



National Budget 2022-23: Summary



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**BUDGET
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Technical Assistance to Support the Implementation of the PFM Reform Strategic Plan in Bangladesh

National Budget 2022-23: Summary

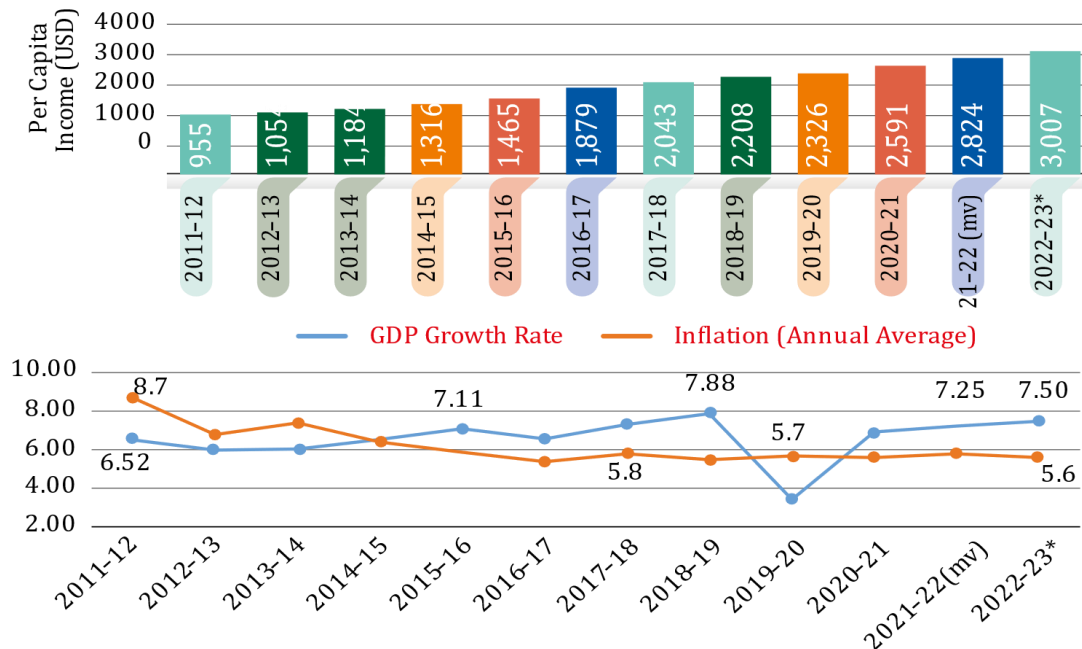
1. Background of the Budget

On the 9th of June, the budget for the fiscal year of 2022-23 has been presented with the title “Return to the Path of Development Leaving the COVID-19 Behind”. It has been delivered by the Hon’ble Finance Minister A.H.M Mostafa Kamal MP in a session chaired by the Hon’ble Speaker of the prestigious National Parliament, Dr. Shirin Sharmin Chaudhury MP, and in the presence of the Hon’ble Prime Minister Sheikh Hasina along with all the MPs.

Under the current Awami League government since 2009, the average GDP growth rate for the past 13 years was 6.6%, which crossed 8% in 2018-19. During the covid pandemic, in 2019-20, Bangladesh’s GDP growth rate was 3.45%. Bangladesh’s development’s consistency and economic resilience allowed the country to return to its original financial state and gained a GDP growth rate of 6.96% during the fiscal year of 2021-22.

Despite being in a global crisis, the nation’s per capita income increased to 2824 USD and inflation is also at a tolerable level. In the budget GDP’s growth rate is estimated to be 7.5% and the GDP’s size is estimated to be 4,449,959 crores taka.

