

## New Government, National Budget and Citizens' Aspirations

নতুন সরকার, জাতীয় বাজেট ও জনমানুষের প্রত্যাশা

Presentation

by

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# Contribution from the Partners and Supporters (in alphabetical order)



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# 1. Context

# 1. Context



➤ **A complex economic situation – at both national and global levels**



➤ **A number of transitional challenges- LDC graduation, SDGs delivery, 8FYP completion, Perspective Plan (2021-2041), Geo-strategic issues**



➤ **A new government in power- legitimacy and mandate**



➤ **National Budget and expectations of the disadvantaged citizens and community**

# 1. Context (cont.)

## Methodology

### 1 Desk Review

- Awami League Election Manifesto 2024
- Secondary Data Analysis

**Analysis of the macroeconomic scenario in the current context through trend analysis, identifying underlying causes and implications for LNOB groups**

Framing guiding principles for Budget FY2025 from the LNOB perspectives

### 2 Digital Outreach

- Google Form Survey
- Comments from Social Media (e.g., Facebook)



**2,249 Google Form Responses  
8,048 Social Media Reactions  
and Comments**

Identification of the priorities in disaggregated manner and ways to involve citizens in the budget process

### 3 Input from Partner Organisations

- Scanning/filtering
- Consolidation
- Integration



**39 Submissions**

Presenting the citizens' aspirations and recommendations for Budget FY2025 from the sectoral and LNOB population groups' perspectives



**66 Collaborating Partner Organisations**



## **2. Economy-wide policies - Three major issues**

# The Three Manifestations of Current Challenges in Bangladesh Economy



Unabated Inflation



Snowballing Debt Risk



Slowdown of Economic Growth

## 2. Economy-wide policies - Three major issues

### Unabated Inflation



Point to Point  
Inflation  
(As of March 2024)

Overall	Food	Non-Food	Rural	Urban
<b>9.81%</b>	<b>9.87%</b>	<b>9.64%</b>	<b>9.68%</b>	<b>9.94%</b>

- **13th** consecutive month of **9%+** inflation
- **Actual erosion of purchasing power** of low and fixed income class may be much **higher than average official statistics**

### Underlying Causes

- Monetary expansions in terms of high growth of credit
- Sharp depreciation of BDT against USD
- Borrowing from the central bank to finance the budget deficit
- Irregularities within the banking sector
- Non-competitive market (oligopolistic behaviour)
- Market manipulations by vested interest groups
- High cost of production due to upward adjustments of administered prices of fuel and electricity

## 2. Economy-wide policies - Three major issues (cont.)

### Unabated Inflation (cont.)

#### Implications for LNOBs

- Disproportionate impact on middle- and low-income households
- Erosion of purchasing power i.e. real wage
- Dissaving and depletion of assets
- Increased indebtedness
- Reduced non-food expenditures such as clothing, health, education, utility services, recreation
- Heightened food insecurity and changed food habits
- Working overtime taking up secondary occupations
- Discontinuing children's education and involving them in paid work
- Early marriages of children

## 2. Economy-wide policies - Three major issues (cont.)

### Unabated Inflation (cont.)

#### Government Measures

- Increasing policy rates
- Replacing interest rate caps with “SMART” rates
- Containing private sector credit growth
- Injecting USD and absorbing liquidity from the local market
- Ceasing government lending via money creation
- Import restrictions to avoid accelerated depreciation
- Downward adjustment of tariff rates for selected commodities
- Broadening of social protection scheme including Open Market Sales (OMS) and introduction of Family Card
- Episodic commodity market monitoring by the Consumer Rights Commission

## 2. Economy-wide policies - Three major issues (cont.)

### Unabated Inflation (cont.)

#### Recommendations

- Implement market-determined interest rates
- Allow exchange rate flexibility
- Limit government borrowings
- Ensure sufficient supply of essential items in the market – explore alternative import sources
- Prevent irregularities and manipulations in domestic market including anti-competitive practices
- Introduce Agricultural Price Commission
- Incentivise farmers and continue subsidy for agricultural input and irrigation
- Control interest rates spike specific to LNOB loans
- Expand social protection schemes to all districts including OMS and public works programmes
- Expand income-tax-free limit for low and low-middle income people to protect their disposable income

## 2. Economy-wide policies - Three major issues (cont.)

### Snowballing Debt Risk

  
Estimations  
in 2024

Debt - GDP  
ratio  
**36.7%**



Public Debt  
(External)  
As % of GDP  
**13.9%**



Public Debt  
(Domestic)  
As % of GDP  
**22.8%**



Private Debt  
(External)  
As % of GDP  
**5.13%**



#### Underlying factors

- Persistently **low revenue generation** has consistently remained around **9% of GDP**
- **Sharp depreciation of BDT** has led to **higher debt servicing** liability burden
- High cost of public investment projects (**inflated capitilisation**)
- **Project time and cost overruns** risking **debt repayment beginning earlier** than expected in the project cycle
- **Rising cost of borrowing** from both **domestic and external** sources
- Growing **underutilised loans** adding pressure on **BOP**

