



বাংলাদেশের উন্নয়নের স্বাধীন পর্যালোচনা

# An Analysis of the National Budget for FY2026-27

Dhaka: 12 June 2026



[www.cpd.org.bd](http://www.cpd.org.bd)

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The CPD IRBD 2026 Team alone remains responsible for the analyses, interpretations and conclusions presented in this report.

- I. INTRODUCTION
- II. MACROECONOMIC PERSPECTIVES
- III. FISCAL FRAMEWORK
- IV. ANNUAL DEVELOPMENT PROGRAMME
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# I. INTRODUCTION

- ❑ The Finance Minister has presented the budget for FY27 at the national parliament on 11th June 2026.
- ❑ The first budget of Bangladesh's newly elected BNP government comes at a time when the economy has been facing multiple challenges over the last few years.
- ❑ Over the past four years, Bangladesh has grappled with persistently high inflation, slowing economic growth, weak private investment, sluggish job creation, revenue shortfalls, a fragile banking sector, pressure on foreign exchange reserves, and a difficult energy situation.
- ❑ In this context, the Finance Minister, in his budget speech, highlighted various budgetary proposals presented in the budget document titled “**Journey Towards a Democratic, Humane and Inclusive Economy**”.
- ❑ CPD presents an assessment of various proposals in the FY27 budget as part of its immediate media response to the national budget.



## **II. MACROECONOMIC PERSPECTIVES**

## II. MACROECONOMIC PERSPECTIVES

### *Snapshot of Macroeconomic Indicators*



**Large shortfall in revenue collection**



**Restrained public expenditure**



**Historical low ADP implementation**




**High reliance on bank borrowing**



**Persistent inflationary pressure**



**High level of non-performing loans**



**Liquidity crunch in several banks**



**Fluctuating export earnings**



**Moderate remittance inflow**



**Low private investment**



**Gradual build-up of forex reserve**



**Gradual increase in import payments**



**Stabilisation of exchange rate**



**Slowdown in economic growth**

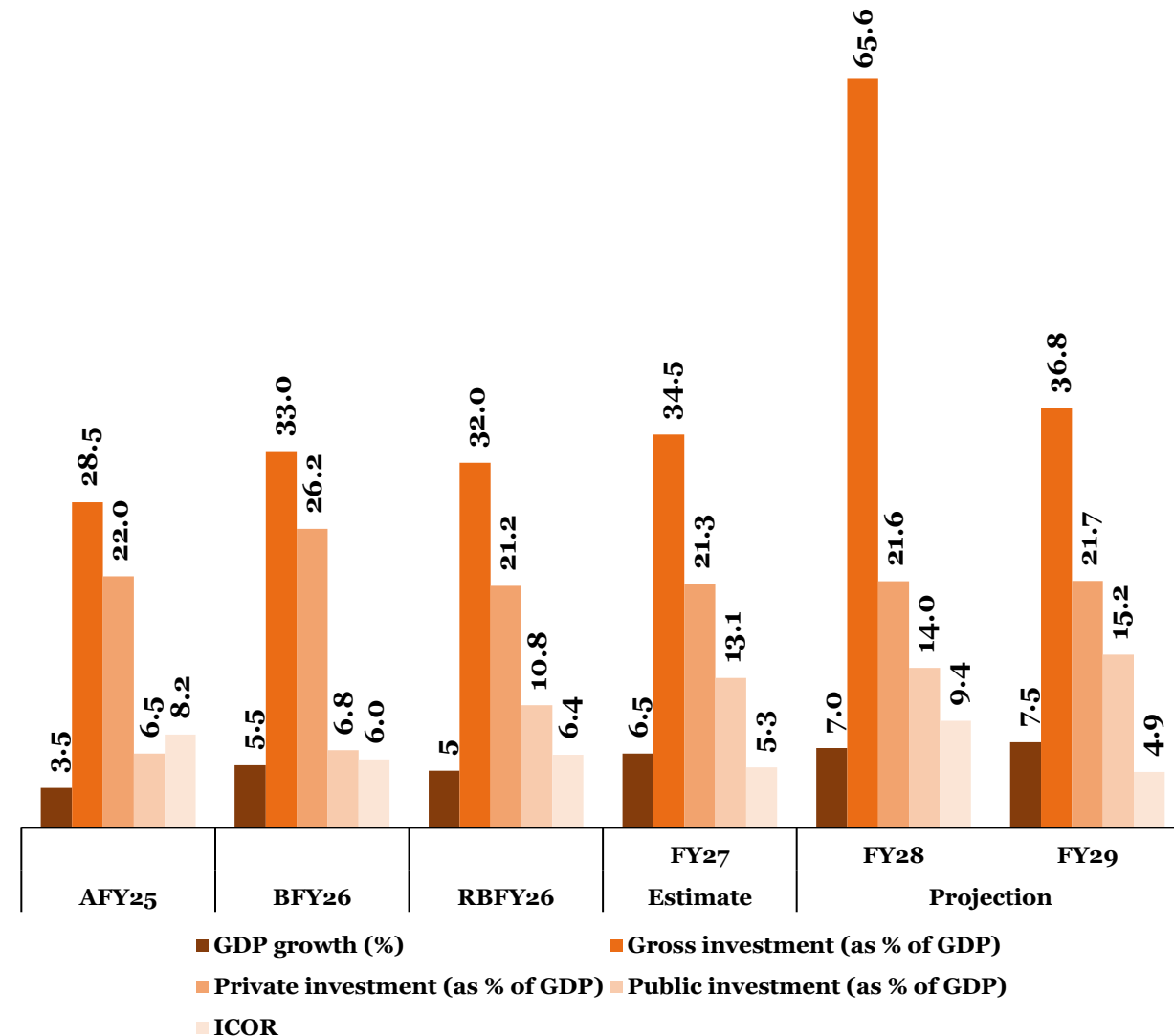


**Unmet demand for energy and power**

## II. MACROECONOMIC PERSPECTIVES

- ❑ For FY27, **GDP growth** target has been set at 6.5% - a recovery from 5.0% (provisional MoF estimates for RBFY26)
  - However, according to the BBS, the provisional GDP growth for FY26 has been estimated to be 4.14%!
- ❑ **Public investment-GDP ratio to increase significantly:** 13.1% in FY27 (10.8% in RBFY26) – **BDT. 208,058 Crore** more in nominal terms.
- ❑ **Private investment-GDP ratio to improve marginally:** 21.3% in FY27 (21.2% in RBFY26).
  - In FY27, additional BDT 165,767 crore will be required for private investment (12.9% increase in nominal terms) – **whether it is possible in the current investment climate remains a question (Estimated from MTMPS).**
- ❑ **ICOR** is expected to be 5.3 in FY27 – implying an improvement in productivity (6.4 in RBFY26)

### GDP and Investment



## II. MACROECONOMIC PERSPECTIVES

❑ **Growth of credit to private sector:** 9.4% in FY27 (8.% in RBFY26)

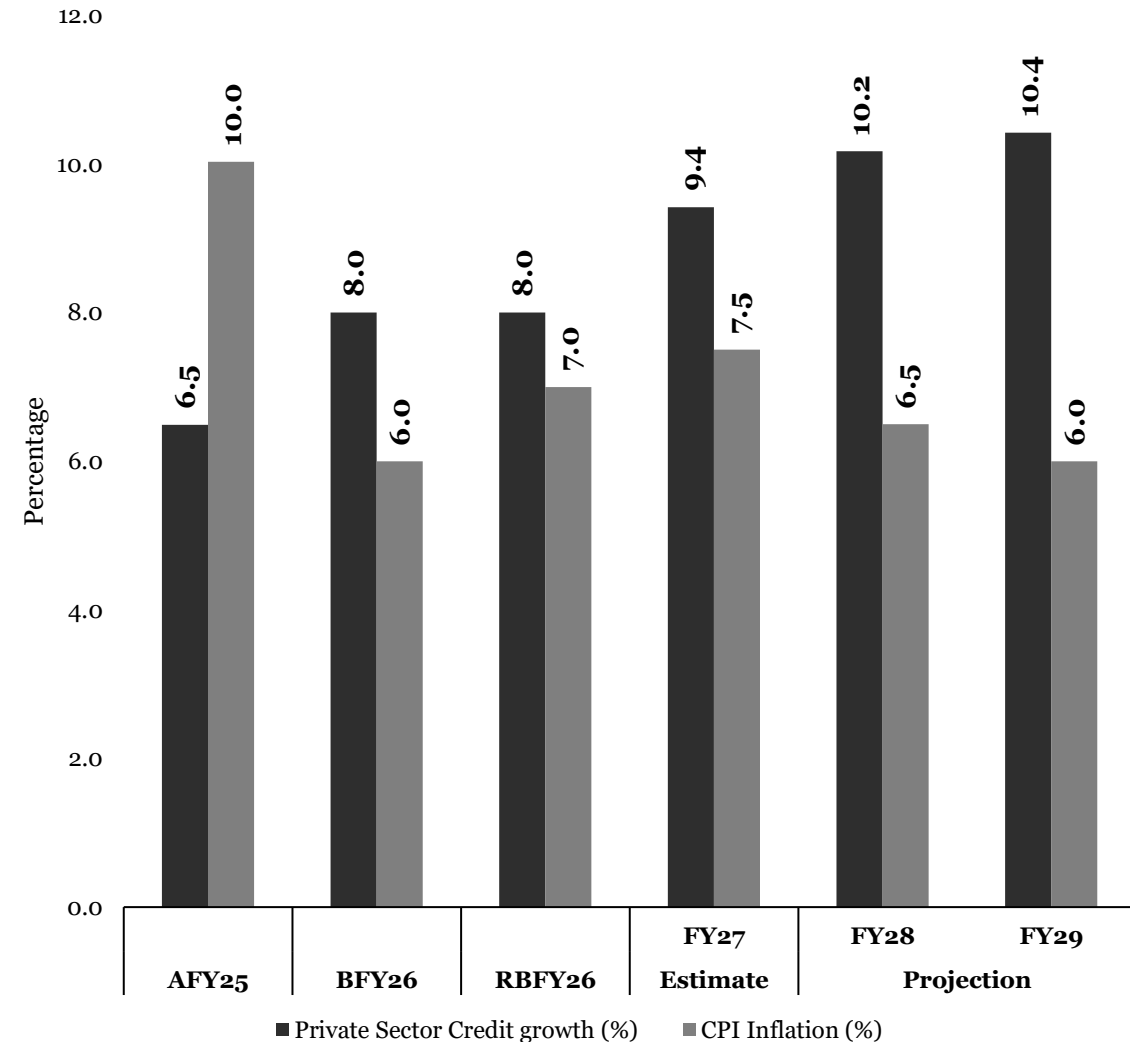
- As of April 2026, private sector credit growth was 4.75%.
- Amid government's high reliance on bank borrowing and economic downfall, such uptick in credit to private sector may be optimistic.

