



National Budget 2023-24: Summary



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সেন্টার ফর পলিসি ডায়ালগ (সিপিডি)
Centre for Policy Dialogue (CPD)

**BUDGET
HELPDESK
2023**

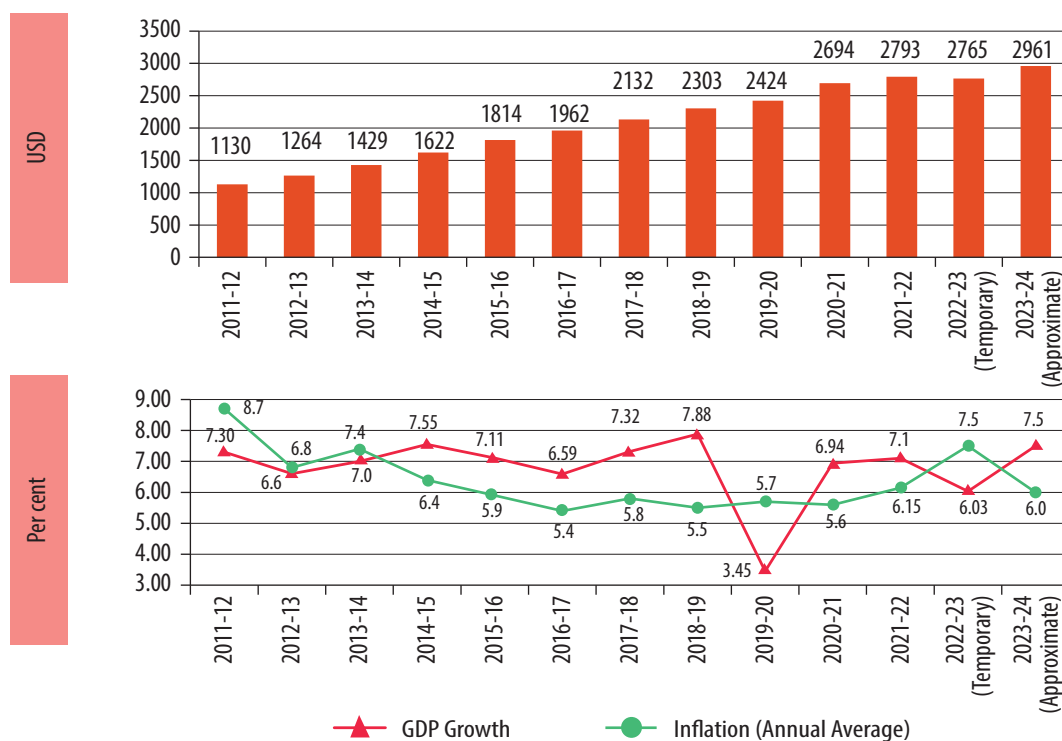
1. Background of the Budget

Bangladesh's economy returned to the path of development, leaving Covid-19 behind and continued with its economic progress despite adverse global development. On June 01, 2023, the FY2023-24 budget was presented with the title 'Building a Smart Bangladesh and Continuing the Development Spree'. It was delivered by the Hon'ble Finance Minister A H M Mustafa Kamal MP in a session chaired by the Hon'ble Speaker of the National Parliament, Dr Shirin Sharmin Chaudhury MP, and in the presence of the Hon'ble Prime Minister Sheikh Hasina along with all the MPs. The budget was approved in the national parliament on 26 June 2023.

Under the current Awami League government since 2009, the average GDP growth rate for the past 13 years was 6.6 per cent, which crossed 8 per cent in 2018-19 (Figure-1). During the Covid-19 pandemic in 2019-20, Bangladesh's GDP growth rate was 3.45 per cent, which indicates the country's economic resilience. In the following year (2020-21), Bangladesh's economy successfully came back to its original strong footing (Figure 1). The consistent and high GDP growth rates in the following years (FY2021-22 and FY2022-23) indicate Bangladesh's development consistency and economic resilience.