## 2. Economy-wide policies - Three major issues (cont.)

### Snowballing Debt Risk (cont.)

#### Implications

- Increasing reliance on borrowing for debt servicing liability (principal and interest)
  - **Debt servicing as % of revenue and grants** was below 70% since 2020, is **projected to exceed 100% in 2024**, according to IMF
  - Government had no revenue surplus and had to **borrow to repay foreign loans**
    - Tk 5,755 crore in FY2022 which is programmed to increase to Tk 15,499 crore in budget for FY2024
  - **The entire ADP is now financed by borrowed resources**
- Shrinking fiscal space** as debt servicing (as % of revenue) is estimated to jump in 2024, leading to **lower available resources for public service delivery and support to disadvantaged citizens** in a difficult time
- Lower available budgetary resources may lead to insufficient resources for public service delivery and public investment resulting in dampened prospects for medium-term development outcomes (e.g., SDGs, particularly for LNOBs)
  - Dampened employment opportunities **risking increased income and food insecurity** with a **disproportionate impact on disadvantaged households**
  - Increasing borrowing from costlier sources and with **stringent loan terms and conditions**
  - **Rising government borrowing from commercial banks** risking **crowding out** the private sector
  - **Downgraded credit ratings reduced FDI and limited access to financing**
  - **Multifaceted pressure on BOP**



## 2. Economy-wide policies - Three major issues (cont.)

### Snowballing Debt Risk (cont.)

#### Government Measures

- **Subsidies reduction or withdrawal** in various sectors including power and energy
- **Keeping power and energy supply below the capacity level**
- **Delaying payments against foreign exchange liabilities for both public and private sector including about USD 5 billion unpaid foreign dues for energy purchase**
- Requested **delays for foreign loan repayment** for Rooppur Nuclear Power Project for two years
- **Sought more budgetary support agreeing to implement policy reforms**
- Imposition of **import restrictions** - import payments growth was -15.36% in July-Feb of FY24
- BB adopted a **crawling peg exchange rate** (following IMF prescription)
- BB **removed the interest cap on bank deposits**, introducing SMART interest rate
- **Fund injections by the central bank in commercial banks** to contain call money market
- **Increased non-concessional borrowing**
- **Restrained approach is taken to release funds** for public investment projects

## 2. Economy-wide policies - Three major issues (cont.)

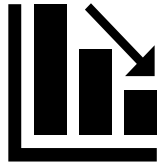
### Snowballing Debt Risk (cont.)

#### Recommendations

- **Prioritise enhancing domestic resource mobilisation** through taxation
- **Accurately estimate debt service obligations** by taking **note of possible depreciation in the coming months**
- **Strengthen good governance of public investment projects (PIPs) and strengthen the capacity of loan negotiation**
- **Closely monitor foreign borrowing** by private sector
- Explore alternative sources of funds and **diversify sources of development finance**
- Consideration of aspects in relation to external loans — **revenue and foreign exchange generation**, whether there is a **currency mismatch and time-period mismatch**
- Take advantage of opportunities to **use currency swap facilities** wherever possible

## 2. Economy-wide policies - Three major issues (cont.)

### Slowdown of Economic growth



GDP Growth Rate

FY22	FY23	FY24 (July-December)
7.10%	5.78%	4.84%

- The annual target is **7.5%** for FY2024
- **Achieving the target** requires a growth rate of **10.01%** in the second half of the ongoing fiscal year.
- However, **IMF downwarded the projection** for GDP growth rate to **5.7%** for FY2024

Underlying factors

- Contractionary monetary policy has been followed
- Power and energy supply disrupted due to constraints in terms of foreign exchange rate and fiscal space
- Restrictions on imports applied
- Restrained approach has been pursued for public expenditure
- Manufacturing sector growth slowed down and went into negative terrain in Q2 ((-) 0.45%)
- The export earning growth is also slowing down- declined from 6.7% in FY2023 to 3.9% in FY2024 (during the July-April period) against the annual target of 11.6%
- During the July-February period of the current fiscal year, import payments experienced a notable decline of 15.17%

## 2. Economy-wide policies - Three major issues (cont.)

### Slowdown of Economic growth (cont.)

#### Underlying factors

- Investment as a percentage of GDP decreased to 30.95% in FY2023 from 32.05% in the previous year
- Private investment remained stagnant at around 23-24% of GDP, however, it slightly decreased in FY2023 compared to the previous year
- FDI was \$1,649 million in FY2023, 9.74% lower than the previous year
- Public investment decreased to 6.77% of GDP in FY2023, down from 7.53% in the previous year
- During the July-March period of the ongoing fiscal year, the ADP implementation rate stands at 42.30%
- The remaining three months require a 57.7% implementation rate to meet the target
- In recent years, domestic savings as a percentage of GDP have hovered around 25%, while national savings have been around 30% without much improvement