❑ **Inflation target** is set of 7.5% in FY27 – (7% projected RBFY26)

- As of May 2026, average inflation (12-month moving average basis) was 8.63% (9.42% on point-to-point basis).

❑ **Achieving inflation target will require improved food supply, ensuring energy supply, prudent monetary policy, and productive use of public expenditure.**

### Monetary Sector and Inflation



## II. MACROECONOMIC PERSPECTIVES

### External Sector

| Indicator                | AFY25 | BFY26 | RBFY26 | Estimate | Projection |       |
|--------------------------|-------|-------|--------|----------|------------|-------|
|                          |       |       |        | FY27     | FY28       | FY29  |
| Export (growth in %)     | 7.7   | 10.0  | 9.0    | 7.9      | 11.5       | 12.2  |
| Import (growth in %)     | 1.8   | 7.0   | 8.7    | 15.8     | 10.8       | 10.0  |
| Remittance (growth in %) | 28.2  | 8.0   | 10.1   | 15.0     | 13.0       | 12.5  |
| Forex Reserve (USD bln)  | 31.2  | 38.9  | 32.7   | 41.0     | 50.6       | 62.6  |
| Exchange rate (BDT/USD)  | 120.4 | 122.0 | 122.3  | 127.0    | 131.9      | 135.9 |

❑ **Export growth: 7.9% in FY27 (9.0% in RBFY26)**

➤ July-March FY26 was -4.4%

❑ **Import growth: 15.8% in FY27 (8.7% in RBFY26)**

➤ July-March FY26 was 4.5%

❑ **Remittance growth: 15.0% in FY27 (10.1% in RBFY26)**

➤ July-May FY26 was 19.1%

❑ **Forex reserve: USD 41.0bn as of FY27 (USD 32.7bn as of RBFY26)**

➤ As of 4 June 2026, USD 34.8bn

❑ **Exchange rate for FY27: BDT 127.0/USD**

➤ Interbank BDT-USD Exchange Rate on 4 June 2026 was BDT 122.75/USD

## II. MACROECONOMIC PERSPECTIVES

### Public Debt

| Indicator                          | AFY25 | BFY26 | RBFY26 | Estimate | Projection |      |
|------------------------------------|-------|-------|--------|----------|------------|------|
|                                    |       |       |        | FY27     | FY28       | FY29 |
| Debt Stock (as % of GDP)           | 38.9  | 37.5  | 38.2   | 38.6     | 38.4       | 38.9 |
| External Debt Stock (as % of GDP)  | 17.2  | 16.3  | 16.0   | 16.6     | 16.7       | 17.2 |
| External Debt Redemption (USD bln) | 2.6   | 3.2   | 3.2    | 3.8      | 4.2        | 4.3  |

❑ **Public debt stock** as % of GDP will increase marginally in FY27 (38.6% in FY27, 38.2% in RBFY26)

➤ **External debt** also follows the same pattern

❑ External debt redemption to grow by USD 0.6 bln in FY27

➤ The projections for the latter years appear to be increasing

***❑ Overall, the targets set for the macroeconomic framework for FY27 appear to be optimistic.***



## **III. FISCAL FRAMEWORK**

### Broad Fiscal Framework for FY27

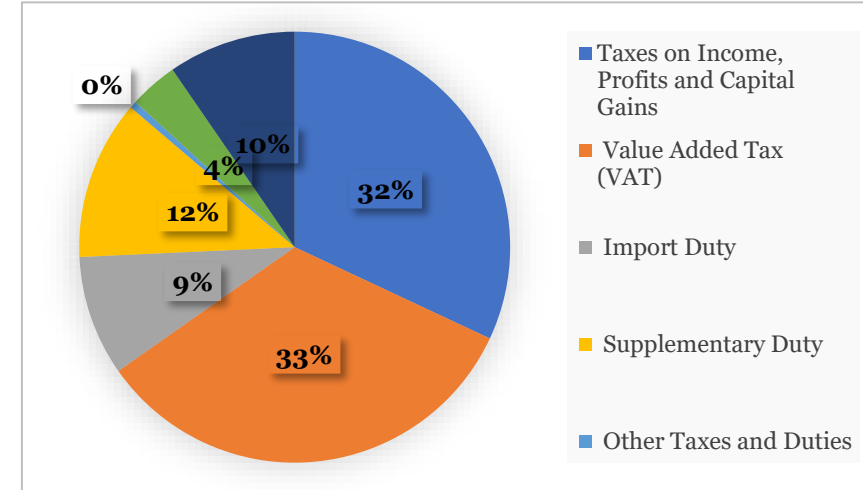
- ❑ **Revenue mobilisation growth (18.9%) is projected to be less than public expenditure growth (19.0%)**
  - Total expenditure is set at 13.7% of GDP (higher than RBFY26 → 13.0%)
  - Revenue is expected to be 10.2% of GDP (higher than RBFY26 → 9.7%)
- ❑ **Development expenditure (47.1%) is programmed to grow drastically higher than operating expenditure (6.73%)**
- ❑ **ADP: 32% of total public expenditure (higher than RBFY26 → 25.4%)**
- ❑ **Budget deficit has been projected at 3.6% of GDP (higher than RBFY26 → 3.3%)**
- ❑ **Share of foreign loans and grants (47.7%) in financing the budget deficit is expected to be higher (from 31.5% in RBFY26)**
- ❑ **Revised budget for FY26 did not consider budget implementation progress into consideration – all these comparisons may substantially change when the final estimates for FY26 are available!**

## Revenue Mobilisation

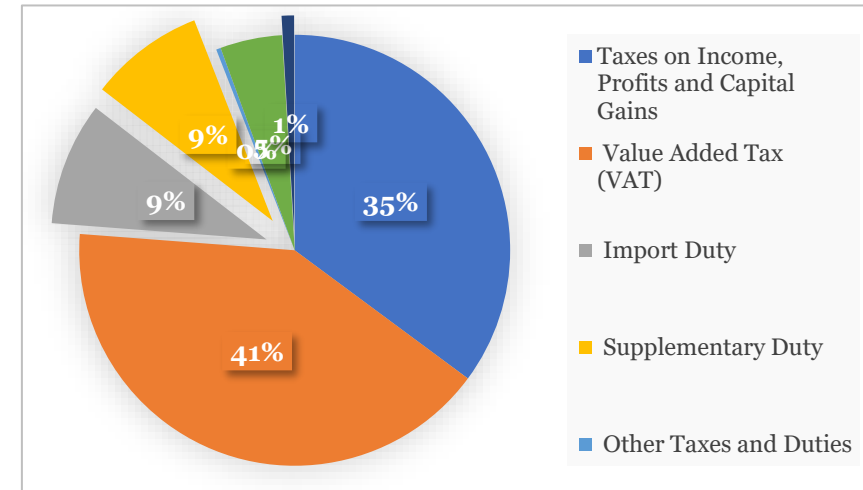
|  |        |
|--|--------|
| FY27 (Crore BDT)   | 695000 |
| FY26 (RB) Crore BDT)   | 588000 |
| Target Growth (%) FY27 (Budget)  | 18.2   |
| FY26 (CPD) Projection) (Crore BDT)                                     | 450000 |
| Target Growth (%) FY27 (CPD Projection based on data up to March 2026) | 54.4   |

- ❑ Budget FY27 targets 18.2% revenue mobilisation growth over RBFY26
  - **CPD projection: 54.4% on actual FY26 - approx. an additional BDT 245,000 crore may need to be mobilised**
- ❑ NBR tax is projected to grow by 20.1% (86.9% of incremental revenue)
- ❑ Non-NBR tax and non-tax revenue to increase; by 25% and 1.5% respectively
- ❑ VAT and Taxes on Income, Profits and Capital Gains to post strong growth (41.2% and 35.3% of total incremental revenue, respectively) followed by Import Duty (9.3%) and SD (8.6%)