Despite being in a global crisis, the country's per capita income is estimated to be increased to USD 2,961 in FY2023-24. In the FY2023-24 budget, GDP's growth rate is estimated to be 7.5 per cent and the GDP's size is estimated to be BDT 5,006,782 crores (around USD 46,359 crore).

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



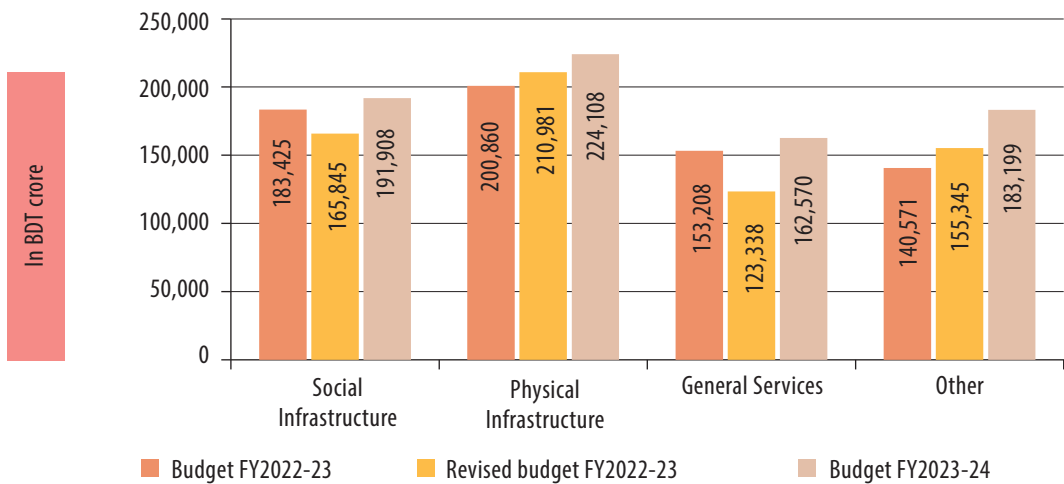
Source: Budget Speech 2023-24, Page no 209, MTMPS 2024 Page no 25

2. Budget for FY2023-24

The FY2023-24 budget is BDT 7,61,785 crore, allocated for social infrastructure, physical infrastructure, social services, loan repayment, PPP subsidies and liabilities, and many other sectors (Figure 2). This budget is 12.3 per cent more than the FY2022-23 revised budget.

Of the budget, 54.6 per cent has been allocated to different ministries and divisions, public order and safety, and the rest, 45.4 per cent, will be used to repay loans, PPP subsidies, liabilities, and net loan provided, etc.

Figure 2: National Budget Sector Wise allocation



Source: Budget Speech 2024 Page no 213-214.