## 2. Economy-wide policies - Three major issues (cont.)

### Slowdown of Economic growth (cont.)

#### Implications of Economic Slowdown

- Opportunities for decent jobs declined
  - However, the government has set a target to employ an average of around 2 million people each year throughout 2030, as outlined in their election manifesto 2024 – in 2023 only 0.5 million jobs were created although about 1.3 million people went for overseas jobs
- Economic slowdown may affect poverty alleviation
  - The government has set a target to reduce the poverty rate to 11% by 2028, as outlined in their 2024 election manifesto, requiring a per capita real GDP growth of around 7.50% each year (assuming income inequality remains constant) which is now difficult
  - Vulnerability of the non-poor people in the face of the high rise in commodity prices has also increased
- Domestic revenue mobilisation target is likely to be missed by a large margin
- Foreign investment prospect is facing challenges
- Structural transformation of the economy, in terms of production and employment, is hindered

## 2. Economy-wide policies - Three major issues (cont.)

### Slowdown of Economic growth (cont.)



#### Government Interventions

- Continued subsidies for the agricultural inputs
- Continued tax incentives for export-oriented sectors
- Continued fiscal incentives for remittance inflow
- As the government pursued a contractionary monetary policy, restrained fiscal stance and restrictions of imports with a view to establishing the macroeconomic discipline, it had a limited arsenal to counter the slowdown of the economic growth
- Evidently, the government has to embrace subdued economic growth to achieve macroeconomic stability
- Hence, it is critical to ensure more equitable economic growth favouring the disadvantaged population groups and decent job creation

## 2. Economy-wide policies - Three major issues (cont.)

### Slowdown of Economic growth (cont.)

#### Recommendations

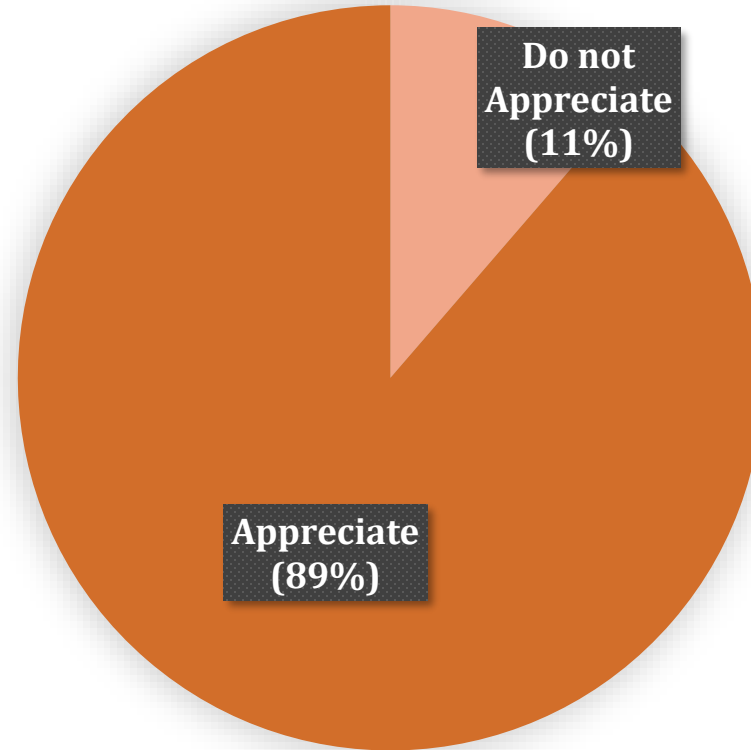
- Expand incentives to the agriculture sector with a view to ensuring food security and protecting the purchasing power of the low- and middle-income population groups
- Ensure energy security for utilisation of production capacities
- Extend concessional loans to the CMSMEs
- Continue public investments for enhancing productivity and skill development
- Restore macroeconomic stability
- Promote economic diversification by revisiting the incentive structure
- Protect small businesses and low-income people while revising tax incentives
- Curb corruption to reduce the cost of doing business
- Make efforts to find new markets for exports
- Avoid the influence of vested groups in policy adjustments