## Share of Revenue FY27



## Incremental Share of Revenue FY27



### Total Public Expenditure

| Sector                                    | Share in BFY27 | Share in RBFY27 | Change in FY27B over FY26R |             | Incremental Share |
|---|----------------|-----------------|----------------------------|-------------|-------------------|
|   | %              | %               | Crore BDT                  | %           | %                 |
| Public Service                            | 28.1           | 28.8            | 36756                      | 16.2        | 24.5              |
| Local Government and Rural Development    | 4.6            | 5.9             | -3783                      | -8.1        | -2.5              |
| Defence Services                          | 4.5            | 5.1             | 1789                       | 4.4         | 1.2               |
| Public Order and Safety                   | 3.6            | 4.3             | 134                        | 0.4         | 0.1               |
| Education and Technology                  | 13.1           | 10.9            | 36628                      | 42.7        | 24.4              |
| Health                                    | 6.7            | 3.6             | 34798                      | 124.0       | 23.2              |
| Social Security and Welfare               | 6.7            | 5.7             | 17852                      | 40.0        | 11.9              |
| Housing                                   | 0.5            | 0.6             | 256                        | 5.3         | 0.2               |
| Recreation, Culture and Religious Affairs | 0.8            | 0.8             | 1373                       | 22.2        | 0.9               |
| Energy and Power                          | 1.8            | 2.2             | 394                        | 2.3         | 0.3               |
| Agriculture                               | 5.0            | 5.8             | 1032                       | 2.3         | 0.7               |
| Industrial and Economic Services          | 0.4            | 0.5             | -412                       | -9.6        | -0.3              |
| Transport and Communication               | 6.7            | 6.4             | 12592                      | 25.0        | 8.4               |
| Science and Information Technology        | 2.1            | 2.6             | -494                       | -2.4        | -0.3              |
| Interest                                  | 13.6           | 16.1            | 500                        | 0.4         | 0.3               |
| Others (Memorandum Item)                  | 1.7            | 0.7             | 10585                      | 189.0       | 7.1               |
| <b>Total Expenditure</b>                  | <b>100.0</b>   | <b>100.0</b>    | <b>150000</b>              | <b>19.0</b> | <b>100.0</b>      |

| Top 3 Sectors with Higher Share in BFY26 | Change (percentage points) |
|--|----------------------------|
| Health                                   | 3.1                        |
| Education and Technology                 | 2.2                        |
| Social Security and Welfare              | 1.0                        |
| Top 3 Sectors With Lower Share in BFY26  | Change (percentage points) |
| Interest                                 | -2.5                       |
| Local Government                         | -1.3                       |
| Agriculture                              | -0.8                       |

□ Within the Public Services Sector, the **Finance Division receives** an additional amount of **BDT. 22,440 crore (61.1% of total incremental public expenditure)**

□ High spending area:

➤ **Equity: BDT 36,706 crore**

### Augmented Operating Recurrent Expenditure

| Indicators                                       | Growth<br>BFY27/RBFY26<br>(%) | Share<br>BFY27 | Share<br>RBFY26 | Incremental<br>Share BFY27 | Change in Crore<br>BDT<br>BFY27/RBFY26 |
|--|-------------------------------|----------------|-----------------|----------------------------|--|
| <b>Pay and Allowances</b>                        | 5.5                           | 15.6           | 15.9            | 12.0                       | 4641                                   |
| <b>Goods and Services</b>                        | 7.4                           | 9.7            | 9.7             | 9.9                        | 3845                                   |
| <b>Interest Payments</b>                         | 0.4                           | 22.3           | 23.8            | 1.3                        | 500                                    |
| <i>Domestic</i>                                  | 0.0                           | 18.3           | 19.7            | 0.0                        | 0.0                                    |
| <i>Foreign</i>                                   | 2.3                           | 3.9            | 4.1             | 1.3                        | 500                                    |
| <b>Subsidies and Current Transfers</b>           | 9.3                           | 47.6           | 46.7            | 59.9                       | 23248                                  |
| <b>Block Allocation</b>                          | 998.4                         | 1.1            | 0.1             | 14.2                       | 5491                                   |
| <b>Acquisition of Assets and Works</b>           | 5.2                           | 3.7            | 3.8             | 2.7                        | 1066                                   |
| <b>Augmented Operating Recurrent Expenditure</b> | 7.3                           | 100.0          | 100.0           | 100.0                      | 38791                                  |

□ Augmented Operating Recurrent Expenditure is projected to increase (7.3%)

- Almost no increase (only BDT 500 crore) in interest payments
- Pay & Allowances, Goods & Services, and Subsidies and Current Transfers to receive more than half of the incremental Augmented Operating Recurrent Expenditure

### Budget Deficit Financing

| Budget Financing Source  | Share (%) |        |       | Crore Tk. |        |        |
|--------------------------|-----------|--------|-------|-----------|--------|--------|
|                          | BFY27     | RBFY26 | AFY25 | BFY27     | RBFY26 | AFY25  |
| Foreign Grant            | 2.5       | 2.5    | 2.6   | 6150      | 5000   | 4788   |
| Foreign Loan (net)       | 45.2      | 29.0   | 29.9  | 109850    | 58000  | 55642  |
| Bank Borrowing (Net)     | 46.1      | 59.0   | 61.4  | 112000    | 118000 | 114161 |
| Non-Bank Borrowing (Net) | 6.2       | 9.5    | 6.0   | 15000     | 19000  | 11222  |
| <b>Total Financing</b>   | 100.0     | 100.0  | 100.0 | 243000    | 200000 | 185813 |

- Bank borrowing is the main source of deficit financing.
- Projections for foreign loans for deficit financing is also high.

### Contingent Liability

- Government's guarantee (contingent liability) is about 1.5% of GDP and 42.8% of FY27 budget deficit
- Biman, energy, and power are the leading sectors in terms of receiving guarantees from the government

#### List of Government Guarantees (Contingent Liability)

| Sector                     | Amount (Crore BDT) |        |          |          | Growth (%) |       |       | Share (%) |       |       |       |
|----------------------------|--------------------|--------|----------|----------|------------|-------|-------|-----------|-------|-------|-------|
|                            | FY24               | FY25   | FY26     | FY27     | FY25       | FY26  | FY27  | FY24      | FY25  | FY26  | FY27  |
| <b>Agricultural Credit</b> | 3039               | 3573   | 3108.78  | 2894.28  | 17.6       | -13.0 | -6.9  | 3.1       | 3.1   | 2.6   | 2.8   |
| <b>Biman</b>               | 8543               | 7399   | 7745.55  | 6257.21  | -13.4      | 4.7   | -19.2 | 8.7       | 6.3   | 6.5   | 6.0   |
| <b>Energy</b>              | 4928               | 7661   | 7694.17  | 6786.02  | 55.5       | 0.4   | -11.8 | 5.0       | 6.5   | 6.5   | 6.5   |
| <b>Power</b>               | 51496              | 53596  | 53071.61 | 34705.13 | 4.1        | -1.0  | -34.6 | 52.2      | 45.8  | 44.6  | 33.4  |
| <b>Telecom</b>             | 892                | 726    | 640.84   | 436.73   | -18.6      | -11.7 | -31.9 | 0.9       | 0.6   | 0.5   | 0.4   |
| <b>Miscellaneous</b>       | 29692              | 44139  | 46821.25 | 52894.99 | 48.7       | 6.1   | 13.0  | 30.1      | 37.7  | 39.3  | 50.9  |
| <b>Total</b>               | 98591              | 117094 | 119082.2 | 103974.4 | 18.8       | 1.7   | -12.7 | 100.0     | 100.0 | 100.0 | 100.0 |



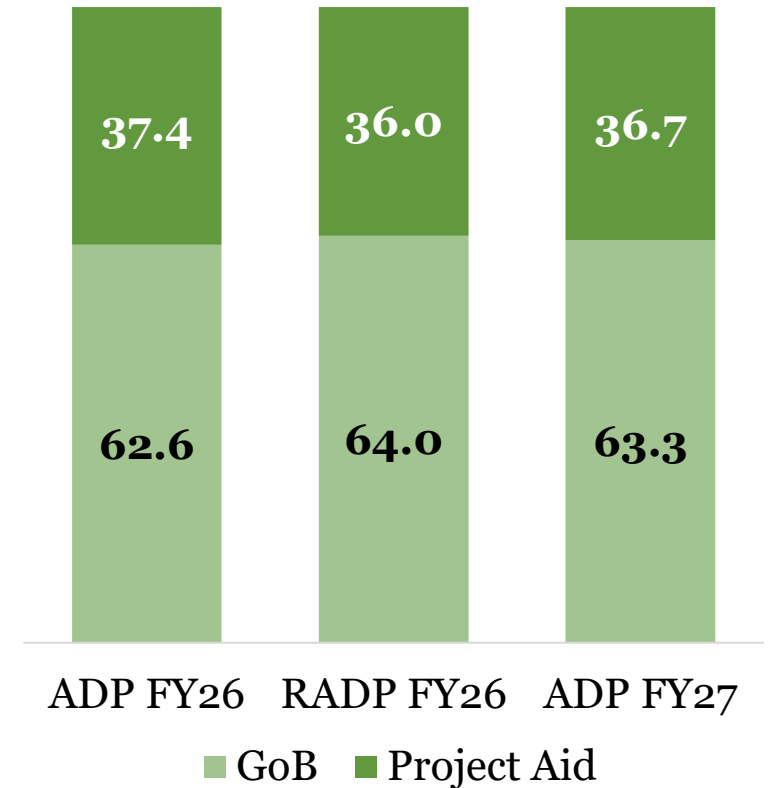
## **IV. ANNUAL DEVELOPMENT PROGRAMME**

## IV. ANNUAL DEVELOPMENT PROGRAMME

□ **The ADP for FY27 is BDT 300,000 crore**

- **4.4% of GDP in FY27** (3.7% in BFY26 and 3.3% in RBFY26)
- **ADP for FY27 is 30.4% higher** than the FY26 ADP— an ambitious allocation amid concerns over weak implementation performance (**only 35.4% spent in first 10 months in FY26**)
- Project Aid (PA) to finance 36.7% of total ADP in FY27 (37.4% in ADP of FY26)
- **Two projects** account for 19.1% of total project aid in ADP for FY27
  - Rooppur Nuclear Power Plant: 13.4% of total PA
  - Dhaka Mass Rapid Transit Development Project (Line 1): 5.8% of total PA