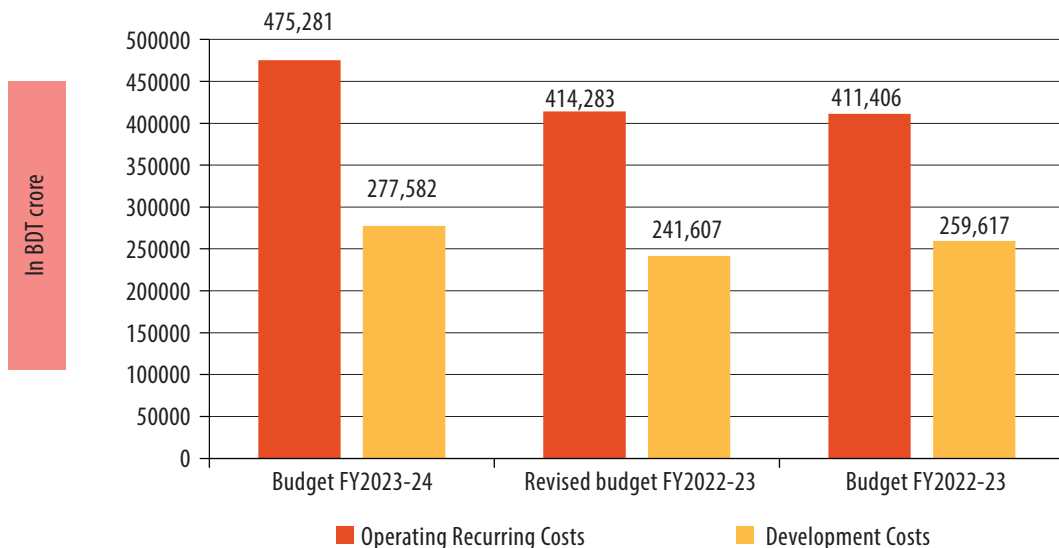
3. Expenditure for FY2023-24

Conventionally, the budget's main expenditure has been operating expenses and development costs. Operating cost of the FY2023-24 budget is 14 per cent more compared to FY2022-23's revised budget (Figure 3).

The estimated size of the development budget is BDT 2,77,582 crore, which is 36.4 per cent of the total budget. Development budget's main component is "Annual Development Programme (ADP)", and its related expenses are 94.7 per cent. The revised development budget for FY2022-23 was 5.4 per cent of GDP, which has increased to 5.5 per cent for FY2023-24.

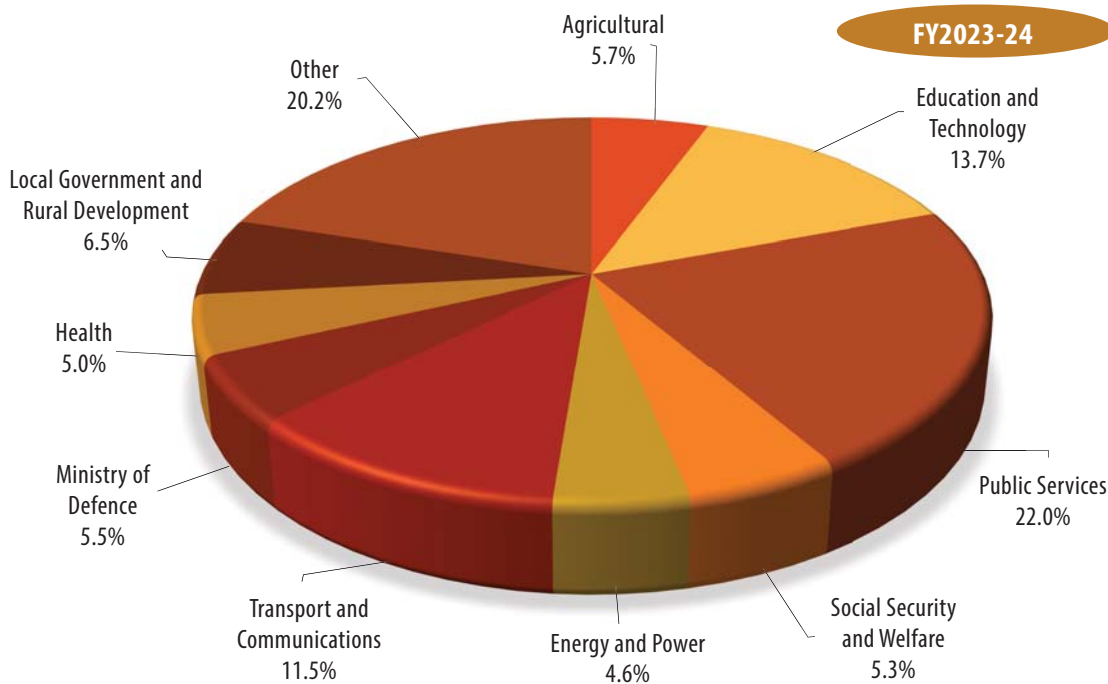
The budget's main sectoral allocations are education and technology, agriculture, local government and rural development, electricity and fuel, health, defence, public administration, transportation and communications, and social safety and welfare (Figure 4).