Figure 1: Per Capita Income, GDP Growth Rate and Inflation

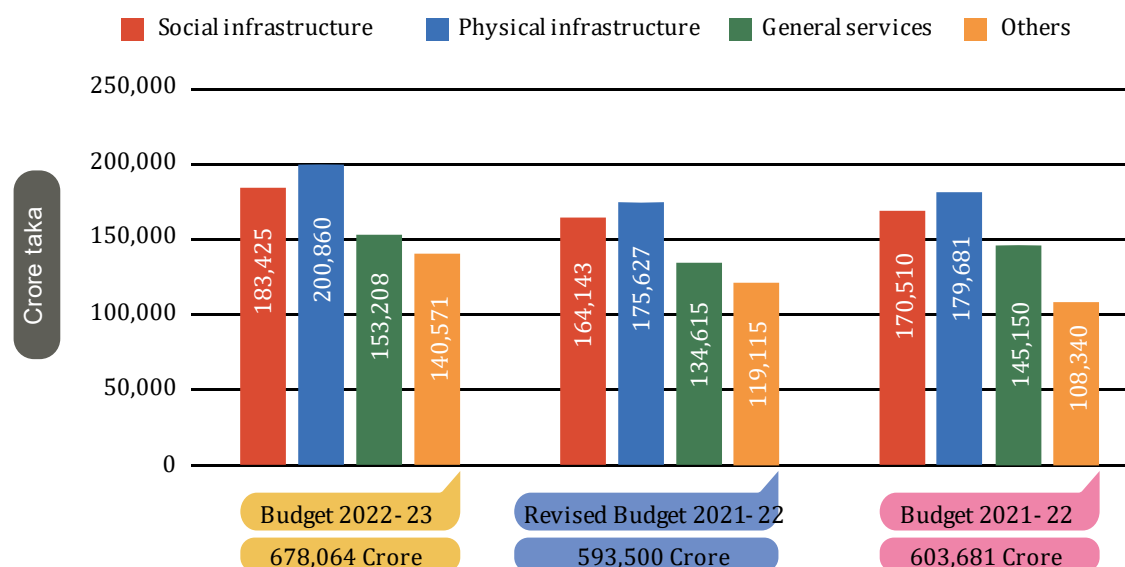


Source: Budget Speech 2022-23, 9 June 2022; * Estimated

2. Allocation Proposals for Budget 2022-23

The budget for the fiscal year of 2022-23 is 6,78,068 crores taka, which is allocated for social infrastructure, physical infrastructure, social services, loan repayment, PPP subsidies and liabilities, and many other sectors. This budget is 14.25% more than the revised budget for the fiscal year 2020-21. Of the budget, 79.3% has been allocated to different ministries and divisions, public order and safety and the rest 20.7% will be used to repay loans, PPP subsidies, and liabilities, net loan provided, etc.

Figure 2: National Budget 2022-23: Sector wise Allocation

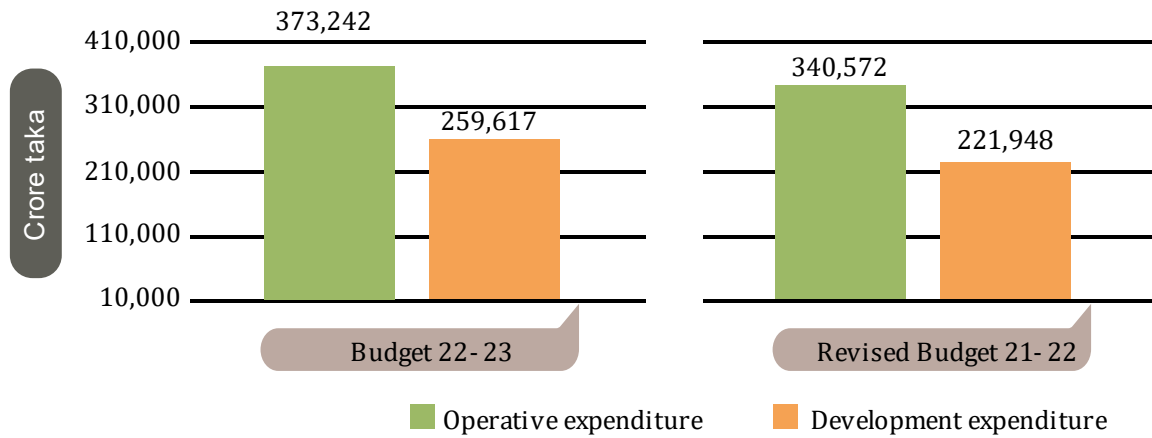


Source: Budget Speech 2022-23, 9 June 2022

3. Expenditure Proposals for Budget 2022-23

Conventionally, the budget's main expenditure sector has been recurrent operating expenses and development costs. Recurrent operating cost of the 2022-23 budget is 9.59% more compared to 2021-22's revised budget. In this sector, the expense is calculated to be 3,73,282 crores which is 55% of the total budget. Total development cost's main part is "Annual Development Program (ADP)" and its related expenses being 94.78%. The development cost was 5.6% of the total 2021-22 revised budget that increased to 5.8% in the new budget.