**ADP Financing Structure**  
 (% of total)



## IV. ANNUAL DEVELOPMENT PROGRAMME

- ❑ The FY27 ADP received an **additional allocation of BDT 70,000 crore** over the original FY26 ADP
  - **8 out of the 15 sectors** under the ADP received **increased allocations**
  - **Education and Health** recorded the largest increases in allocations, **rising by BDT 21,034 crore and BDT 17,382 crore, respectively**
  - **Transportation and Communication, Housing and Community Amenities, and Religion, Culture and Recreation** saw the largest cuts, **with Transportation and Communication reduced by BDT 8,881 crore.**
  - **BDT 14,500 crore** has been allocated under the **Ministry of Social Welfare's development assistance in special needs**

### Sector-wise share of total increased ADP allocation

| Sector  | Share in the BDT 70,000 crore increase (%) |
|---|--|
| Education                                       | 30.05                                      |
| Health  | 24.83                                      |
| General Public Services                         | 1.81                                       |
| Defence   | 1.24                                       |
| Local Government and Rural Development          | 0.50                                       |
| Power and Energy                                | 0.43                                       |
| Social Protection                               | 0.19                                       |
| Agriculture                                     | 0.07                                       |
| Public Order and Safety                         | -0.17                                      |
| Science and ICT                                 | -0.31                                      |
| Industrial and Economic Services                | -0.74                                      |
| Environment, Climate Change and Water Resources | -0.84                                      |
| Religion, Culture and Recreation                | -1.66                                      |
| Housing and Community Amenities                 | -3.45                                      |
| Transportation and Communication                | -12.69                                     |

## IV. ANNUAL DEVELOPMENT PROGRAMME

- ❑ **No major structural shift** is observed in FY27 despite **reallocation of funds across sectors**.
- ❑ The **top 5 sectors** have received **62.8%** of total ADP allocation:
  - **Transportation and Communications Sector** once again has received the highest allocation (16.7% of total) for the highest number of projects (178). **Education** sector has received the **second highest share** (16.5%) in ADP allocation.
  - These two sectors account for about 40% of total ADP allocation.
  - **Rooppur Nuclear Power Plant project** accounts for **47.4%** of total allocation for Power and Energy sector!

| Sector                           | ADP FY26        |                      | ADP FY27        |                      |
|----------------------------------|-----------------|----------------------|-----------------|----------------------|
|                                  | No. of projects | Allocation share (%) | No. of projects | Allocation share (%) |
| <b>Top five sectors</b>          | <b>545</b>      | <b>69.9</b>          | <b>532</b>      | <b>62.8</b>          |
| Transportation and Communication | 191             | 25.6                 | 178             | 16.7                 |
| Education                        | 92              | 12.4                 | 108             | 16.5                 |
| Health                           | 35              | 7.9                  | 46              | 11.8                 |
| Power and Energy                 | 56              | 14.1                 | 54              | 10.9                 |
| Housing and Community Amenities  | 171             | 9.9                  | 146             | 6.8                  |
| <b>Other 10 Sectors</b>          | <b>540</b>      | <b>24</b>            | <b>576</b>      | <b>18.2</b>          |
| Development Assistance           | NA              | 6.3                  | NA              | 19.0                 |
| <b>Total</b>                     | <b>1085</b>     | <b>100</b>           | <b>1108</b>     | <b>100.0</b>         |

### □ It is inspiring that both health and education have remained in the top 5 sectors

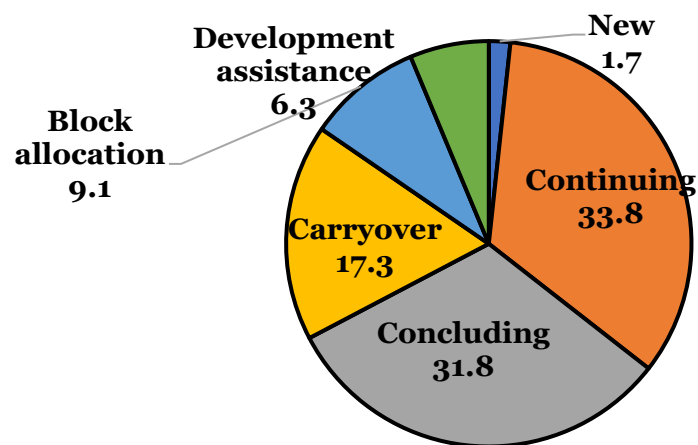
- Education sector has received **16.5%** share of total ADP in FY27 from **12.4%** in FY26
- The share of Health sector in ADP FY27 (**11.8%**) has significantly increased from that in ADP FY26 (**7.9%**)
  - However, **implementation of projects under these two sectors has traditionally been the major challenge.**

□ For **Agriculture**, share in ADP allocation has **deteriorated** - from 4.7% in FY26 to 3.6% in FY27.

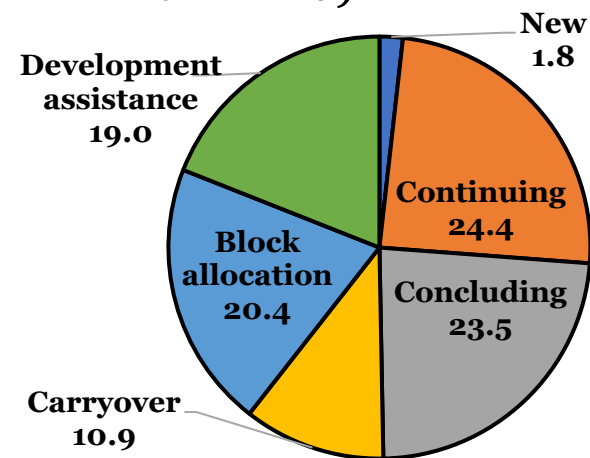
- *Alarming signal at a time when ensuring food security remains a high priority.*

## IV. ANNUAL DEVELOPMENT PROGRAMME

□ The ADP for FY27 contains **1,108 projects** (1,085 for ADP of FY26)



Share of allocation in FY26 (%)



Share of allocation in FY27 (%)

□ **Share of allocation for continuing projects has declined** to 24.4% in FY27 from 33.8% in FY26

- This 24.4% allocation is provided to 258 continuing projects in FY27 (302 in FY26)
- Indeed, 5 out of 10 highest allocated projects are continuing projects.

□ **70 new projects** are included in FY27 (26 in FY26)

- Their share has **increased marginally: 1.8% of total ADP allocation** in FY27 (1.7% in FY26).
- 136 new projects were included in the RADP for FY26 (94 were included in RADP FY25).

## IV. ANNUAL DEVELOPMENT PROGRAMME

- ❑ A total of **403 projects** are scheduled to be concluded in FY27, according to project completion timeline
- ❑ **377** 'carryover' projects (account for 10.9% of the total allocation)
  - This **share increased** from the previous year – *a worsening of the situation*.
  - Transportation and Communications has 80 of these projects, followed by Housing and Community Amenities (57), Education (45), Environment, Climate Change and Water Resources (35), and Local Government and Rural Development (32).
  - **Prevalence of carryover projects implies the need for additional allocation due to cost escalation.**
- ❑ Thus, total number of projects which should be concluded in FY27: **780** (concluding & carryover in total).
- ❑ Planning Commission has identified only **231 projects** which may be completed in **FY27** (241 were listed in FY26).
  - **Many of these are unlikely to be completed in FY27 due to insufficient allocation.**

## IV. ANNUAL DEVELOPMENT PROGRAMME

### Number of ADP Projects According to Project Status

| Project Status                                       | FY17         | FY18         | FY19         | FY20         | FY21         | FY22         | FY23         | FY24         | FY25         | FY26         | FY27         |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Unapproved projects without Allocation               | 1,172        | 1,315        | 1,338        | 1,045        | 1347         | 609          | 633          | 829          | 924          | 754          | 1063         |
| Projects listed to seek Foreign Funds                | 349          | 360          | 326          | 242          | 96           | 141          | 150          | 219          | 259          | 200          | 179          |
| <b>Total Number of Projects in the ADP</b>           | <b>1,141</b> | <b>1,192</b> | <b>1,347</b> | <b>1,475</b> | <b>1,584</b> | <b>1,426</b> | <b>1,356</b> | <b>1,250</b> | <b>1,246</b> | <b>1,085</b> | <b>1,108</b> |
| PPP  | 32           | 36           | 78           | 62           | 61           | 79           | 77           | 79           | 80           | 79           | 80           |
| Possible Completion (Planning Commission identified) | 354          | 411          | 446          | 355          | 380          | 412          | 298          | 336          | 270          | 241          | 231          |

❑ 1063 projects are listed without allocation (in a separate list) in FY27.