Figure 3: National Budget 2023-24: Comparative Expenditure

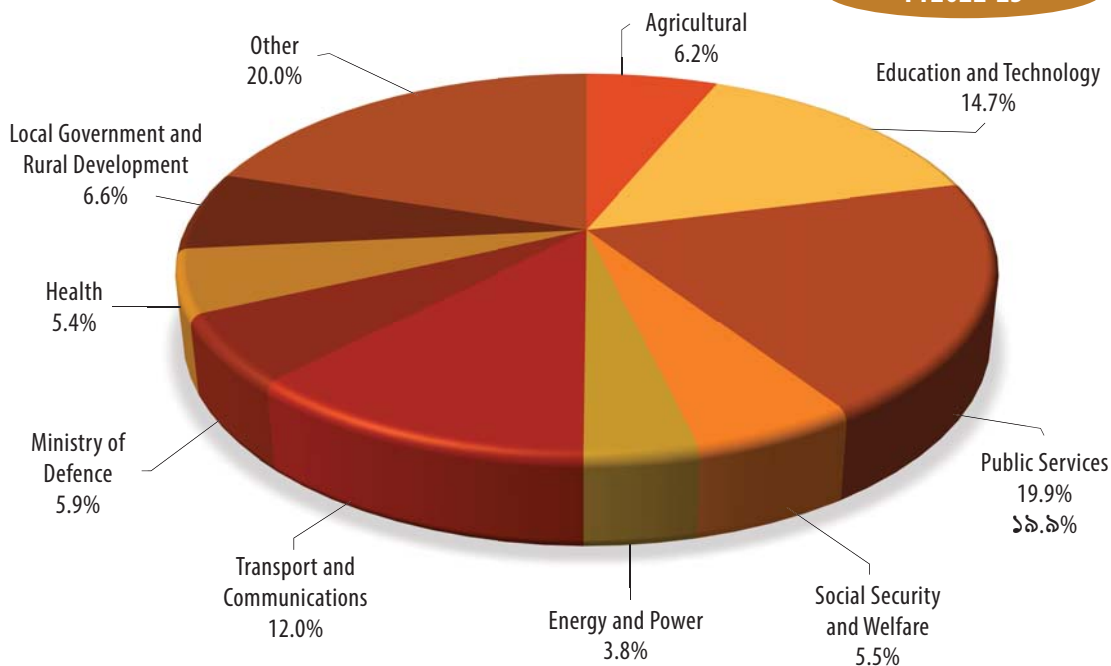


Source: Budget at a Glance 2024 Page no 1.