## **3. Citizen's Platform's Field Survey Responses**



### 3. Citizen's Platform's Field Survey Responses

#### Social Media Response: Reactions to Citizen's Budget Initiative

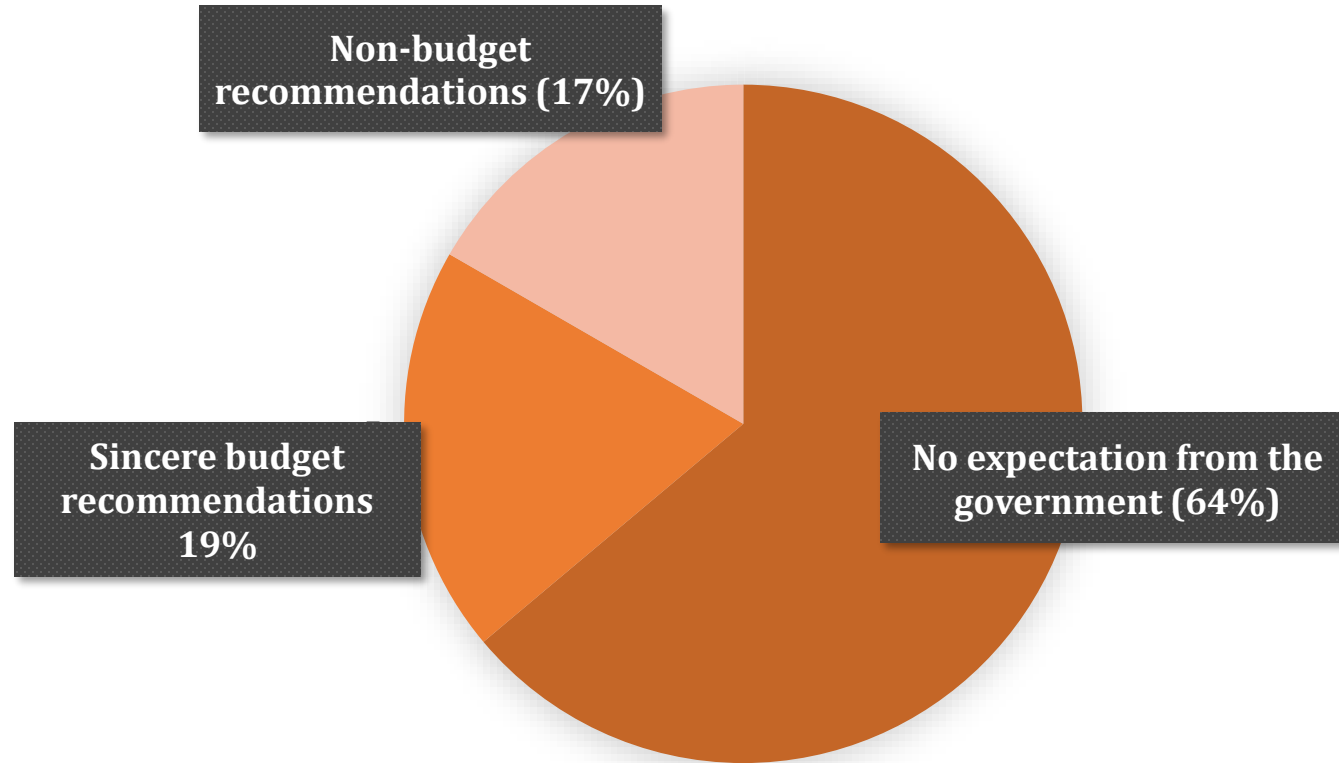


*Source: Based on Facebook inputs as of 3 April 2024*

- "**Appreciate**" refers to **Like** and **Love** reactions on Facebook.
- "**Do not appreciate**" refers to **Angry** and **Haha** reactions on Facebook.

### 3. Citizen's Platform's Field Survey Responses (cont.)

#### Budget Expectations: Comments received from Citizens on Facebook



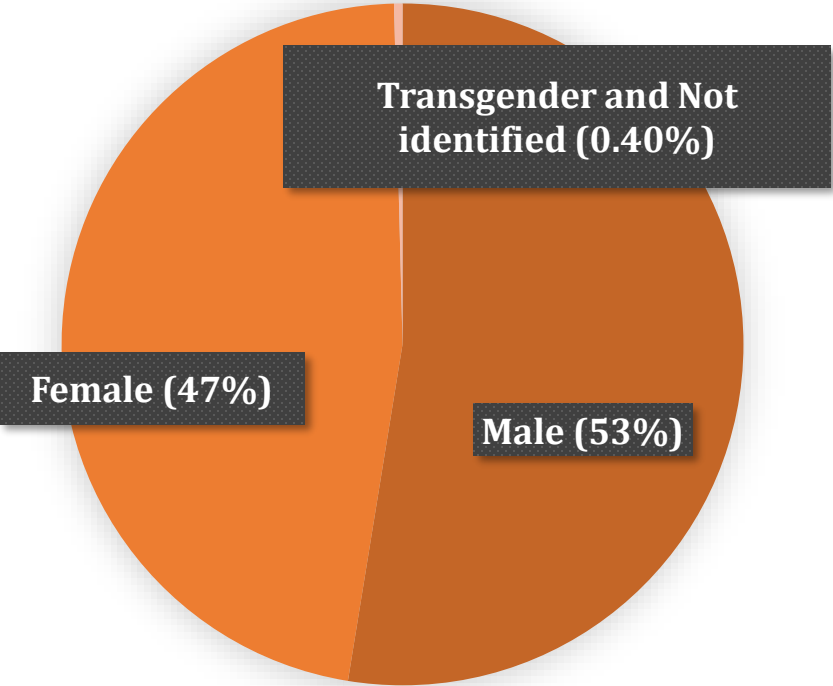
Source: Based on Facebook inputs as of 3 April 2024

- A substantial **64% of respondents have no expectation from the government's upcoming budget**
- **Approximately 36% of citizens have expectations from the government, of which 19% expressed their views through specific budget recommendations** in comments on Facebook

