

ICMAB Pre-Budget Discussion

# Upcoming National Budget for FY 2016-17

Presented by:

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# Issues to be discussed:

- ▶ Introduction
- ▶ Context of Budget: **7<sup>th</sup> FYP & SDGs**
- ▶ Summary of the Budget
- ▶ Main Features of the Budget

# Introduction

Slide 1-3

The National Budget for the financial year (FY) 2015-2016 will be placed by the Finance Minister Mr. Abul Maal Abdul Muhith, MP, on 02 June 2016 (first Thursday in June; last year on June 04).

- ★ Finance Bill will be placed on June 02, 2016.
- ★ Finance Bill is usually passed on June 29, 2016 and
- ★ Budget is usually passed on 30 June 2015.

# GDP Growth Chart during Plan Periods

Specific plan	Plan Periods (FY)	Average GDP Growth Rate		Ratio of actual to plan (%)	Per Capita GDP growth (%)
		Plan (%)	Actual (%)		
First Plan	1973-1978	5.5	4.0	73	1.3
Second Plan	1980-1985	5.4	3.8	70	1.5
Third Plan	1985-1990	5.4	3.8	70	1.6
Fourth Plan	1990-1995	5.0	4.2	84	2.4
Fifth Plan	1997-2002	7.1	5.1	72	3.5
Sixth Plan	2010-2015	7.3	6.3	86	4.9

Source: BBS

# 7<sup>th</sup> Five Year Plan Targets

<b>Targets</b>	<b>Base Year 2010</b>	<b>Progress under 6<sup>th</sup> FYP 2010-15</b>	<b>7<sup>th</sup> FYP 2015-20</b>
Real GDP Growth (%)	6.1	6.5	8
Head Count Poverty (%)	31.5	24.8	18.6
Growth in agriculture (%)	6.15	3.04	3.34
Growth in industry (%)	7.03	9.6	10.9
Growth in services (%)	5.53	5.83	6.49
Total Revenue(% of GDP)	9.98	10.7	16.1
NBR Tax Revenue (% of GDP)	8.03	9.0	13.7
Fiscal Deficit incl. Foreign Grants (% of GDP)	3.3	4.7	4.7

Continued.....

# 7<sup>th</sup> Five Year Plan Targets

<b>Targets</b>	<b>Base Year 2010</b>	<b>Progress under 6<sup>th</sup> FYP 2010-15</b>	<b>7<sup>th</sup> FYP 2015-20</b>
Total Government Spending (% of GDP)	13.88	15.7	21.1
National Savings (% of GDP)	29.44	29.01	32
Gross Domestic Investment (% of GDP)	26.25	28.97	34.4
Access to improved sanitation facilities (% of population)	53	57	100
Income Inequality (Gini coefficient)	0.458	--	0.450

## **Post-2015 Sustainable Development Goals(SDGs) a proposed by the Open Working Group(OWG)**

The first year of the 7th Plan coincides with the launch of the UN post-2015 Sustainable Development Goals (SDGs):

***Transforming our world: the 2030  
Agenda for Sustainable Development***

Continued.....

## Post-2015 Sustainable Development Goals(SDGs) a proposed by the Open Working Group(OWG)

- ▲ **SDG 1** End Poverty in all its forms everywhere
- ▲ **SDG 2** End hunger, achieve food security and improved nutrition, and promote sustainable agriculture
- ▲ **SDG 3** Ensure healthy lives and promote well-being for all at all ages
- ▲ **SDG 4** Ensure inclusive and equitable quality education and promote life-long learning opportunities for all

Continued.....



## Post-2015 Sustainable Development Goals(SDGs) a proposed by the Open Working Group(OWG)

- ▶ **SDG 5** Achieve gender quality and empower all women and girls
- ▶ **SDG 6** Ensure availability and sustainable management of water and sanitation for all.
- ▶ **SDG 7** Ensure access to affordable, reliable, sustainable, and modern energy for all

Continued.....