Figure 4: Comparative Scenario of Sector-wise budget allocation

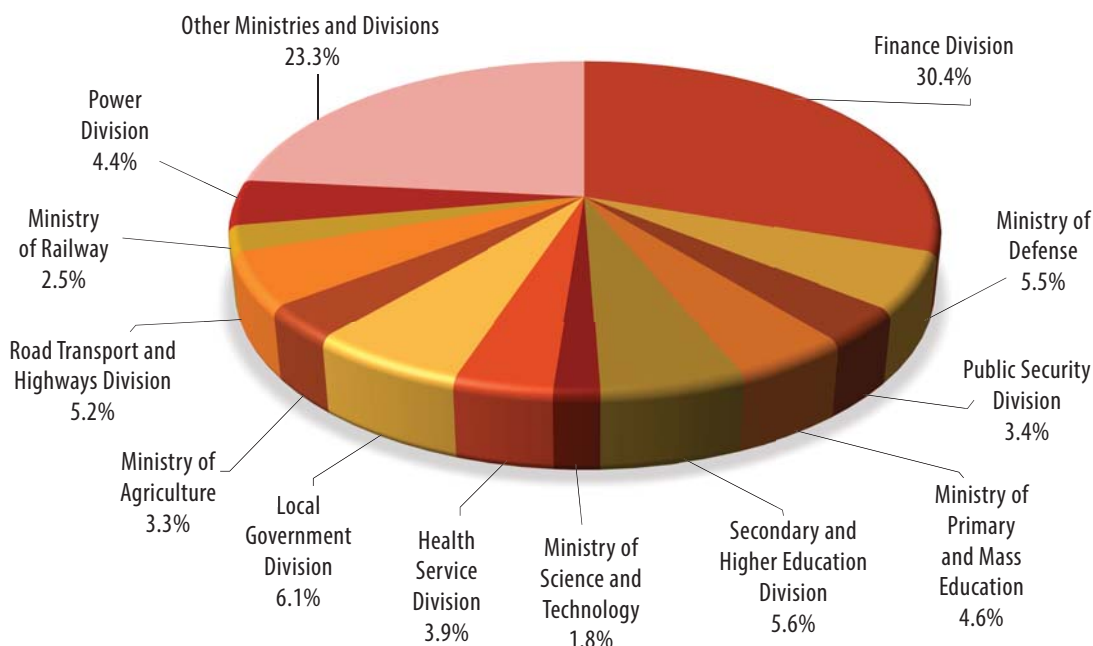


FY2022-23



Source: Calculation based on Budget Statement II.

Figure 5: Ministry/Division-wise Budget Expenditure for FY2023-24

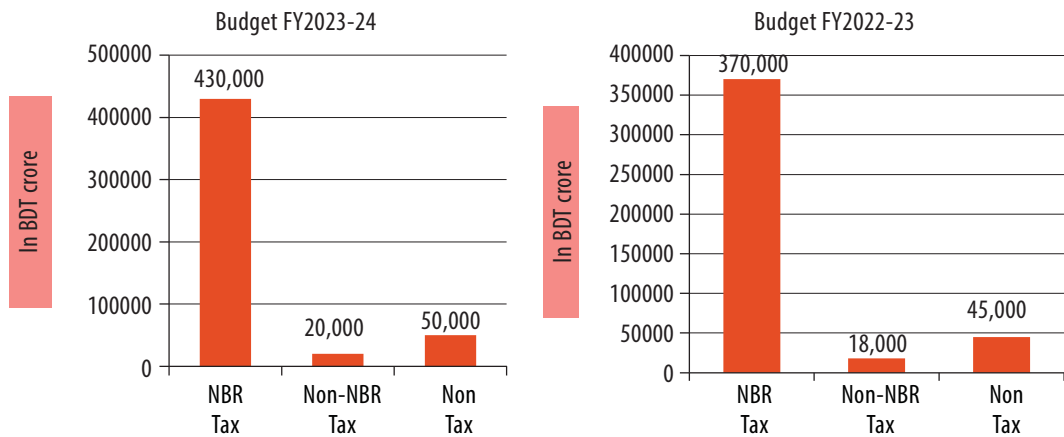


Source: Calculation based on Budget speech 2024, pages no 215-216

4. Revenue Budget for FY2023-24

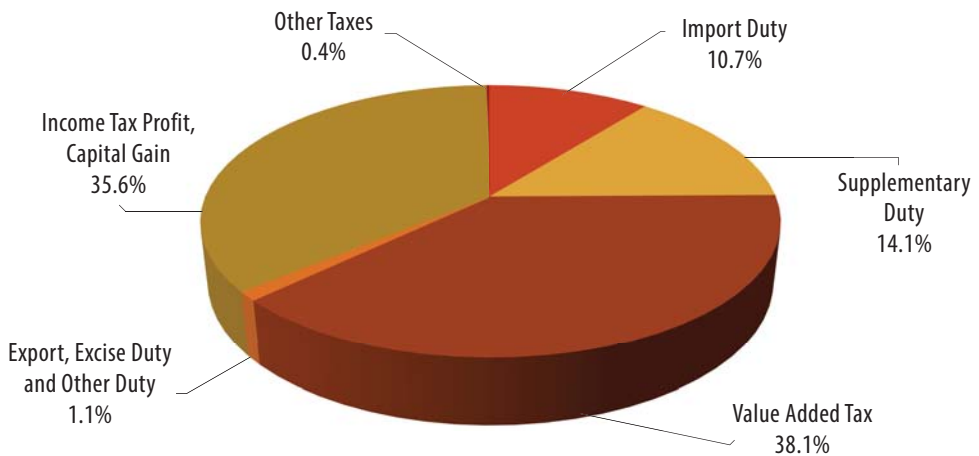
The total revenue budget is estimated to be BDT 5,00,000 crore, which is 15.4 per cent higher than the FY2022-23 budget. The main source of revenue is the NBR (86 per cent). Value Added Tax (VAT) accounts for the major share of the NBR's total estimated revenue (38.1 per cent). Tax-GDP ratio in the FY2023-24 is estimated to be 10 per cent, which was 9.8 per cent in the revised FY2022-23 budget. In addition to this income tax, profit and capital receipts will be responsible for the rest 35.6 per cent of the revenue collection.

