111	997	1,025	
8. Others	2,985	2,729	2,924	2,277	1,968	1,870	1,246	
<b>Sub Total</b>	<b>24,521</b>	<b>21,164</b>	<b>20,746</b>	<b>16,089</b>	<b>15,260</b>	<b>12,298</b>	<b>11,193</b>	
<b>c) Power and Energy</b>	<b>19.1%</b>							
9. Power Division	16,485	8,276	9,273	8,589	8,840	7,248	6,028	
10. Energy and Mineral Resources	1,994	1,019	2,223	1,881	1,295	679	987	
<b>Sub Total</b>	<b>18,479</b>	<b>9,295</b>	<b>11,496</b>	<b>10,470</b>	<b>10,135</b>	<b>7,927</b>	<b>7,015</b>	
<b>d) Transport and Communication</b>	<b>22.3%</b>							
11. Ministry of railways	5,650	3,450	4,485	2,858	3,159	-	-	
12. Road Transport and Highway Division	5,675	4,396	4,608	3,625	3,605	4,475	2,952	
13. bridges Divisions	8,921	5,299	8,735	2,067	785	418	384	
14. Others	1,413	774	884	705	532	285	295	
<b>Sub Total</b>	<b>21,659</b>	<b>13,919</b>	<b>18,712</b>	<b>9,255</b>	<b>8,081</b>	<b>5,178</b>	<b>3,631</b>	
<b>Total</b>	<b>85,967</b>	<b>64,554</b>	<b>70,473</b>	<b>49,903</b>	<b>44,886</b>	<b>33,972</b>	<b>30,375</b>	
15. Others	<b>11.4%</b>	11,033	10,446	9,841	5,430	4,758	3,561	2,908
<b>Total ADP</b>	<b>97,000</b>	<b>75,000</b>	<b>80,314</b>	<b>55,333</b>	<b>49,644</b>	<b>37,533</b>	<b>33,283</b>	

# Main Features of Budget FY 2015-16

Both revenue & total expenditure to grow in FY16 by 1.3% & 1.4% of GDP respectively

## Fiscal Framework as % of GDP

Indicator	FY14 (A)	FY15 (B)	FY15 (R)	FY16 (B)	FY17 (T)	FY18 (T)
<b>Revenue</b>	<b>10.4</b>	<b>12</b>	<b>10.8</b>	<b>12.1</b>	<b>12.7</b>	<b>13.1</b>
NBR Revenue	8.3	9.8	8.9	10.3	10.7	11
<b>Non-NBR Revenue</b>	<b>0.3</b>	<b>0.4</b>	<b>0.4</b>	<b>0.3</b>	<b>0.4</b>	<b>0.4</b>
Non-tax Revenue	1.8	1.8	1.5	1.5	1.7	1.7
<b>Expenditure</b>	<b>14</b>	<b>16.4</b>	<b>15.8</b>	<b>17.2</b>	<b>17.4</b>	<b>17.6</b>
of which, ADP	4.1	5.2	5	5.7	5.8	5.9
<b>Budget Deficit</b>	<b>-3.6</b>	<b>-4.4</b>	<b>-5</b>	<b>-5</b>	<b>-4.7</b>	<b>-4.6</b>
Domestic Financing	2.8	2.8	3.6	3.2	2.9	2.8
<b>of which, Banking</b>	<b>1.4</b>	<b>2</b>	<b>2.1</b>	<b>2.2</b>	<b>2.1</b>	<b>2</b>
Foreign Financing	0.7	1.6	1.4	1.8	1.7	1.7

## Growth and Investment

Indicator	FY14 (A)	FY15 (B)	FY15 (R)	FY16 (B)	FY17 (T)	FY18 (T)
<b>GDP growth (%)</b>	<b>6.1</b>	<b>7.3</b>	<b>6.5</b>	<b>7</b>	<b>7.2</b>	<b>7.4</b>
Investment (as % of GDP)	28.6	29.7	29	30.1	31	31.8
<b>Private (as % of GDP)</b>	<b>22</b>	<b>22.2</b>	<b>22.1</b>	<b>22.8</b>	<b>23.4</b>	<b>24</b>
Public (as % of GDP)	6.5	7.5	6.9	7.3	7.5	7.8
<b>ICOR</b>	<b>4.7</b>	<b>4.1</b>	<b>4.5</b>	<b>4.3</b>	<b>4.3</b>	<b>4.3</b>
CPI inflation (%)	7.4	6.5	6.5	6.2	6	6