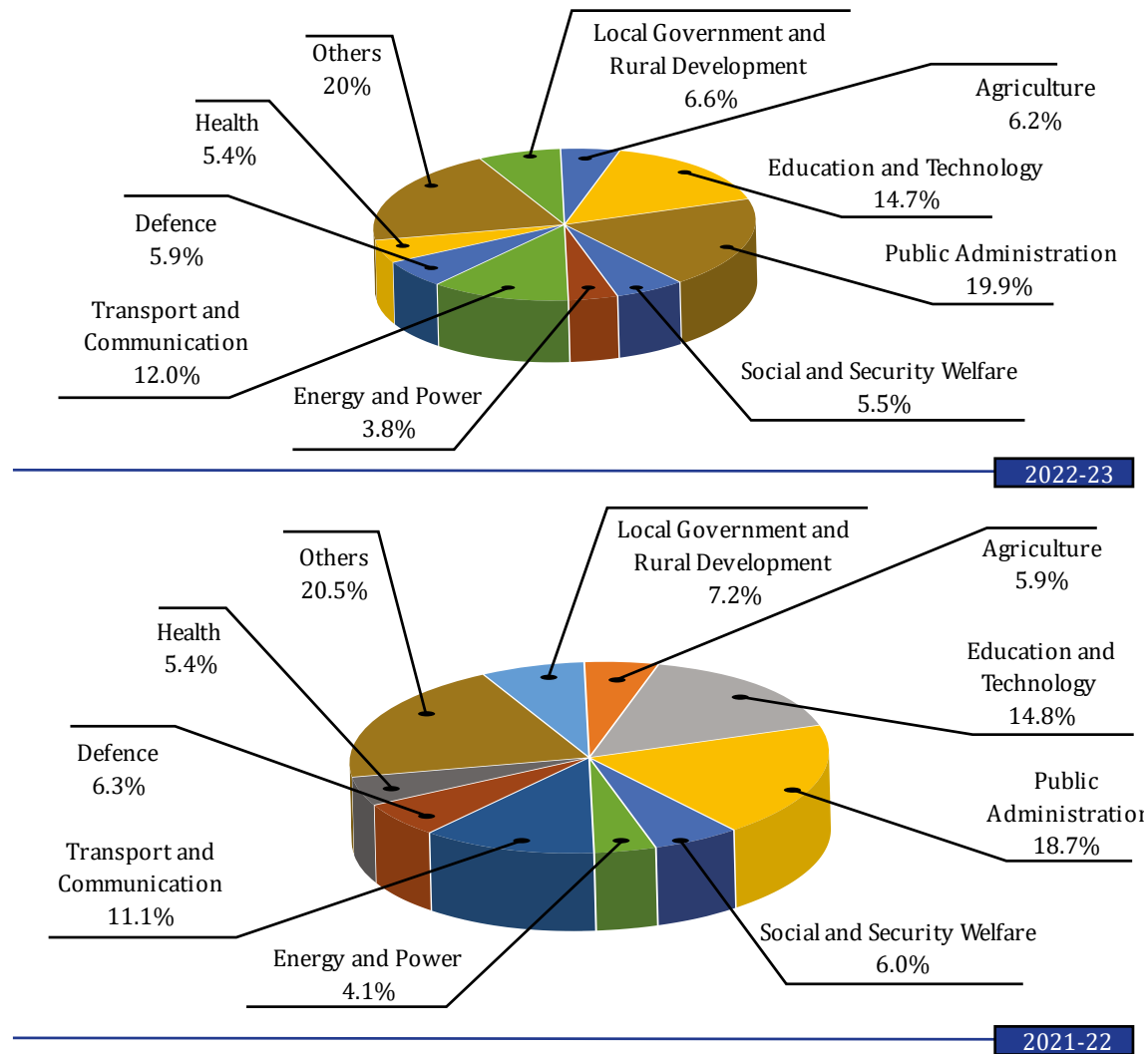
Figure 3: National Budget 2022-23: Comparative Expenditure