Figure 6: National Budget of FY2023-2024: Comparative Scenario of Revenue



Source: Budget speech 2023-24, page no 211

Figure 7: Distribution of Total Revenue Receipts of NBR of FY2023-24

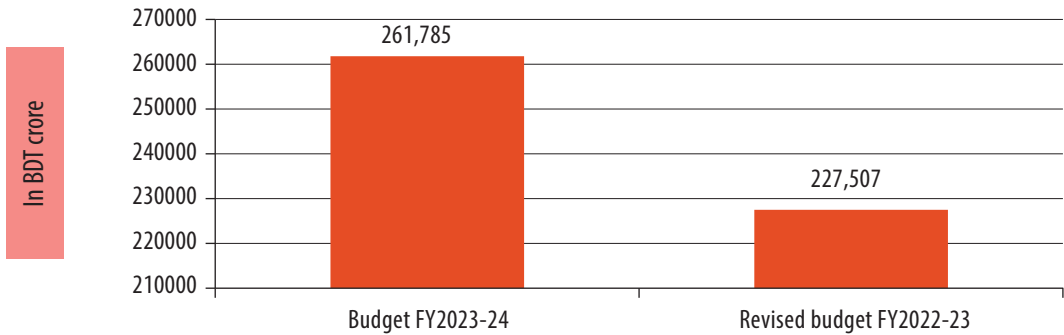


Source: Statement I, Budget in Brief, Page no 1

5. Budget Deficit and Deficit Financing for FY2023-24

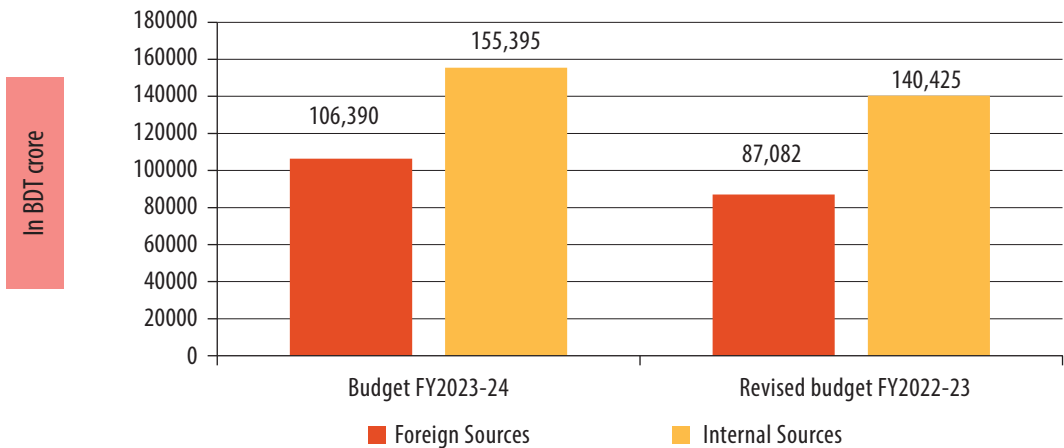
Overall budget deficit (including aid) in FY2023-24 is estimated to be BDT 2,61,785 crore which is 5.2 per cent of the GDP (Figure 8). Internal financing will be the main source of this deficit financing - BDT 1,32,395 crore will come from the banking sector, which is 85.2 per cent of the internal finance. On the other hand, about 40.6 per cent of the deficit is set to be obtained from foreign sources (Figure 9).