# Public Expenditure Framework

Total Public Expenditure				
Sector	Share in	Share in	Change in FY16B over FY15R	
	BFY16	RBFY15	CroreTk	%
	%			
<b>Public Service</b>	<b>19.2</b>	<b>13.6</b>	<b>24208</b>	<b>74.5</b>
Interest Payments	11.9	12.5	5244	17.6
<b>Education and Technology</b>	<b>11.6</b>	<b>14</b>	<b>871</b>	<b>2.6</b>
Transport and Communication	9.7	8.3	8834	44.5
<b>LGRD</b>	<b>7.1</b>	<b>8</b>	<b>1708</b>	<b>8.9</b>
Agriculture	6.8	7.6	1860	10.3
<b>Fuel and Energy</b>	<b>6.3</b>	<b>3.9</b>	<b>9202</b>	<b>98.5</b>
DefenceServices	6.2	7.4	613	3.4
<b>Social Security and Welfare</b>	<b>5.7</b>	<b>5.8</b>	<b>2770</b>	<b>19.8</b>
Public Order and Safety	4.6	5.8	-253	-1.8
<b>Health</b>	<b>4.3</b>	<b>4.8</b>	<b>1158</b>	<b>10</b>
Housing	1	0.8	898	44.5
<b>Industrial and Economic Services</b>	<b>0.9</b>	<b>1.2</b>	<b>-119</b>	<b>-4.1</b>
Recreation, Culture and Religious Affairs	0.8	0.9	227	11
<b>Others(Memorandum Item)</b>	<b>3.8</b>	<b>5.5</b>	<b>-1789</b>	<b>-13.6</b>
<b>Total Expenditure</b>	<b>100.00</b>	<b>100.00</b>	<b>55,432.00</b>	<b>23.10</b>

# Post-2015 Agenda in the Budget: 7th FYP & SDGs

- ▶ FY2014-15 is the last year that will end Millennium Development Goals (MDGs).
- ▶ Budget for FY2016 will be the first one and be considered as the 'benchmark year' in view of **Sustainable Development Goals (SDGs)** for next 15 years (2016-2030).
- ▶ Accordingly, the targets set for budget FY2016 need to be formulated carefully and to be in consonance with the **7th FYP (2015-2010)** targets.
- ▶ Besides, within next few months the global development agenda, SDGs, will be finalized at UN.
- ▶ Budget for FY2016 will also be the first step towards implementation of the global development agenda in the Bangladesh context.
- ▶ In view of all these, Budget for FY2016 will be an important policy document for the incumbent government.



# Post-2015 Agenda in the Budget: 7th FYP & SDGs

On continuation of the development of the Country's Economy, the Government is stepping forward for formulating the **7<sup>th</sup> FYP** which builds on the unmet targets of the 6<sup>th</sup> FYP and the post- 2015 agenda. It will be implemented from July 2015 onwards. Significant issues included in this plan are:

- ▲ Removal of infrastructural bottlenecks in power, energy and transport sectors
- ▲ Development of technical and IT knowledge based human resources
- ▲ Determination of development strategies for agriculture and small and medium industries
- ▲ Formulation of strategies for exporting ICT, health and education services
- ▲ Revitalization of public-private partnership initiatives
- ▲ Increase of export and diversification of export products

# New Issues in the Budget: Child Budget

- ✦ The much awaited child budget has been introduced in FY2016!
- ✓ Appreciable government initiative
- ✦ Child budget shows allocation of 5 ministries; however, no new allocation is made

<b>Ministry of Health and Family Welfare's</b>					
<b>Type of Expenditure</b>	<b>2015-16</b>	<b>2014-15</b>	<b>2013-14</b>	<b>2012-13</b>	<b>2011-12</b>
Total allocation as % of total budget	4.13	4.74	5	4.87	5.13
Total expenditure as % of GDP	0.71	0.75	0.7	0.71	0.73
<b>Ministry of Education and Ministry of Primary and Mass Education</b>					
Total allocation as % of total budget	10.72	11.91	13.33	11.81	12.51
Total expenditure as % of GDP	1.84	1.89	1.87	1.73	1.78
<b>Ministry of Social Welfare and Ministry of Women and Children Affairs</b>					
Total allocation as % of total budget	1.67	1.8	1.84	1.87	2.01
Total expenditure as % of GDP	0.28	0.27	0.26	0.28	0.27

# New Issues in the Budget: Others

- ▶ **Some highlights on Seventh FYP (2015-2020):** Necessary strategies for savings, investment, government income and expenditure, deficit financing, foreign aid, public-private partnership, infrastructural development and reforms.
- ▶ **Manpower export & remittance enhancement:** Commitments to explore new destinations through diplomatic efforts to increase manpower export as well as remittance income in the coming days.
- ▶ **Removal of Private Sector Investment Impediments:** Merger of the Board of Investment and the Privatization Commission will soon be completed to form a new organization that will be able to provide proper one stop services to investors.
- ▶ **New Electricity Transmission/Distribution Line:** There is a plan to construct 10 thousand km new transmission line and 1 lakh 50 thousand km new distribution line to bring everybody under electricity coverage.