Source: Ministry of Finance, 2022

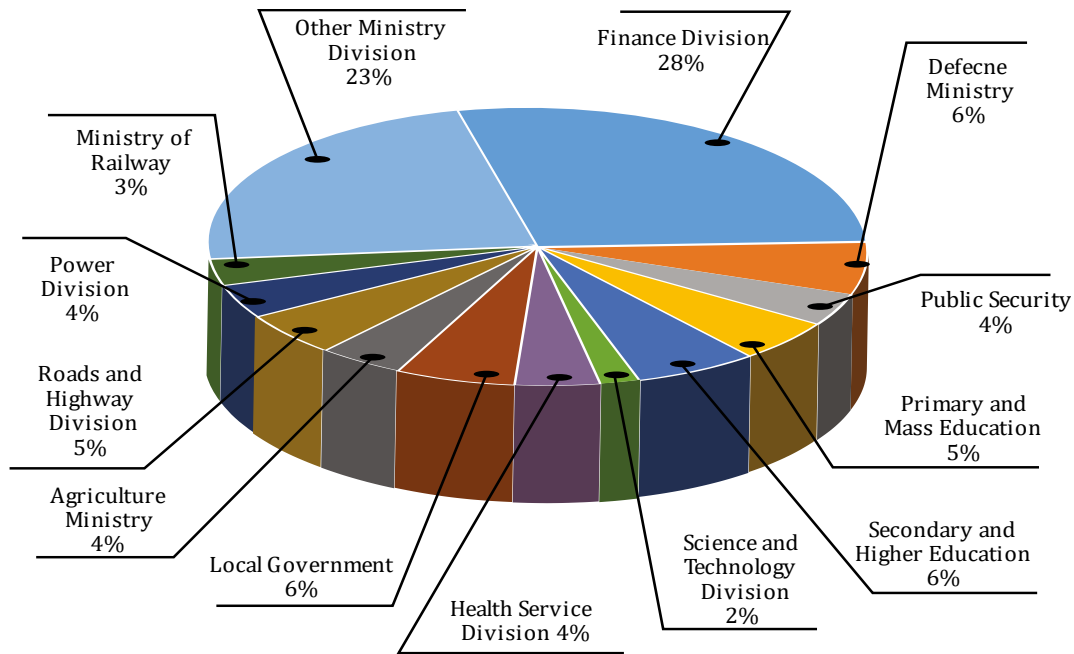
The main sectoral allocations in the budget are assigned to the education and technology, agriculture, local government and rural development, electricity and fuel, health, defence, public administration, transportation and communications, and social safety and welfare. The finance division got the highest (28%) allocation.

Figure 4: Comparative Scenario of Sectorwise Budget Allocation



Source: Budget Documents 2022-23 and 2021-22, Ministry of Finance

Figure 5: Ministry/Sectorwise Budget Expenditure (2022-23)