❑ 179 unapproved projects have been listed to seek foreign funds.

❑ **The share of projects with symbolic allocation (token allocation to keep these projects in the ADP list) has increased substantially – a move to the wrong direction.**

➤ Inclusion of projects with an allocation of BDT 1 lakh has been a perpetual practice (barring FY22).

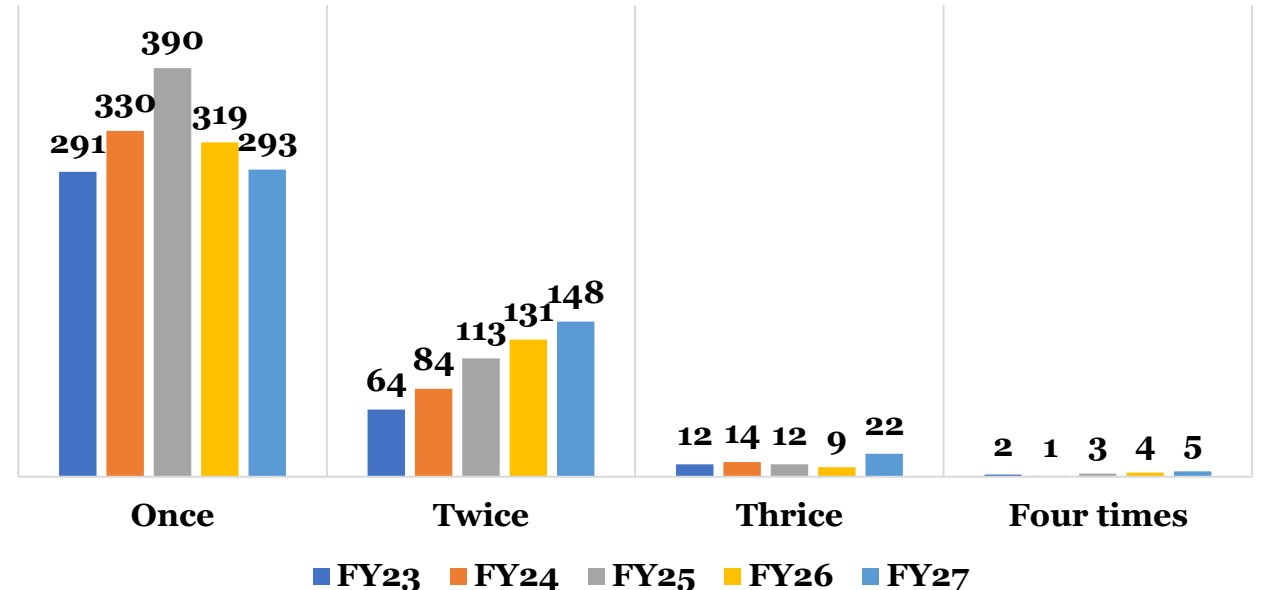
➤ **77 projects (6.9% of total number of projects) under ADP FY27 have received only BDT 1 lakh or below;** (45 projects (4.1% of total ADP projects) received such allocation in FY26).

## IV. ANNUAL DEVELOPMENT PROGRAMME

### ❑ Time-overrun projects continue!

- **Average age** of 976 investment projects is **5.7 years**.
- **322 (33%)** of these 976 projects are **6-10 years old** (due to **repeated extensions** of projects).
- **47** of these 976 projects are **more than 10 years old**.
- **48%** of investment projects in ADP for FY27 have already been **revised 1 to 4 times**.
- Number of **projects with time extension** increased from **463 in FY26 to 468 in FY27**.
- Number of projects with **2nd time extension** increased by **13% in FY27** compared to FY26.

ADP Projects With Number of Revisions



## IV. ANNUAL DEVELOPMENT PROGRAMME

### ❑ Mega Projects: Pace of Implementation Remains a Concern

| Project Name  | Start Date | Project Cost (BDT cr) | Progress till Jun 25 (%) | Possible Progress till Jun 27 (%) | End date  |
|---|------------|-----------------------|--------------------------|-----------------------------------|-----------|
| Construction of Rooppur Nuclear Power Plant (1st revised)   | 1-Jul-16   | 138,686               | 68.3                     | 86.7                              | 30-Jun-28 |
| Dhaka Mass Rapid Transit Development Project (Line 1)   | 1-Sep-19   | 53,977                | 5.9                      | 21.0                              | 31-Dec-26 |
| Dhaka Mass Rapid Transit Development Project (Line 5): Northern route                                 | 1-Jul-19   | 41,239                | 12.2                     | 23.7                              | 31-Dec-28 |
| Matarbari Port Development (2nd Revised)  | 1-Jan-20   | 24,381                | 7.8                      | 26.9                              | 31-Dec-29 |
| Expansion and Strengthening of Power System Network under DPDC Area (1st revised)                     | 1-Jan-17   | 20,468                | 51.2                     | 74.5                              | 25-Nov-26 |
| Development of Government Secondary Schools (1st Revised)   | 1-Jan-17   | 4,342                 | 28.0                     | 98.0                              | 31-Dec-26 |
| Power Grid Network Strengthening Project under PGCB (Revised)   | 1-Oct-16   | 14,326                | 53.1                     | 81.0                              | 30-Jun-27 |
| Government Primary School Feeding Programme   | 1-Jan-25   | 5,452                 | 0.0                      | 60.3                              | 31-Dec-27 |
| Dhaka Mass Transit Development Project (Line-6) (3rd Revised)   | 1-Jul-12   | 32,718                | 78.3                     | 87.2                              | 31-Dec-28 |
| SASEC Dhaka-Sylhet Corridor Development   | 1-Jan-21   | 16,919                | 15.3                     | 36.4                              | 31-Dec-26 |
| Modernisation and Capacity Enhancement of the BREB Network (Dhaka-Mymensingh Divisions) (1st revised) | 1-Jul-22   | 7,427                 | 17.7                     | 56.2                              | 30-Jun-27 |

## IV. ANNUAL DEVELOPMENT PROGRAMME

### ❑ Mega Projects: Pace of Implementation Remains a Concern

| Project Name   | Start Date | Project Cost (BDT cr.) | Progress till Jun 25 (%) | Possible Progress till Jun 27 (%) | End date  |
|--|------------|------------------------|--------------------------|-----------------------------------|-----------|
| Saidabad Water Treatment Plant (Phase-3) (2nd Revised)   | 1-Jul-15   | 16,015                 | 1.0                      | 18.9                              | 30-Jun-29 |
| Implementation of Unfinished Activities under Essential Family Planning, Maternal, Child, and Reproductive Health Services within the Completed 4th Sector Programme | 1-Jul-25   | 1,664                  | 0.0                      | 95.9                              | 30-Jun-26 |
| Learning Acceleration in Secondary Education (LAISE) Project   | 1-Oct-23   | 3,304                  | 0.9                      | 62.9                              | 30-Sep-28 |
| Construction of Dhaka Ashulia Elevated Expressway (1st Revised)  | 1-Sep-17   | 18,069                 | 64.9                     | 97.5                              | 30-Jun-26 |
| Accelerating and Strengthening Skills for Economic Transformation (ASSET) (1st revised)  | 1-Jul-21   | 4,300                  | 2.9                      | 68.8                              | 30-Dec-26 |
| National Special Economic Zone (NSEZ) Development Project(1st revised)   | 1-Jan-21   | 4,140                  | 6.7                      | 52.8                              | 30-Jun-28 |
| SASEC Road connecting Project-II: Improvement of Elenga-Hatikamrul-Rangpur to a 4- lane Road (2nd Revised)   | 1-Sep-16   | 19,054                 | 78.1                     | 93.1                              | 31-Dec-26 |
| Establishment of 500 Bedded Hospital and ancillary Building in Jashore, Cox's Bazar, Pabna Noakhali (1st Revised)  | 1-Jul-18   | 3,416                  | 9.7                      | 55.7                              | 30-Jun-26 |
| Establishment of complete Cancer, Kidney and Heart treatment center in eight divisional city (1st revised)   | 1-Jul-19   | 3,433                  | 22.7                     | 70.6                              | 30-Jun-26 |

### ❑ **Mega Projects: Pace of implementation remains a concern**

❑ BDT 58,747 crore is allocated for top 20 mega projects (mostly infrastructure) which is **nearly 20%** of total ADP of FY27

### ❑ **Eight out of 20 mega projects are scheduled to be completed in FY27**

- Dhaka Mass Rapid Transit Development Project (Line 1)
- Expansion and Strengthening of Power System Network under DPDC Area (1st revised)
- Development of Government Secondary Schools (1st Revised)
- Power Grid Network Strengthening Project under PGCB (Revised) Construction of Jamuna Railway Bridge (1st revised)
- SASEC Dhaka-Sylhet Corridor Development
- Modernisation and Capacity Enhancement of BREB Network (Dhaka-Mymensingh Divisions) (1st revised)
- Accelerating and Strengthening Skills for Economic Transformation (ASSET) (1st revised)
- SASEC Road connecting Project-II: Improvement of Elenga-Hatikamrul-Rangpur to a 4- lane Road (2nd Revised)

❑ **However, even if maximum utilisation of resources is ensured, none of these will be completed by FY27.**

### ❑ **Three Projects Were Targeted to be Completed by FY26**

- Construction of Dhaka-Ashulia Elevated Expressway (1st Revised)
- Establishment of 500-bed Hospital and ancillary Building in Jashore, Cox's Bazar, Pabna and Noakhali (1st Revised)
- Establishment of complete Cancer, Kidney and Heart treatment centre in eight divisional city (1st Revised)
  - **The need for time and cost extension is evident from the ADP allocation so far for these projects.**

❑ Among the top 20 projects, **only one new entrant** was added: 'Implementation of Unfinished Activities under Essential Family Planning, Maternal, Child, and Reproductive Health Services within the Completed 4th Sector Programme'.