## Post-2015 Sustainable Development Goals(SDGs) a proposed by the Open Working Group(OWG)

- ▶ **SDG 8** Promote *sustained, inclusive and sustainable economic growth*, full and productive employment and decent work for all
- ▶ **SDG 9** Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

Continued.....

## Post-2015 Sustainable Development Goals(SDGs) a proposed by the Open Working Group(OWG)

- ▲ **SDG 10** *Reduce inequality* within and among countries
- ▲ **SDG 11** Make cities and human settlement inclusive, safe, resilient and sustainable
- ▲ **SDG 12** Ensure sustainable consumption and production patterns
- ▲ **SDG 13** Take urgent action to combat climate change and its impacts

Continued.....

## Post-2015 Sustainable Development Goals(SDGs) a proposed by the Open Working Group(OWG)

- ▲ **SDG 14** Conserve and sustainably use the oceans, seas and marine resources for sustainable development
- ▲ **SDG 15** Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse and degradation and halt biodiversity loss

Continued.....

## Post-2015 Sustainable Development Goals(SDGs) a proposed by the Open Working Group(OWG)

- ▶ **SDG 16** Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institution at all levels
- ▶ **SDG 17** Strengthen the means of implementation and revitalize the global partnership for sustainable development

# Bangladesh: Key Economic Indicators, FY15 to FY20

Components	FY15	FY16	FY17	FY18	FY19	FY20	Average (FY16-20)
	Est.	Projection (% of GDP)					
Real GDP Growth	6.5	7.0	7.2	7.4	7.6	8.0	<b>7.4</b>
Gross Investment	28.9	30.1	31.0	31.8	32.7	34.4	<b>32.0</b>
National Savings	29.0	28.9	29.5	30.0	30.5	31.9	<b>30.2</b>
Total Revenue	10.8	12.1	13.5	14.3	15.1	16.1	<b>14.2</b>
<b>Tax Revenue</b>	<b>9.3</b>	<b>10.6</b>	<b>11.5</b>	<b>12.3</b>	<b>13.1</b>	<b>14.1</b>	<b>12.3</b>
Non-Tax Revenue	1.5	1.5	2.0	2.0	2.0	2.0	<b>1.9</b>

Sources: BBS, Bangladesh Bank, Ministry of Finance and Seventh Plan Projection, GED

# Bangladesh: Central Government Operations, FY15 to FY20

Components	FY15	FY16	FY17	FY18	FY19	FY20	Average (FY16-20)
	Est.	Projection					
		(in billions of Taka )					
Total Revenue	1633	2084	2635	3171	3809	4627	3265.2
Tax Revenue	1406	1822	2244	2728	3304	4052	2830.2
NBR Tax Revenue	1350	1764	2166	2639	3203	3937	2741.9
Non-Tax Revenue	227	262	390	444	504	575	435.0

Sources: Ministry of Finance and Seventh Plan Projection

# Bangladesh: Central Government Operations, FY15 to FY20

Components	FY15	FY16	FY17	FY18	FY19	FY20	Average (FY16-20)
	Est.	Projection					
	(in Percent of GDP)						
Total Revenue and Grants	11.2	12.5	13.9	14.7	15.5	16.5	14.6
<b>Total Revenue</b>	10.8	12.1	13.5	14.3	15.1	16.1	14.2
Tax Revenue	9.3	10.6	11.5	12.3	13.1	14.1	12.3
NBR Tax Revenue	8.9	10.3	11.1	11.9	12.7	13.7	11.9
Non-Tax Revenue	1.5	1.5	2.0	2.0	2.0	2.0	1.9



# Bangladesh: Central Government Operations, FY15 to FY20

Components	FY15	FY16	FY17	FY18	FY19	FY20	Average (FY16-20)
<b>Deficit Financing (incl. Forn.Grants)</b>	Est.	Projection					
		(in Percent of GDP)					
<b>External</b>	<b>1.1</b>	<b>1.4</b>	<b>1.2</b>	<b>1.2</b>	<b>1.1</b>	<b>1.0</b>	<b>1.2</b>
<b>Domestic</b>	<b>3.6</b>	<b>3.3</b>	<b>3.4</b>	<b>3.5</b>	<b>3.6</b>	<b>3.7</b>	<b>3.5</b>
Bank	2.2	2.1	2.2	2.3	2.4	2.5	2.3
Non-Bank	1.4	1.2	1.2	1.2	1.2	1.2	1.2