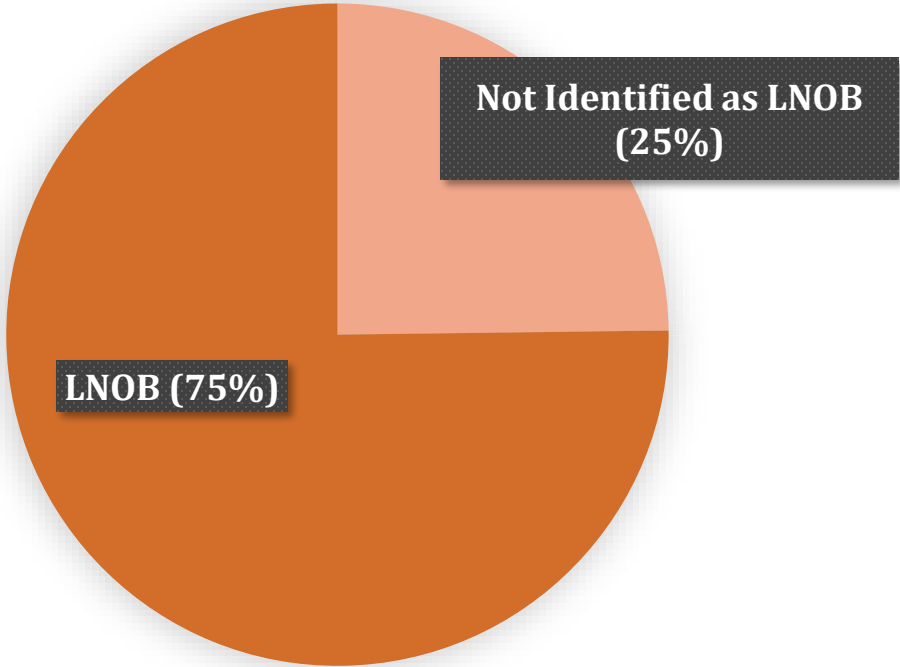
# 3. Citizen's Platform's Field Survey Responses (cont.)

## Profiling of the Respondents: Online (Google Form) Survey

Gender wise respondents



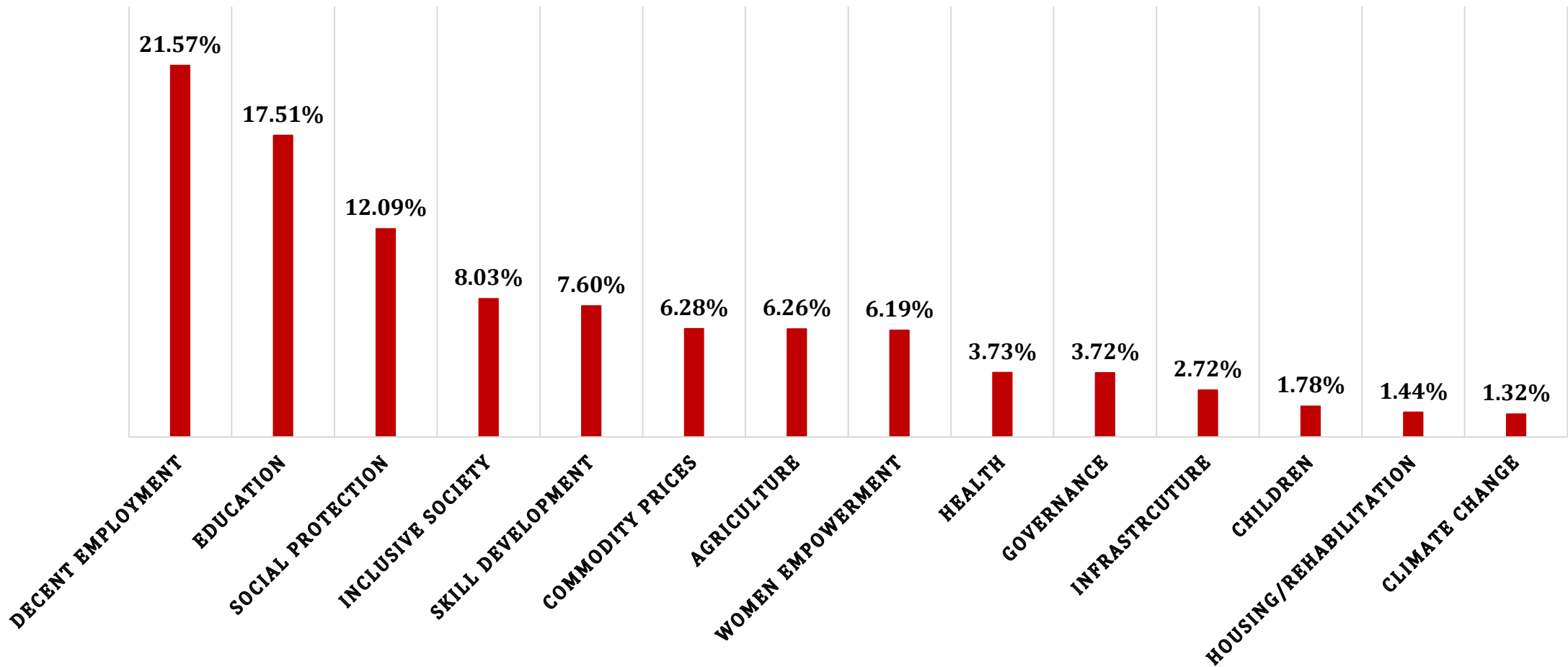
Community wise respondents



Source: CPD-Citizen's Platform Budget Survey (2024)