❑ As per the project timeline, 8 of the 20 projects remained as continuing projects in FY27, including the 'Construction of Rooppur Nuclear Power Plant (1st revised)' project.



## **V. FISCAL MEASURES**

### □ Personal Income Tax (PIT) Structure

- PIT structure **remains unchanged** in Assessment Year (AY) 2026-27 and AY2027-28, with the tax-free income threshold set at BDT 3,75,000
- Previous CPD analysis presented how **this tax structure would place higher tax burden on relatively low-income groups**:

|   | Taxable Income in BDT |           |           |           |
|---|-----------------------|-----------|-----------|-----------|
|   | 600,000               | 10,00,000 | 15,00,000 | 30,00,000 |
| <b>% of Assessment increase in FY26-27 and FY27-28 to FY25-26</b> | 12.5%                 | 16.7%     | 16.7%     | 7.6%      |

- For those earning income of BDT 6.0 lakh, BDT 10.0 lakh and BDT 15.0 lakh, total tax liability would rise by 12.5%, 16.7% and 16.7% respectively compared to AY25-26. On the contrary, for those earning above BDT 30.0 lakh the rise will be relatively lower (7.6%).
- Tax exempt threshold of PIT has been raised to BDT 4,00,000 for AY28-29 and AY2029-30, and BDT 4,50,000 for AY30-31.
- The **proposed five-year roadmap for PIT is a welcome move**, as it will provide taxpayers with a predictable picture as regards their future tax obligations.

### □ Personal Income Tax (PIT) Structure

- However, it is important that the thresholds adequately reflect the impact of the level of inflation.
  - Although the inflation target for FY26 was 6.5%, actual inflation stood at 8.63% (moving average, June 2025–May 2026), **indicating a persistent erosion of purchasing power.**
  - The **tax-free income threshold** has been revised from BDT 3.50 lakh to BDT 3.75 lakh. However, **this adjustment only partially accounts for inflation** (inflation-indexed threshold is BDT 3.80 lakh). This would mean that the **low-income people did not actually get any real relief.**
  - The upward revision should have been more closely aligned with inflationary trends and implemented from AY26–27 to **ensure adequate income protection.**
- A new income tax slab of 35% has been introduced for individual taxpayers with income of above BDT 35 lakh from FY29 – *expected to enhance government revenue collection.*

### ❑ Personal Income Tax (PIT) Structure

- New incentive-and-penalty system proposed for income tax return filing
  - Taxpayers filing returns between 1 July and 30 September will receive a 5% **incentive**, capped at BDT 25,000;
  - Filing between 1 October and 31 December will carry **no incentive or penalty**;
  - Filing between 1 January and 31 March will **attract a 2% penalty**, capped at BDT 3,000;
  - Filing between 1 April and 30 June will **attract a 5% penalty**, capped at BDT 5,000
  - *This likely to encourage early return filing, improve compliance discipline, and reduce repeated deadline extensions.*
- The investment tax credit ceiling has been reduced from BDT 10 lakh to BDT 7.5 lakh, while the applicable tax credit rate has been reduced from 15% to 10% - *likely to discourage investment in government securities.*
- Withholding tax of Bangladesh Shanchayapatra is proposed to be treated as advance tax instead of minimum tax, with excess withholding tax refundable – *would reduce tax burden on people below the tax-free income threshold.*
- ❑ Investment tax rebates have been extended to 11 additional charitable organisations - *expected to support the health and social development sectors*

### □ Corporate Tax

- Corporate tax structure **remains unchanged**. Extending the two years already announced by the interim government (AY26-27 and AY27-28), this tax structure will remain in place till AY30-31 – *the five-year roadmap should provide medium-term policy certainty to businesses and investors*.
- However, Bangladesh's 27.5% tax rate for non-listed companies **remains high** compared with regional and competing economies: Viet Nam: 20% (standard); Indonesia: 22% (non-listed) and 19% (listed); China: 25% (standard); India: optional concessional domestic company rate of 22% plus surcharge and cess.
- The tax-rate differential between listed companies (22.5%) and non-listed companies (27.5%) is currently 5 percentage points. **This differential could be widened, preferably by lowering the listed-company rate, to create stronger incentives for firms to get listed and for deepening the capital market.**
- **While predictability is welcome, locking in a relatively high private company tax rate until AY30–31 could weaken competitiveness**, particularly when Bangladesh needs stronger private investment, export diversification, and employment generation.
- International practice supports medium-term tax roadmaps, *but such roadmaps should remain flexible, periodically reviewed, and responsive to changing macroeconomic and competitiveness conditions.*

### □ Corporate Tax

- Tax rate for private universities, medical colleges, engineering colleges, and IT-based educational institutions has been **reduced from 15% to 10%** - *expected to contribute to the development of the education sector.*
- Online submission of corporate and individual **tax returns year-round**, with incentives for early filing and provision for delayed submissions which would bear certain costs - *should improve compliance, encourage timely tax filing, provide flexibility to taxpayers, and enhance overall tax administration efficiency.*
- **Automated, faceless tax refund** system with direct credit to taxpayers' bank accounts – *should reduce refund delays, prevent working capital from being tied up, and improve business cash flow efficiency.*

### ❑ **Legalisation of Undisclosed Investment**

- **Buyers** of land, buildings, or apartments can declare underreported purchase values and pay tax on the undisclosed amount at applicable income tax rates.
- **Sellers** of land, buildings, or apartments can declare excess sale proceeds and pay tax on the undisclosed amount at applicable capital gains rates.
- If any proceeding was initiated under the relevant law, prior to the case in hand, an additional 20% tax will apply. This benefit will not be available in cases of criminal conviction or ongoing cases.
- *This allows both buyers and sellers of real estate to regularise undisclosed amounts and reduces legal risk. It can improve transparency and increase government revenue.*
- *However, it may raise **fairness concerns** and **could encourage deliberate underreporting** in expectation of future disclosure opportunities and **create moral hazard**.*

### □ Indirect Tax Measures

#### ➤ VAT Exemptions

- **Phased tax exemption** has been introduced for **edible oil production using locally sourced oilseeds**— *should encourage investment in domestic oilseed-based edible oil production, support agricultural value addition, and reduce import dependence.*
- **VAT exemption for local manufacturing of** computers and related ICT products has been extended until 30 June 2030 — *should improve price competitiveness against imports, encourage domestic electronics manufacturing, and support job creation and technological development .*
- **VAT exemption for locally manufactured vehicles** has been extended until 30 June 2030, covering hybrid and plug-in hybrid vehicles, three-wheelers and four-wheelers, electric buses ,trucks and conventional internal combustion engine vehicles — *should lower vehicle prices, support domestic automobile manufacturing, encourage cleaner transport adoption, reduce fuel-import dependence, and create jobs in the green mobility sector.*
- **VAT exemption on metro rail services** has been extended until 30 June 2028 — *should be helpful in terms of operating costs and fares, urban public transport affordability and usage, and support sustainable, congestion-reducing mobility.*

### □ Indirect Tax Measures

#### ➤ Withdrawals

- **SIM card tax of Tk 300 per** connection is proposed to be **scrapped entirely** — *should make mobile services more affordable and accessible, although it **may reduce government revenue by around Tk 1,200 crore in the next fiscal year***
- **20% withholding tax** on revenue sharing, licence fees and charges received by BTRC is proposed to be withdrawn — *should reduce business costs, improve cash flow, encourage investment, and enhance the competitiveness of the telecom sector*
- Existing 5% regulatory duty on imports of guitars, pianos, violins and related parts/accessories is proposed to be fully withdrawn — *should support the **creative economy** by making musical instruments more affordable and accessible to young creators and content producers*

### ❑ Indirect Tax Measures

#### ❑ Changes in Supplementary Duties (SD):

- **Consumption of Tobacco and Tobacco related products discouraged** through imposition of higher SDs:
  - SD on Nicotine Granules increased from 150% to 350%.
  - SD on Nicotine Pouches increased from 150% to 350%.
  - Imposition of new SD of 300% on Filter Rod.
- **Support provided to import-substituting industries** through (a) raising SDs & (b) imposition of new SDs:
  - SD on **Air Condition** unit increased from 60% to 100%.
  - SD on **Air Condition** spare parts increased from 60% to 100%.
  - New SD of 20% imposed on **Washing Machine**.

### ❑ Indirect Tax Measures

#### ❑ Changes in Supplementary Duties:

- New SD on non-essential items, possibly, for **raising revenue**:
  - New SD of 10% imposed on **Natural Honey**.
  - New SD of 40% imposed on **Shawls, Scarves**, etc.
- SD decreased to **give relief to low-income three-wheeler operators**:
  - SD on Electric Three Wheelers decreased from 20% to 10%
- While **imports of Electric Vehicles (EVs)** have been encouraged through lower (zero) import duties, this is limited to those with prices **up to USD 50,000**.
- However, SDs have been imposed on higher priced EVs (>50,000 USD), likely for revenue purposes:
  - New SD of 20% imposed on EVs with price tag between USD 50,000 and USD 1,00,000.
  - New SD of 60% imposed on EVs with price tag above USD 2,00,000.