# Contribution to GDP growth in last one decade

Sectors	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16(P)
Agriculture	1.21	0.81	0.61	1.07	0.78	0.52	0.41	0.70	0.53	0.40
Industry	2.18	1.73	1.71	1.77	2.31	2.47	2.59	2.27	2.74	2.95
Services	3.42	3.02	2.66	2.89	3.25	3.43	2.88	2.92	3.00	3.44
Tax less Subsidy	0.26	0.46	0.06	-0.17	0.12	0.10	0.13	0.16	0.28	0.26
<b>GDP</b>	<b>7.06</b>	<b>6.01</b>	<b>5.05</b>	<b>5.57</b>	<b>6.46</b>	<b>6.52</b>	<b>6.01</b>	<b>6.06</b>	<b>6.55</b>	<b>7.05</b>

# GDP growth last year, this year & next year

Financial Year	Budget	Revised	Actual
FY15 (2014-15)	7.30	6.51	6.55
FY16 (2015-16)	7.00	7.05	--
FY17 (2016-17)	Initial: 7.2 Latest: 7.5	--	--

- Major objective of last year's Budget (FY16) was: **to "break free of the 6 percent growth trap"** & this will expectedly be achieved.
- Major objective of this year's Budget (FY17) will be: **"equity facilitating growth budget"**.

SDG 10

SDG 8

# 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. Forn. 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>		

# National Budget 2016-17 (prov.)

Estimation available in mid-April 2016

(Amount in crore Taka)

Particulars	Actual 2014-15	Budget 2015-16	Revised 2015-16(P)	% of TE	Budget 2016-17 (P)	% of TE	% incr - %
<b>Revenue</b>	<b>145,950</b>	<b>208,443</b>	<b>177,000</b>	<b>66.9</b>	<b>243,000</b>	<b>71.3</b>	<b>37.3</b>
NBR Revenue	123,960	176,370	150,000	56.7	200,300	58.8	33.5
Non-NBR Revenue	21,990	32,073	27,000	10.2	42,700	12.5	58.1
<b>Total Expend. (TE)</b>	<b>204,226</b>	<b>295,100</b>	<b>264,500</b>	<b>100.0</b>	<b>340,600</b>	<b>100.0</b>	<b>28.8</b>
ADP	60,238	97,000	91,000	34.4	113,000	33.2	24.2
Non-ADP	143,988	198,100	173,500	65.6	227,600	66.8	31.2
<b>Deficit (excl. Forn. Grants)</b>	<b>-58,276</b>	<b>-86,657</b>	<b>-87,500</b>	<b>-33.1</b>	<b>-97,600</b>	<b>-28.7</b>	<b>11.5</b>

Sources: CPD's Budget Recommendations; 17 April 2016

# National Budget 2016-17 (prov.)

(Amount in crore Taka)

Estimation available after 1 month

Particulars	Budget 2015-16	% of TE	Budget 2016-17 (P)	% of TE	% incr from Budget
<b>Revenue</b>	<b>208,443</b>	<b>78.8</b>	<b>242,752</b>	<b>71.2</b>	<b>16.5</b>
NBR Revenue	176,370	66.7	203,152	59.6	15.2
Non-NBR Revenue	32,073	12.1	39,600	11.6	23.5
<b>Total Expenditure (TE) (as % of GDP)</b>	<b>295,100 (17.19)</b>	<b>111.6</b>	<b>340,735 (17.38)</b>	<b>100.0</b>	<b>15.5</b>
ADP	97,000	36.7	110,700	37.5	14.1
Non-ADP	198,100	74.9	230,035	78.0	16.1
<b>GDP</b>	<b>1,716,700</b>		<b>1,961,000</b>		<b>14.2</b>
GDP Growth Rate (%)	7.0		7.5		
Inflation (%)	6.2		5.8		
<b>Budget Deficit incl Forn. Grants</b>	<b>(91,800)</b>		<b>(97,254)</b>		<b>5.9</b>
Bank Loan	38,523		43,774		13.6