### 3. Citizen's Platform's Field Survey Responses (cont.)

#### Issues identified through online and social media survey



Source: CPD-Citizen's Platform Budget Survey (2024)

### 3. Citizen's Platform's Field Survey Responses (cont.)

#### Top Issues Discussed

Top Issues	Sub-Issues
1. Decent Employment	Reduce unemployment (44.49%), Increase job opportunities (36.44%), Allowances for unemployed (11.02%), Youth employment (8.05%)
2. Education	Ensure quality of education (49.72%), Provide stipend/scholarship (28.53%), Prioritise inclusivity (12.15%), Subsidy for educational materials (6.50%)
3. Social Protection	Food security (33.25%), Increase budgetary allocation (26.55%), Assurance of group specific demands (24.74%), Arrange social welfare programme (15.46%)
4. Inclusive society	Voice of citizens (49.64%), Representation of citizens (44.07%), Consultations with grassroots communities (6.30%)
5. Skill Development	Increase training programme (72.36%), Increase number of TTCs (15.04%), Accessibility of training (9.76%), Increase allocation (2.85%)
6. Commodity prices	Reduction of commodity prices (88.92%), Subsidise essential commodities (5.38%), Inflation (4.11%), Reducing import duties on essential goods (1.58%)
7. Agriculture	Increase subsidy/incentives (46.36%), Increase budgetary allocation (41.36%), Concessional loans (12.27%)

Source: CPD-Citizen's Platform Budget Survey (2024)

### 3. Citizen's Platform's Field Survey Responses (cont.) Top Issues Discussed (cont.)

Top Issues	Sub-Issues
8. Women Empowerment	Emphasise women's education (38.59%), Ensure women's rights (34.02%), Increase budgetary allocation (11.62%), Reduce inequality (7.88%), Ensure safety (5.39%)
9. Health	Low-cost medical treatment (47.06%), Increase budgetary allocation (41.63%), Availability of medical facilities (11.31%)
10. Governance	Access to basic rights (76.57%), Curbing corruption (18.83%), Access to quality government services (4.60%)
11. Infrastructure	Development of communication infrastructure (83.01%), Disaster resilience infrastructure (15.69%), Accessibility of infrastructure (1.31%)
12. Children	Prioritise child education (53.93%), Increase allocation (40.45%), Eradicate child labor (5.62%)
13. Housing/Rehabilitation	Increase budgetary allocation (58.43%), Ensure housing for all (41.57%)
14. Climate Change	Environmental protection (60.71%), Support during natural disaster (33.93%), Promote afforestation (5.36%)

Source: CPD-Citizen's Platform Budget Survey (2024)

## **4. Citizen's Platform's Field Survey Responses (perspectives of LNOBs)**

## 4. Citizen's Platform's Field Survey Responses Identified Issues from the LNOB perspective

Community	Top Issues
Char	Employment (17.16%), Education (15.38%), Inclusive society (13.91%), Social protection (10.65%)
Children	Employment (60%), Commodity prices (20%), Child health (20%)
Haor	Commodity prices (35.71%), Education (14.29%), Employment (14.29%), Skill development (7.14%), Inclusion (7.14%)
Indigenous- CHT	Agriculture (38.78%), Inclusive society (24.02%), Education (21.05%), Employment (5.26%)
Indigenous- Plainland	Education (18.41%), Employment (18.24%), Social protection (15.03%), Commodity prices (11.99%)
Person with Disabilities (PWD)	Education (35%), Employment (30%), Social protection (20%), Skill development (15%)
Religious Minority (including Dalit)	Education (30.23%), Employment (27.33%), Inclusive society (13.95%), Agriculture (12.79%)

Source: CPD-Citizen's Platform Budget Survey (2024)



## 4. Citizen's Platform's Field Survey Responses (cont.) Identified Issues from the LNOB perspective (cont.)

Community	Top Issues
Returning Migrant Workers	Education (36.36%), Inclusive society (27.27%), Housing/Rehabilitation (18.08%), Social protection (9.19%)
Senior Citizen	Education (24.05%), Commodity prices (16.46%), Social protection (15.19%), Health (13.92%)
Slum	Commodity prices (27.27%), Social protection (20.45%), Health(15.91%), Education (11.36%), Employment (9.09%)
Transgender/Hijra	Inclusive society (57.14%), Employment (28.57%), Education (14.29%)
Women	Women empowerment (20.35%), Education (15.62%), Employment (15.24%), Social protection (9.93%), Skill development (9.26%)
Youth	Employment (26.11%), Education (23.33%), Price Regulation (14.26%), Health (9.44%)

Source: CPD-Citizen's Platform Budget Survey (2024)

## 4. Citizen's Platform's Field Survey Responses (cont.)

### Respondents' perspectives: How can the involvement of disadvantaged communities in the national budget formulation process be increased?