### □ Measures to Generate Additional Revenue

- Through central data integration, the **National Bureau of Revenue (NBR) database will be connected** with the **National ID database**, banks, utility service providers, sub-registry offices, and other relevant institutions to enable data sharing and exchange—*should help prevent tax evasion, broaden the tax net, and enhance government revenue collection.*
- **TIN certificate** has been made **mandatory** for opening bank accounts, except for student accounts, no-frills accounts and persons exempted by NBR notification—*should expand the tax base, improve financial transparency, strengthen tax compliance and reduce tax evasion.*
- **Business Identification Number (BIN)** has been made **mandatory** for opening business bank accounts—*should promote business formalisation, improve tax compliance and transparency, and strengthen regulatory oversight.*

### □ Measures to Generate More Revenue

- Tax Identification Number (TIN) has been made **mandatory for registration of motorcycles** with engine capacity of 150cc and above—*should improve tracking of high-value asset ownership, enhance tax compliance and broaden the formal tax net.*
- Advance Income Tax (AIT) at the rate of 0.20% has been imposed on the **supply of goods to retailers**—*should contribute significantly to the expansion of the tax base and bring additional revenues.*
- **Retail prices and SDs** have been proposed for emerging tobacco/nicotine products, with nicotine pouches priced at BDT 500 per 10 grams with 40% SD, and heated tobacco priced at BDT 210 per 10 bars with 67% SD—*should discourage consumption, improve public health outcomes, and increase government revenue from tobacco-related taxes.*
- **VAT on gold and jewellery sales** has been changed from 5% of total sales value to a fixed BDT 2,500 per bhorī—*should reduce customers' tax burden, encourage formal transactions, and potentially improve revenue collection.*

### ❑ Surcharges on Wealth, Environment, Health

- No changes made regarding surcharges

### ❑ Supports for Export-oriented Industries

- Free Trade Zone framework for Export-oriented activities:

- **A new Chapter XVI-A** is proposed to be inserted into the **Customs Act** through the Finance Bill to establish a **legal framework for Free Trade Zones**.
- This would allow goods to be imported into FTZs duty-free for export-oriented storage, grading, packing, production and processing—*should facilitate trade by reducing input costs and simplifying customs procedures, as well as expected to boost exports, FDI and value chain integration.*
- However, there remains a *risk of revenue leakage, potentially arising from weak enforcement capacity and complex monitoring requirements under this framework.*

- Expansion of bond and duty-free facilities

- Customs bond or bank-guarantee-based duty-free import facilities have been provided for export-oriented sectors such as food processing, light engineering, furniture, electronics, steel products, plastic goods and leather products—*should promote export diversification.*

### □ Supports for Export-oriented Industries

- Expansion of bond and duty-free facilities
  - **Ten new export-oriented sectors** (i.e., motorcycles, speedboats, fish processing, handicrafts, diversified jute products, diapers and sanitary napkins, crockery, tents, recycled cotton bags and terry towels) are proposed to be allowed to import raw materials without a bond licence, against bank guarantees only—*should expand duty-free input access beyond traditional export sectors and support export diversification.*
  - General bond tenure for leather goods and footwear, towel, linen and home textile industries is proposed to be **extended from one year to three years**—*should reduce compliance burden and promote export diversification.*
- Relaxation of value-addition requirement
  - Minimum 30% value-addition requirement **for exports using duty-free raw materials** imported against bank guarantee is proposed to be abolished—*should reduce compliance burden and support export diversification, particularly for emerging export sectors with initially low domestic value addition.*

### □ Supports for Domestic Industries

- Input-duty concession for local manufacturing
  - **Duty/ tax reduction** are proposed for domestic solar-power, EV, consumer electronics, computer/ digital device, semiconductor, smart card, shipbuilding and battery manufacturing industries—*should reduce input costs and promote import-substituting industrialisation.*
- Protection from competing imports
  - Import duty/RD/SD are proposed **to be increased on selected competing imports**, including gypsum board and sheet, gypsum plaster, PVC/PET resin, industrial gases, bicycle free wheels, small transformers and household washing machines—*should provide protection to emerging domestic industries.*
- Targeted support through raw-material duty reduction
  - Duties are proposed to be reduced or withdrawn **on selected industrial raw materials**, including float glass (key raw material for manufacturing washing machines), LPG cylinder inputs, refractory cement inputs, detergent raw materials and Velcro-disc inputs—*should lower production costs for local manufacturers.*
  - Full duty exemption has been granted on **51 new raw materials** used in Active Pharmaceutical Ingredient (API) production—*should strengthen the pharmaceutical and healthcare sectors.*

### □ Supports for Startups, SMEs and the Digital Economy

- **Turnover tax exemption** for youth entrepreneurship, startups, innovative ventures, and technology-based businesses (currently 0.1% of turnover) – *should help the startups survive the critical early years, when many businesses struggle with cash flow and operational sustainability*
- **7.5% source tax exemption** for all categories of **freelancers** (currently available only for IT freelancers) and content creators - *should increase disposable income of freelancers and content creators, encourage formal participation in the digital economy, and improve the competitiveness of Bangladesh's growing freelancing sector*
- **Tax-free turnover threshold** set at BDT 50 lakh for **SME entrepreneurs** and BDT 70 lakh for **women and persons with disabilities entrepreneurs**.
  - This clause was already present in the ITA 2023 (6th Schedule – Part I).
  - However, the **SMEs will now have to be registered with the SME foundation to get the benefit** – *this should bring the concerned SMEs under institutional umbrella*
- **Advance tax on selected ICT products** has been reduced from 5% to 2%, covering computer printers, portable automatic data processing machines, flash memory and computer monitors – *should lower import costs, make technology more affordable, support digital adoption, and improve business productivity*
- **Accelerated depreciation for investments** in industrial, tourism, and sports-related establishments and machinery located outside Dhaka and Chattogram (60% in first year and 40% in second year) - *should reduce the effective cost of investment, improve project viability, and encourage industrial decentralisation by attracting investment to regions outside the major metropolitan areas*

### ❑ Welfare and Eco-friendly Tax Measures

- **Full duty-tax exemption on electric buses** used for transporting students at schools, colleges, and universities—*should reduce student transportation costs, promote adoption of clean transport in education institutions, lower emissions, and support sustainable mobility development.*
- **Duty/ tax reduction and downward rationalisation of AIT** are proposed for EV—*should lower EV prices, encourage green transport adoption, reduce fuel-import dependence, and support the EV ecosystem.*
- **VAT exemption at supplier level** on imported heart rings and intraocular lenses (currently 10%); AIT exemption of the import of kidney dialysis filters (currently 5%)—*should reduce healthcare costs, improves access to medical treatment, and support better public health outcomes.*
- **Reduction of AIT on 15 imported products** for persons with disabilities from 2% to 1 %—*should reduce the cost of essential imported goods, improve affordability and accessibility for persons with disabilities, and support inclusive economic participation.*
- **Reduction of rate on recycled products and recycling raw materials** from 3% to 1%—*should lower production costs in the recycling sector, encourage sustainable resource use, and support growth of the circular economy.*

### □ **Tariff Rationalisation in View of LDC Graduation**

- Unlike the FY25–26 budget, where tariff rationalisation measures were explicitly framed in view of the Least Developed Country (LDC) graduation, the **FY26–27 budget does not provide a dedicated LDC-graduation tariff rationalisation roadmap.**
- **The budget recognises** that Bangladesh's export sector will face challenges after LDC graduation, including the gradual loss of preferential tariff benefits, duty-free quota-free (DFQF) market access, and policy flexibilities. It also notes that the government has formally **requested a deferral of LDC graduation** for at least three years.
- In response to the changing global trade environment and the possible reduction of DFQF facilities after graduation, the budget states that efforts are underway **to conclude trade and investment partnership agreements** with potential partners, including Free Trade Agreements (FTAs), Preferential Trade Agreement (PTAs) and Economic Partnership Agreement (EPAs).
- **Some LDC-compliance-relevant measures have been proposed: import duty reduction** on 69 products, **supplementary duty reduction/withdrawal** on 9 products, **restructuring of RD tiers** from nine to six, and **full withdrawal of RD** on 113 products.
- These are positive steps towards tariff simplification and WTO-aligned reform. However, the budget does not provide a clear medium-term roadmap to **rationalise para-tariffs, reduce anti-export bias, and prepare industries for preference erosion** after LDC graduation.
- Not addressing LDC graduation issues remains a notable gap in the budget. **A clearer tariff rationalisation and compliance roadmap should have been included in the budget as a priority reform area.**

### □ US Reciprocal Tariff and ART Commitments

- The FY27 budget **does not make identifiable tariff changes** linked to the US–Bangladesh Agreement on Reciprocal Trade (ART), although several top US export items to Bangladesh were covered under the ART schedule.
- **This omission may be prudent**, as the US Supreme Court has ruled that IEEPA did not authorise the President to impose the reciprocal tariffs. Therefore, **Bangladesh avoided locking in unilateral tariff concessions under a legally uncertain framework.**
- However, **Bangladesh has already taken steps regarding the procurement-related commitments** made in the ART. Biman signed a USD 3.7 billion deal with Boeing for 14 aircraft on 30 April 2026. Earlier, a total of 660,000 tonnes of **US wheat procurement** was approved through three purchases in July, October and December 2025.
- **There should be a clear-cut indication from the government as to how it will deal with ART**, validity of which has now come under question in view of US-Supreme Court verdict.