Source: *The Prothom Alo*; 17 May 2016

# NBR's Revenue Collection up to March 2016

(Amount in crore Taka)

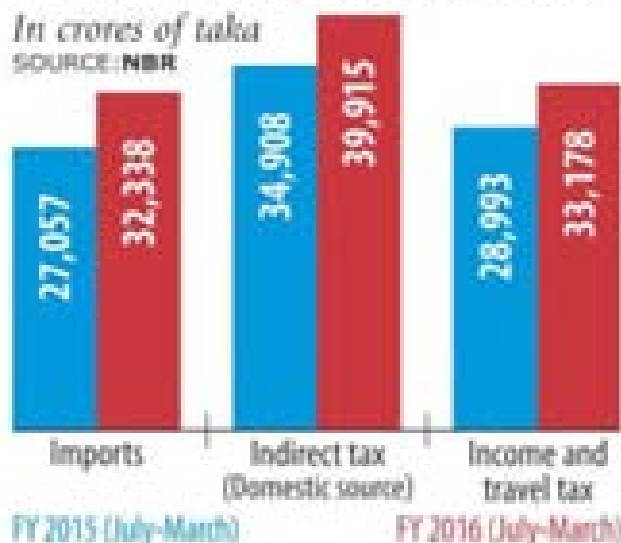
	Budget 2015-16	Rev Budget 2015-16	Collection Jul'14-Mar'15	Collection Jul'15-Mar'16	Increase in Collection
01. Import Duty	18,837.80		10,601.35	12,873.00	21.43
02. VAT (Import)	21,518.20		12,720.44	14,698.12	15.55
03. SD (Import)	6,142.75		3,701.28	4,738.26	28.02
04. Export Duty	37.25		34.50	27.68	(19.77)
<b>Import-stage Indirect Taxes</b>	<b>46,536.00</b>	<b>42,500.00</b> (8.67)	<b>27,057.57</b>	<b>32,337.06</b>	<b>19.51</b>
05. Excise Duty	1,211.16		886.32	1,388.37	56.64
06. VAT (Local)	40,728.21		22,639.06	24,492.40	8.19
07. SD (Local)	21,956.78		11,380.47	14,031.16	23.29
08. Turnover Tax	5.85		3.13	3.50	11.82
<b>Local-stage Indirect Taxes</b>	<b>63,902.00</b>	<b>54,064.00</b> (15.40)	<b>34,908.98</b>	<b>39,915.43</b>	<b>14.34</b>
09. Income Tax	64,701.00		28,372.01	32,495.13	14.53
10. Travel Tax	1,231.00		621.08	683.86	10.11
<b>Direct Taxes</b>	<b>65,932.00</b>	<b>53,436.00</b> (18.95)	<b>28,993.09</b>	<b>33,178.99</b>	<b>14.44</b>
<b>Total NBR Tax</b>	<b>176,370.00</b>	<b>150,000.00</b> (14.95)	<b>90,959.64</b>	<b>105,431.48</b>	<b>15.91</b>

# NBR's Revenue Collection up to March 2016

(Amount in crore Taka)