- *Prepare and report LNOB sensitive budget:* Develop budgets concerning LNOB communities, to ensure inclusivity and equitable resource distribution to support the disadvantaged groups and their needs
- *Decentralise both budget preparation and implementation:* Empower local authorities by decentralising budget preparation and implementation to enhance responsiveness and tailor spending to local needs
- *Ensure regular monitoring involving non-state actors/citizens:* Implement systematic monitoring by engaging non-state actors and citizens in oversight roles to ensure transparency and accountability in governance
- *Provide the local government with the authority to encourage engagement:* Provide local government organisations, such as Union Parishad and Upazila Parishad, the authority to encourage engagement at the grassroots level

## 4. Citizen's Platform's Field Survey Responses (cont.)

### Respondents' perspectives: How can the involvement of disadvantaged communities in the national budget formulation process be increased? (cont.)

- *Engage communities in the budget process at the local level:* Engage communities directly at the local level to prepare the budget through meetings and discussions, which helps in identifying disadvantaged people's specific priorities and in monitoring budget implementation
- *Disseminate more accessible disaggregated budget data in real-time:* Provide real-time access to disaggregated budget data to improve public understanding and facilitate informed decision-making by stakeholders.
- *Utilise media coverage and awareness:* Utilise mass and social media platforms as well as the influence of journalists, to highlight challenges that disadvantaged groups experience and increase their engagement.
- *Use online platforms for citizen engagement:* Utilise online and social media platforms to collect feedback

# **5. Budget Recommendations from the Perspectives of Disadvantaged Citizens**

## 5. Budget recommendations from the Perspectives of Disadvantaged Citizens

- The **recommendations** from partner organisations have been **clustered into eight (8) categories** (in order of frequency)– viz,
  - (i) Social Protection,*
  - (ii) Education and skills,*
  - (iii) Health,*
  - (iv) Employment generation and*
  - (v) Climate change and environment,*
  - (vi) Agriculture,*
  - (vii) Water, Sanitation and Hygiene (WASH) and*
  - (viii) Poverty alleviation and Inequality reduction*
- The analysis highlights several **common priorities across LNOB groups, mostly belonging to social sectors** (in order of frequency)– e.g., **Employment, Social Protection, Health, Education and Climate Change and Environment**

## 5. Budget recommendations from the Perspectives of Disadvantaged Citizens (cont.)

- **Demand for expansion of public services and social protection measures heavily featured** with the aspiration of **seamless (equitable and fair) delivery**
- **The urge for decent employment and labour rights comes very prominently**
- **Infrastructural development is also featured** among various budget recommendations; however, these demands are for more LNOB-specific infrastructure (e.g., **Persons with Disabilities (PWDs), youth, children, women, senior citizens, indigenous, climate vulnerable**)
- **WASH** appears as one of top the **priorities for the climate-vulnerable, urban poor, PWDs and indigenous people**
- Moreover, certain recommendations that may not directly be related to fiscal and budgetary measures received prominent attention
  - For example, **“Land rights” for farmers and indigenous (plainland and hill tracts)**

## 5. Budget recommendations from the Perspectives of Disadvantaged Citizens (cont.)

The major budget recommendations from several organisations include:

- **Increase budget allocations for education** (to more than 3% of GDP) and **health** (to more than 2% of GDP) and **social protection programmes** (to at least 3% of GDP as per the National Social Security Strategy (NSSS) Action Plan)
- **Take away the pension fund out of the total social security allocation** and distribute it to the actual social safety items for disadvantaged communities
- **Create an accurate database of disadvantaged communities for better integration and to mitigate the 'exclusion and inclusion error'** regarding the social security programmes delivery and sector-specific allocation
- **Enhance subsidies** to sectors such as **agriculture, small and medium enterprises (SMEs), food security programmes** and sectors such as **health and education** (where the out-of-pocket expenditure is very high) to ease the inflationary pressure

## 5. Budget recommendations from the Perspectives of Disadvantaged Citizens (cont.)

- Give proper attention to **technical and vocational skill development as per the global standard by considering the 27.4% NEET (not in employment, education or training) youth population**
- **Provide concessional loans** to disadvantaged communities i.e., CMSMEs, farmers, women, senior citizens, PWDs, transgender, parents of child labourers, etc.
- Create **market hubs for farmers and entrepreneurs (particularly for women) to facilitate sales and ensure fair prices** for their products
- Prepare and prioritise implement a **separate budget for LNOBs**, especially for the communities- **PWDs, gender, child, youth, indigenous, char, climate-vulnerable** etc.; for example, **revitalise the child module within the Integrated Budget and Accounting System (IBAS++)** and develop a systematic approach to publish a "Child Statement" in the national budget on a regular basis
- **Provide training programmes and assistive technologies for LNOBs to bridge the digital divide** (particularly to the youth, senior citizens, PWDs, women and transgender)



## 5. Budget recommendations from the Perspectives of Disadvantaged Citizens (cont.)

- **Reduce the budget for fossil fuel and increase renewable energy** to ensure energy access for all including the remote areas.
- Allocate a **specific budget for reducing ‘heat stress’**. Moreover, increase allocation to invest in climate change adaptation, mitigation, loss and damage focusing on the climate-vulnerable community
- **Develop a CHT Perspective Development Plan as committed** in the 8th Five-Year Plan and allocate an adequate budget for it