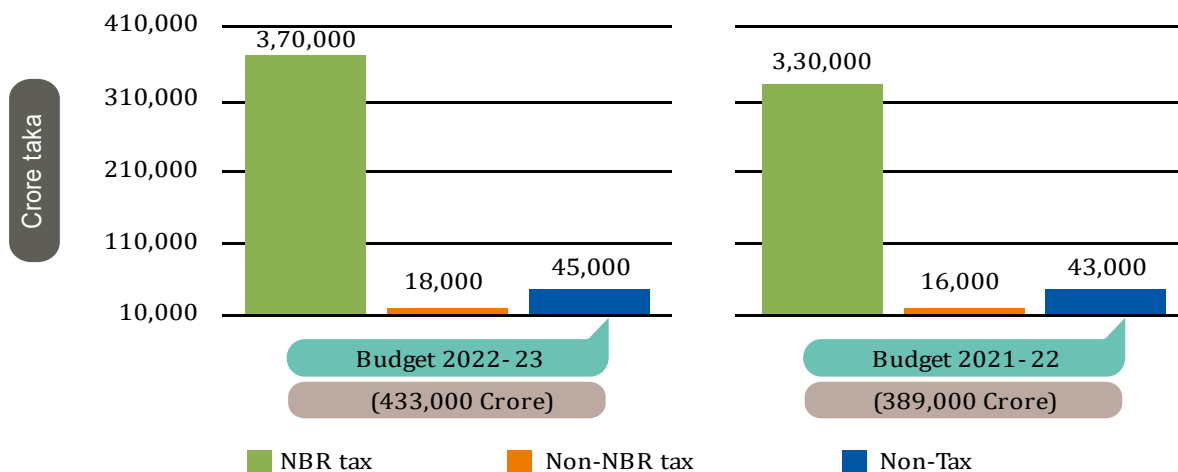


Source: Budget Speech 2022-23, 9 June 2022 (Estimated)

4. Revenue Income Proposal for Budget 2022-23

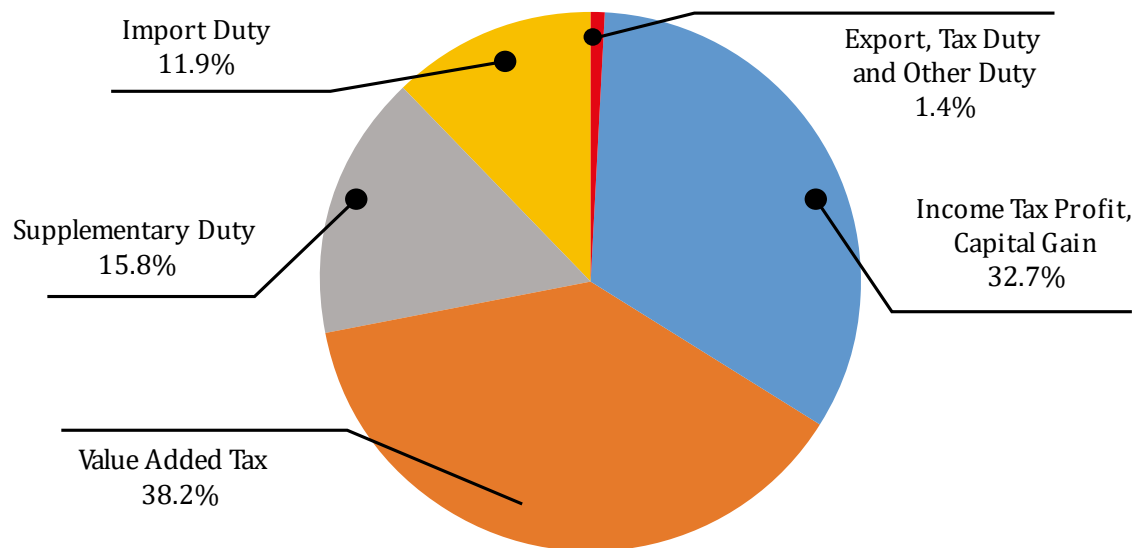
Value Added Tax (VAT) accounts for the major share of the NBR's total estimated revenue (38%). In addition to this income tax, profit and capital receipts will be responsible for the rest 33% of the tax collection.