## REVENUE COLLECTION TREND

In crores of taka  
SOURCE: NBR



**NBR's annual revenue target for FY16:**

**Original** Tk 176,370 crore; **Revised** Tk. 150,000 crore (14.95% lower)

**NBR's revenue target for April-June, FY16:** Tk 44,568 crore

**NBR's revenue collection (July-March, FY16):**

**Total Tax:** Tk 105,432 crore (70.29% of Rev Target)  
16% higher than same period in FY15

**Indirect Tax (Import):** Tk 32,338 crore (+20%)

**Indirect Taxes (Local):** Tk 39,915 crore (+14%)

**Indirect Taxes (Total):** Tk 72,252 crore (+17%)

**Direct Taxes (Total):** Tk 33,179 crore (+14%)

**Income Tax:** Tk 32,495 crore (+15%)

**VAT (Total):** Tk 39,910 crore (+11%)

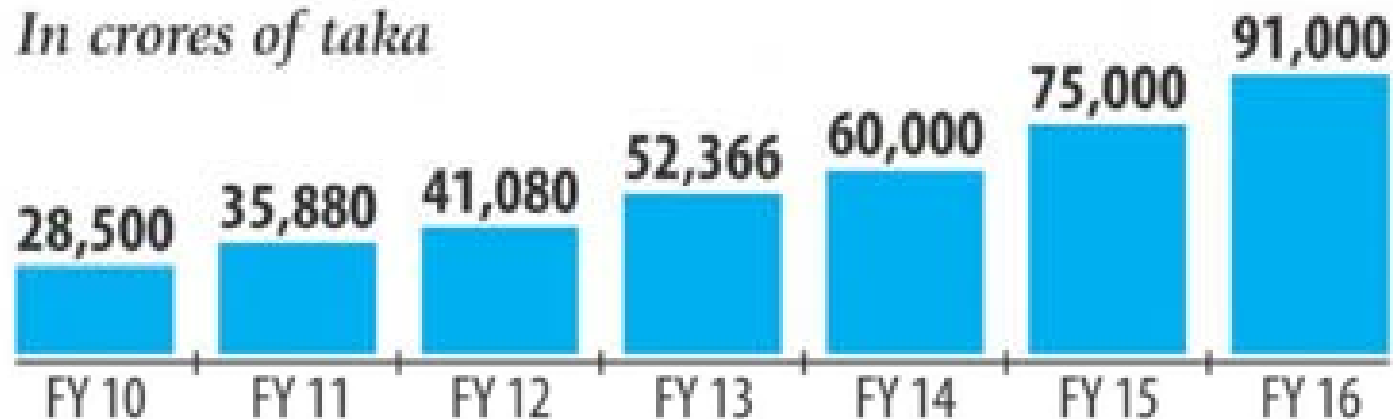


# ADP in National Budget (Rev) FY10-FY16

(Amount in crore Taka)

## REVISED ADP ALLOCATION

*In crores of taka*



Source: *The Daily Star*, 13 May 2016

# ADP in National Budget 2016-17 (prov.)

(Amount in crore Taka)

## **ADP for 2016-17:**

National Economic Council (on 12 May 2016) approved ADP of Tk 110,700 crore

21.64 percent higher than the revised allocation for FY16 Original Budget Tk 97,000 crore (Rev. Budget Tk 91,000 crore)

## **Transport infrastructure projects:**

Allocation for FY17: Tk 28,503 crore or 26.10% of total ADP

## **Padma Bridge Project:**

As of March '16, Expenditure Tk 9,134 crore out of total allocation of Tk 28,793 crore for the bridge

For FY17, Tk 6,026 crore has been allocated for the bridge. The government aims to complete the project by 2018.

Source: *The Daily Star*, 13 May 2016

# ADP in National Budget 2016-17 (prov.)

(Amount in crore Taka)

## **Education and religious affairs sector:**

The second highest allocation, which is Tk 14,457 crore or 13.24% percent of total ADP.

## **Physical infrastructure, water supply and housing:**

Third highest allocation—Tk 12,971 crore or 11.88% of ADP

**Power sector:** Tk 12,564 crore.

**Rural development and rural institutions:** Tk 8,987 crore

**Health sector:** Tk 6,979 crore,

**Agriculture:** Tk 4,991 crore,

**Science and information technology:** Tk 3,388 crore.

**Separate development budget for the autonomous bodies (implemented with their own resources):**

For FY17 Tk 12,645 crore (FY16: rev. Tk 2,895 crore)

Source: *The Daily Star*, 13 May 2016

# End of the Presentation

**Thank you.**