## 5. Budget recommendations from the Perspectives of Disadvantaged Citizens (cont.)

Several new initiatives are also proposed:

- Approve and **allocate sufficient budget for the enactment and implementation of the proposed "Integrated Education Act"** based on the National Education Policy 2010
- **Establish a separate "Teacher Recruitment Commission"** to ensure the recruitment of competent and skilled teachers for quality education and the salaries and allowances of teachers need to be reassessed
- **Introduce health insurance and health IDs** to make healthcare accessible and affordable and implement a system to reduce out-of-pocket expenditure
- **Decentralise the export-oriented industries (for example: the RMG industry)** to increase employment opportunities, especially for the LNOBs
- **Exempt tax from the organisations working in the WASH sector**

## 5. Budget recommendations from the Perspectives of Disadvantaged Citizens (cont.)

- **Introduce VGD card for acid survivors and reserve quota in the government jobs and exempt tax from the organisations hiring them**
- **Build a child financing strategy and establish a Child Benefit Contingency Fund to provide vital support for maintaining essential child-focused projects, particularly in instances of funding shortages or emergencies**
- **Ensure accessible, separate and safe healthcare facilities for hijra and transgender communities**
- **Establish a women's commission to prevent violence against women**

## 5. Budget recommendations from the Perspectives of Disadvantaged Citizens (cont.)

### Budget implementation requires improved transparency and accountability

- **Engage citizens in monitoring public service delivery at the local** to reduce corruption and ensure quality
- **Take stringent measures to ensure better economic management** (i.e., misuse of public money, inflation, defaulted loans, money laundering, tax evasion, debt distress, etc.)
- **Allocate budget to implement structural reforms within the government system** to bring transparency and accountability in budgetary allocation and resource utilisation
- **Decentralise the budget and administrative power** to reduce corruption and cronyism and to ensure equitable service delivery
- **Adopt a multi-stakeholder approach in budget management and ensure coordination** among relevant agencies
  - Formulate monitoring cells to supervise the progress of the implementation and bring transparency

## 6. Concluding Remarks

# 6. Concluding Remarks

## Anticipated moves by the government

- Fiscal space is likely to be limited
- Private investment (including FDI) may follow a cautious approach.
- Scope for new tax breaks/concessions may be limited
- New or higher tax rates may be imposed selectively
- Prevailing tax exemptions may be withdrawn selectively
- Contractionary monetary policy to contain credit growth to the private sector may be followed with upward pressure on interest rates
- Import restrictions may be continued
- Further depreciation may be allowed- the prospect of determining the exchange rate may be based on the market which is uncertain
- Restrained approach in releasing funds for public investments may continue to follow

## 6. Concluding Remarks (cont.)

### Anticipated moves by the government

- ❑ Restrained approach in releasing funds for public investments may continue to follow
- ❑ Allocations for subsidies for the power and energy sector may be brought down
- ❑ Administered prices of electricity and fuel may see further upward adjustments
- ❑ Expansion of social protection in terms of coverage and allowances may be done selectively
- ❑ Opportunities for decent jobs in modern sectors may be limited implying more reliance on the informal and agricultural sector by the disadvantaged communities with lower wages.
- ❑ Large entrepreneurs may show inertia for upward adjustments of wages citing the rising cost of business emerging from higher interest rates and higher costs for energy, power and imported inputs.

## 6. Concluding Remarks (cont.)

**The government will need to pursue the following to ensure the delivery of the budget for attaining the policy objectives**

- ❑ Take cautious and sensitive approach to avoid any policy spillover and protect the interest of the disadvantaged communities and smaller businesses while making the macroeconomic adjustments
- ❑ Safeguard policy adjustments and reforms from influences of the oligarchs and maintain zero tolerance against corruption and illicit financial outflow
- ❑ Protect the purchasing power of low and fixed income groups by giving them income tax reliefs, expanding social protection (including public works programmes) coverage and allowances and by ensuring stringent market monitoring
- ❑ Prioritise domestic resource mobilisation to expand fiscal space by curbing tax evasion and ensure value for public money in taking new investment projects as well as implementing the existing ones



## 6. Concluding Remarks (cont.)

- ❑ Strengthen transparency, participation and oversight in the budget delivery process
- ❑ Make scope for the local level citizens to be involved in budget delivery and monitoring process including selection of participants of social protection programmes and implementation of public investment projects to reduce leakages and corruption
- ❑ Ensure strong leadership and coordination among the government agencies, while devising and implementing policy decisions
- ❑ Use the built-in safety measures to keep fiscal discipline
- ❑ Ensure disaggregated budget reporting using real time data at the national parliament under the Public Money and Budget Management Act 2009
- ❑ Ensure regular monthly meetings of the critical parliamentary committees related to public finance management such as Standing Committee on Ministry of Finance, Standing Committee on Ministry of Planning, Public Accounts Committee, Committee on Estimates and Committee on Public Undertakings with opportunities for public hearings involving relevant stakeholders and citizens groups as well as briefings by amici curiae

# Thank you



সিপিডি'র কার্যক্রম সম্পর্কে জানতে স্ক্যান করুন