Figure 8: National Budget FY2023-24: Budget Deficit (including grants)



Source: Budget Speech 2024, page no 211

Figure 9: National Budget FY2023-24: Deficit Financing

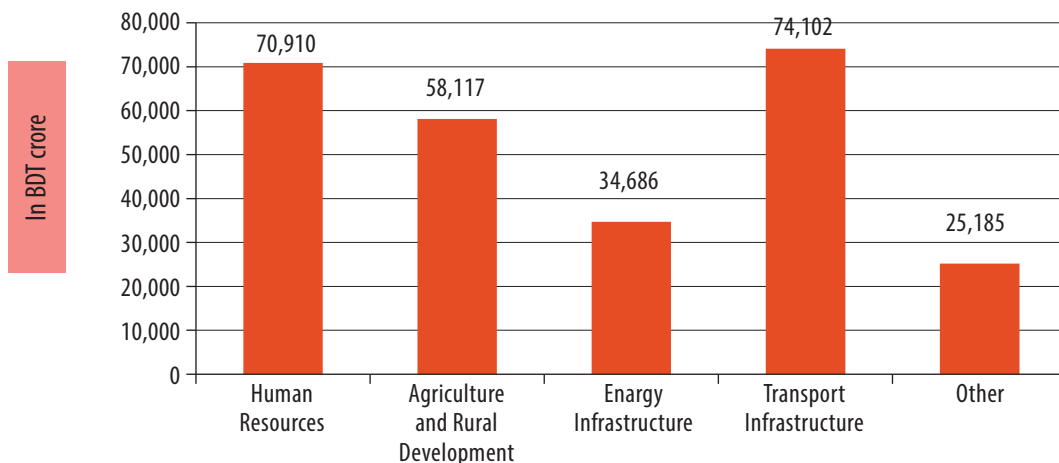


Source: Budget Speech, Page no 211

6. Allocations for Development Programmes for FY2023-24

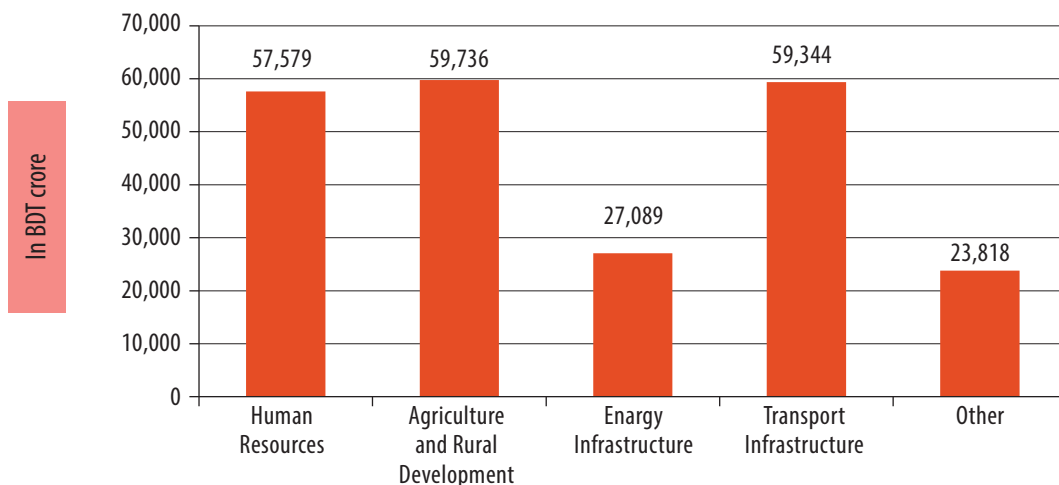
For FY2023-24, a few sectors such as human resources, transport and communication, agriculture and rural development, have received more ADP allocation than other sectors, similar to FY2022-23 (Figures 10 and 11).

Figure 10: National Budget FY2023-24: Sectorise ADP allocation



Source: Budget Speech, Page no 212

Figure 11: Revised Budget FY2022-23: Sectorise ADP allocation



Source: Budget Speech, Page no 212

7. Conclusion

Government's 'Vision 2041' and its relevant work plan have set a roadmap in which Bangladesh will 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 in this year and upcoming years is essential to achieve these long-term goals.