Figure 6: National Budget 2022-23: Comparative Scenario of Revenue



Source: Budget Speech 2022-23

Figure 7: Distribution NBR Tax

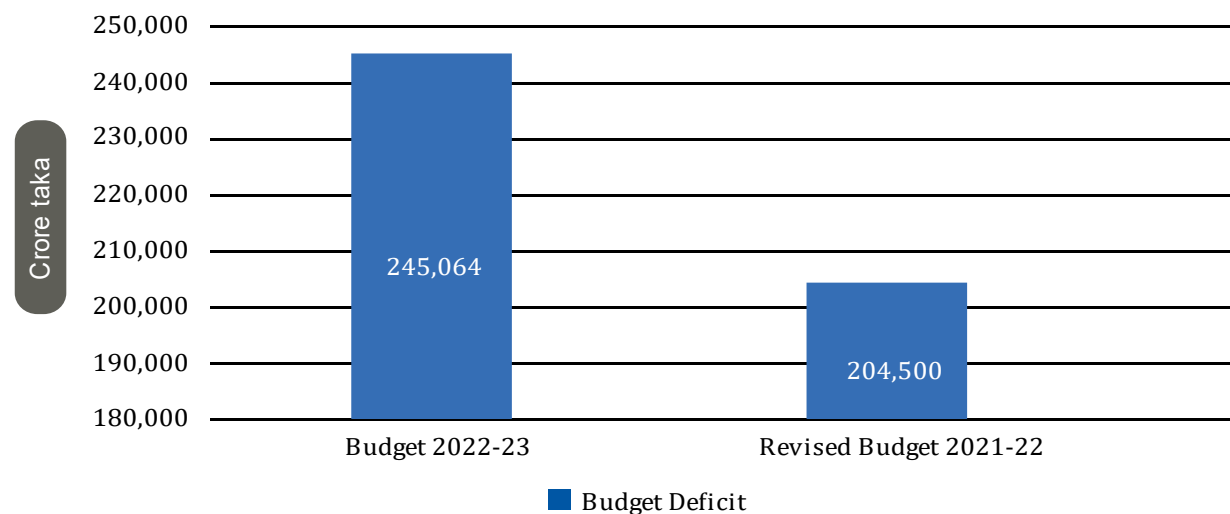


Source: Budget Speech 2022-23, 9 June 2022, Ministry of Finance

5. Budget Deficit and Deficit Financing for Budget 2022-23

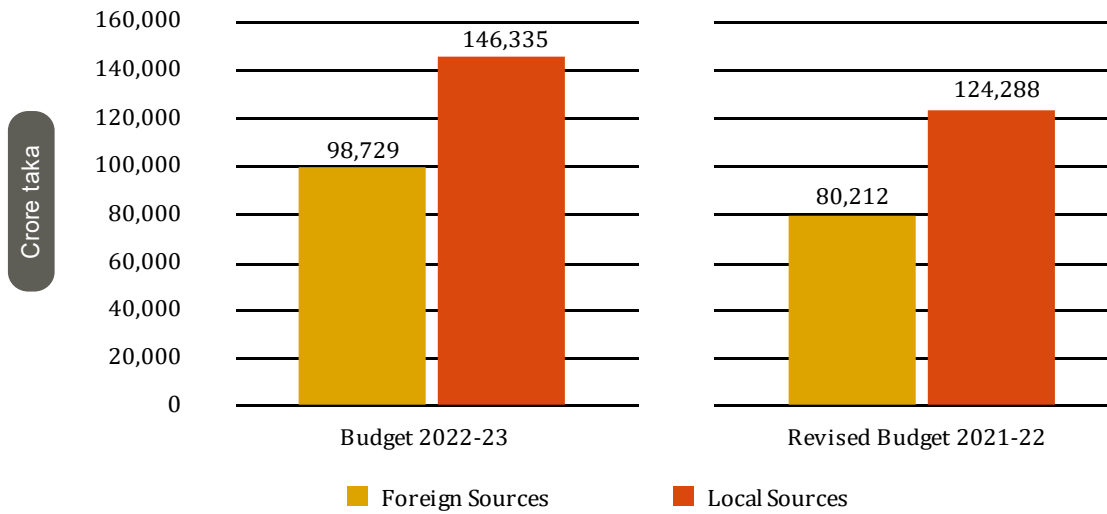
2022-23’s proposed budget’s overall budget deficit (including the aid) is considered to be 2,45,068 crores taka which is 5.5% of the GDP. Internal funding will be the main source of this deficit financing, 1,06,334 crores taka will come from the banking sector itself. It is 72.66% of the internal source. In this year’s proposed budget, 40.28% of the deficit is set to be obtained from foreign sources.