# New Issues in the Budget: Others

- ▶ **New Airports:** There are plans to construct Khan Jahan Ali and Bangabandhu Sheikh Mujibur Rahman Airports.
- ▶ **New initiatives for industrial expansion:** Benaroshi Palli at Gongachora, special industrial zone at Kumarkhali and new industrial estates in Gopalganj, Comilla, Mirsarai, Sirajgonj, Sreemongol, Bhairab, Pabna and Borguna are being established. Side by side, construction of a fertilizer factory with a production capacity of 5.8 lakh MT at Fenchugonj and establishment of a training academy in Dhaka for the development of plastic industry are underway. A Memorandum of Understanding has been signed with a Chinese investment company to establish a garments industry park at Munshigonj.
- ▶ **Widened facility to ensure Right to information:** There is a plan to open 7 new press wings in Bangladesh missions abroad.

# New Issues in the Budget: Others

- ▶ **New Insurance Schemes:** A number of new schemes including social security insurance have been introduced in state- owned insurance companies.
- ▶ **New Pay Scale** for Government Employees (phase-wise)
- ▶ A new scheme for **Wealth Tax**
- ▶ Government has taken a comprehensive plan for capacity building of NBR for addressing the issue of **money laundering** and exchange of information for taxation purpose. The Government is also planning to establish income tax cell to collect information regarding money laundering and scrutinize income of dual citizens which will eventually build capacity to discharge responsibilities regarding international tax matters.
- ▶ Initiative has been taken to expand **Tax Fair up to the upazila level.**

# Post-Budget Bangladesh in Lower Middle Income Group

**PRESS RELEASE of the World Bank on July 1, 2015**

## **WB Update Says Bangladesh Moves Up in Income Bracket**

▲ The World Bank's latest estimates of Gross National Income per capita (GNI) continue to show improved economic performance in many low-income countries, with **Bangladesh**, Kenya, Myanmar, and Tajikistan now becoming lower-middle income countries, joining those with annual incomes of \$1,046 to \$4,125.

▲ According to data released by Bangladesh Bureau of Statistics (BBS) on May 14, the per capita income in Bangladesh rose from \$1,190 to **\$1,314**. **[214% increase required to reach \$4,125]**

# Post-Budget Undesirable Issues

Slide 1-23

## VAT on Higher Education

- ▲ The High Court on **August 09, 2015** questioned the legality of a government decision to impose **7.5 percent VAT** on the tuition fee of students of private universities and medical and engineering colleges.
- ▲ The court issued a rule upon the authorities concerned of the government to explain in three weeks as to why the decision would not be declared illegal.



# Post-Budget Undesirable Issues

- ADP implementation is only 1% in July 2015:

<u>July</u>	FY16	FY15	FY14
<b>Total Expenditure: Crore Tk</b>			
Including Own Financing	714	1890	1796
Excluding Own Financing	607	1847	1743

<u>July</u>	FY16	FY15	FY14
<b>Total Expenditure:</b>			
Including Own Financing	1%	2%	2%
Excluding Own Financing	1%	2%	3%



# Post-Budget Undesirable Issues

- ▲ **Sugar** import made costlier by imposing increased **import duty** [SRO No. 276-Ain/2015/54/Customs, dated 26 August 2015] and **20% Regulatory Duty** [SRO No. 276-Ain/2015/55/Customs, dated 26 August 2015]
  - ◆ Duties on imports **raw sugar** raised to around Tk. 7,000 (\$90) from Tk. 2,000
  - ◆ Duties on imports **refined sugar** raised to around Tk. 10,500 (\$135) from Tk. 4,500
  
- ▲ On August 27, 2015, **Gas and Electricity Tariff increased** with effect from Sept 01; average increase @ 2.97% in case of electricity; average increase @ 26.29% in case of gas; [last public hearing held in Jan and Feb 2015 by BERC; tariff hike to be announced in 90 days]

# End of the Presentation

**Thank you.**