Figure 8: National Budget 2022-23: Budget Deficit



Source: Budget Speech 2022-23, Ministry of Finance

Figure 9: National Budget 2022-23: Deficit Financing

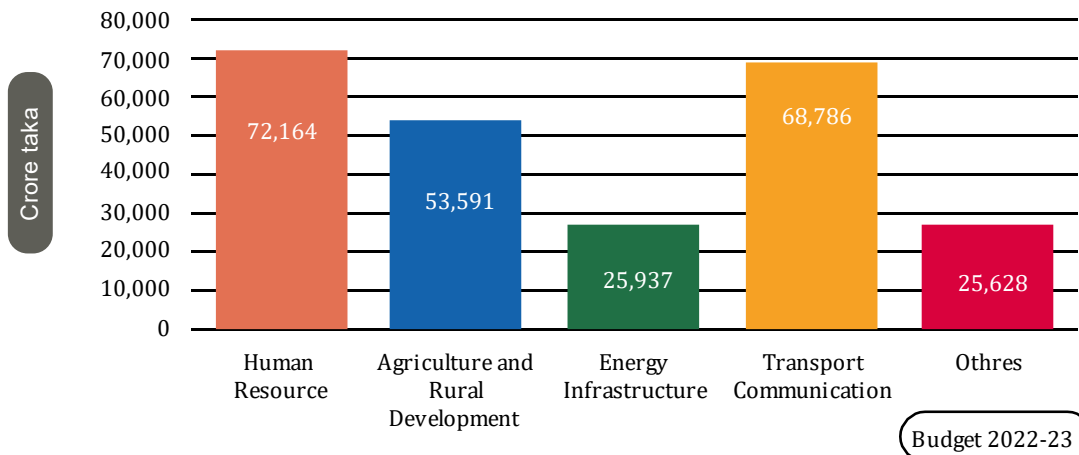


Source: Budget Speech 2022-23, Ministry of Finance

6. Allocations for Development Programmes under Budget 2022-23

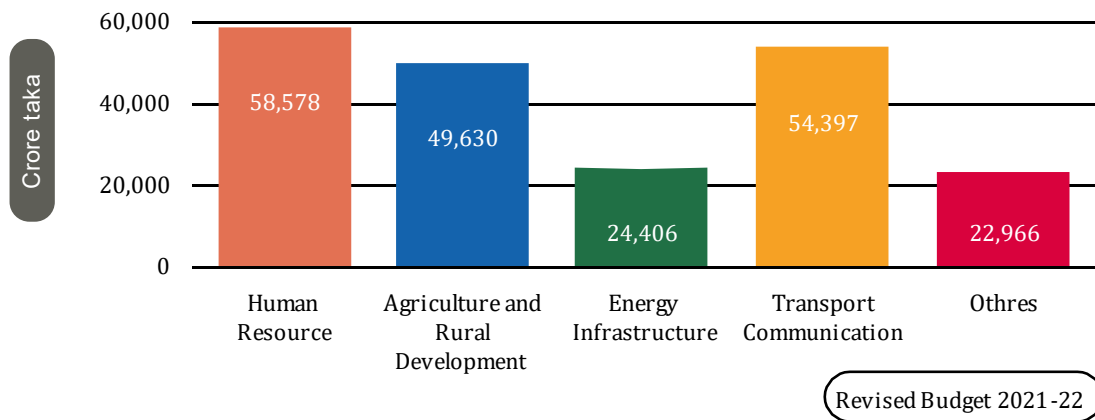
For the fiscal year 2022-23, a few sectors such as Human Resources, Communication Infrastructure, and Agriculture and Rural Development - have gotten more leverage over other sectors during the allocation for development programs, which is similar to the budget of the fiscal year of 2021-22.

Figure 10: National Budget 2022-23: Sectorwise ADP Allocation



Source: Budget Speech 2022-23, Ministry of Finance

Figure 11: Revised Budget 2021-22: Sectorwise ADP Allocation



Source: Budget Speech 2022-23, Ministry of Finance

7. Conclusion

According to the current government's "Vision 2041" and its relevant work plan, a roadmap has been determined in which Bangladesh is on its way to become an upper middle income country by 2031, eliminate extreme poverty and then become a high income country by 2041. The national budget's successful implementation is essential to achieve these goals.