## **VI. SECTORAL ISSUES**

# Health

## □ Budget Share (Total Budget)

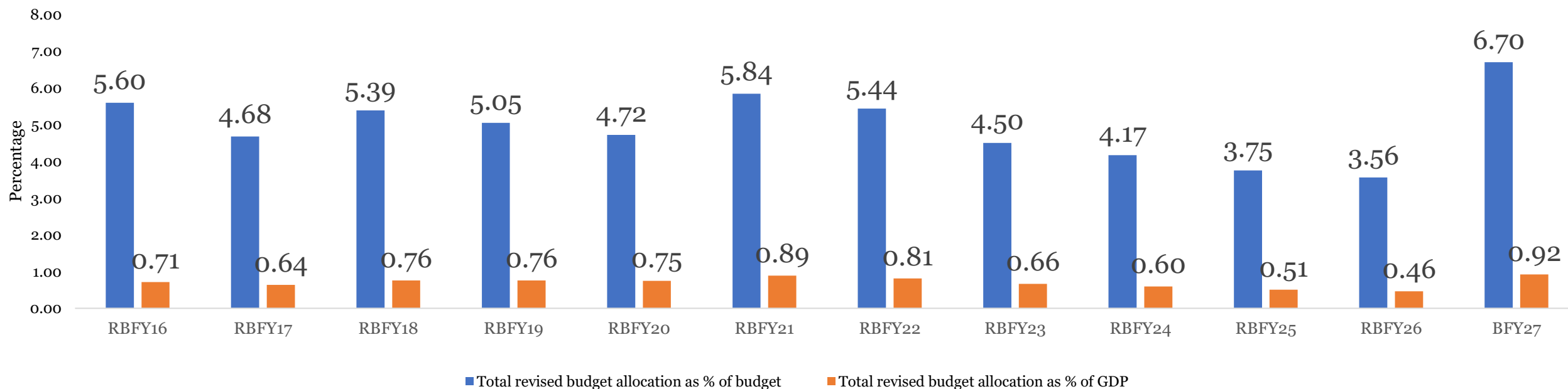
➤ ↓ from 3.75% (RBFY25) → 3.56% (RBFY26)

➤ ↑ from 5.30% (BFY26) → 6.70% (BFY27)

## □ Budget Share (GDP)

➤ ↑ from 0.67% (BFY26) → 0.92% (BFY27)

**Figure: Health Allocation as a Share of Total Budget and GDP**



## □ Total Budget Allocation

- ↑ 50% in FY27: BDT 41,908 crore in FY26 → BDT 62,852 crore in FY27

## □ Development Budget

- ↑ 100% in FY27: BDT 17,519 crore in FY26 → BDT 35,026 crore in FY27

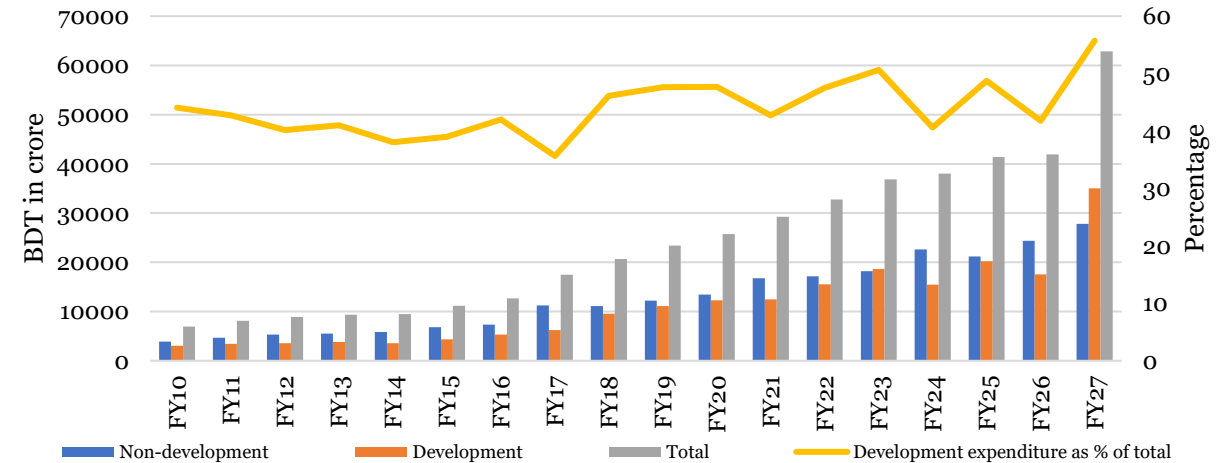
## ➤ Share in the total health budget

- 42% in FY26 → 56% in FY27 (allocated)
- 28% in FY25 → 16% in FY26 (revised)

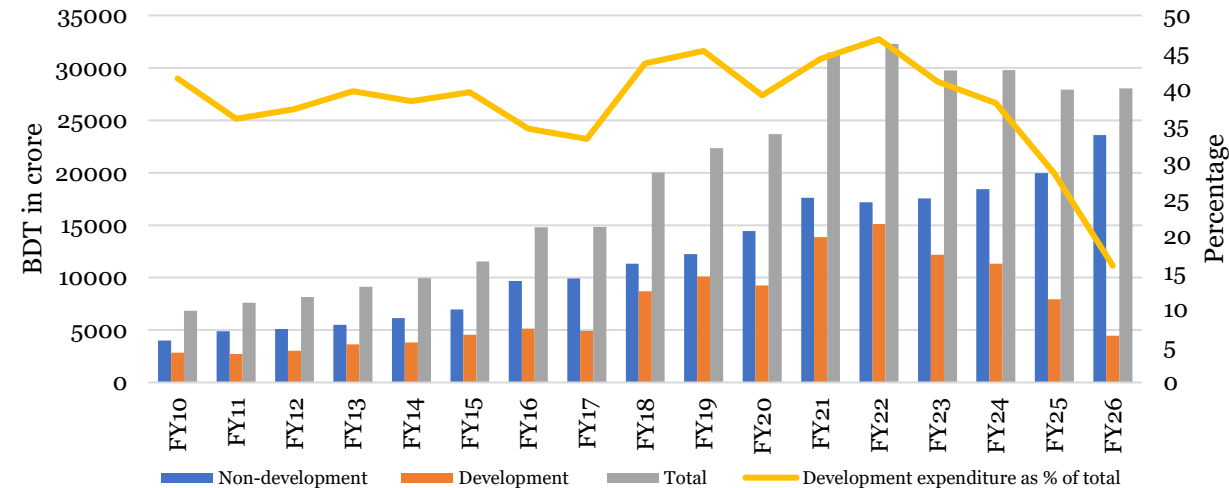
## □ Non-Development Budget

- ↑ 14% in FY27: BDT 24,389 crore in FY26 → BDT 27,826 crore in FY27

**Figure: Budget Allocation for Health**



**Figure: Revised Budget Allocation for Health**



## Expenditure

- Actual spending ↓ 5% in FY25
- BDT 23,726 crore (FY24) → BDT 22,572 crore (FY25)

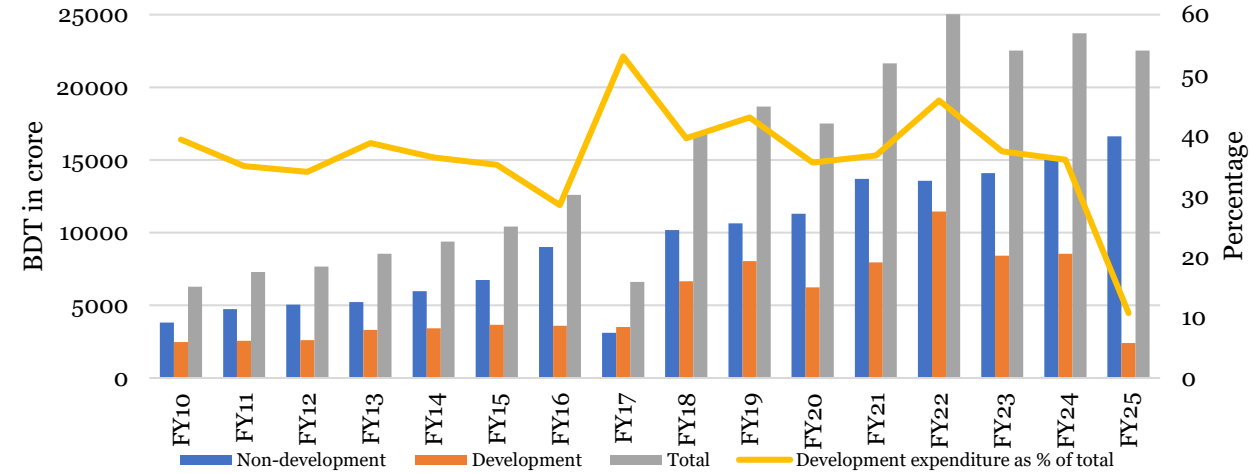
## Declining Budget Utilisation

- **Total utilisation decreased: 90% (FY15) → 81% (FY25)**
- Non-development: 97% in FY15 → 83% in FY25
- Development: 80% in FY15 → 30% in FY25

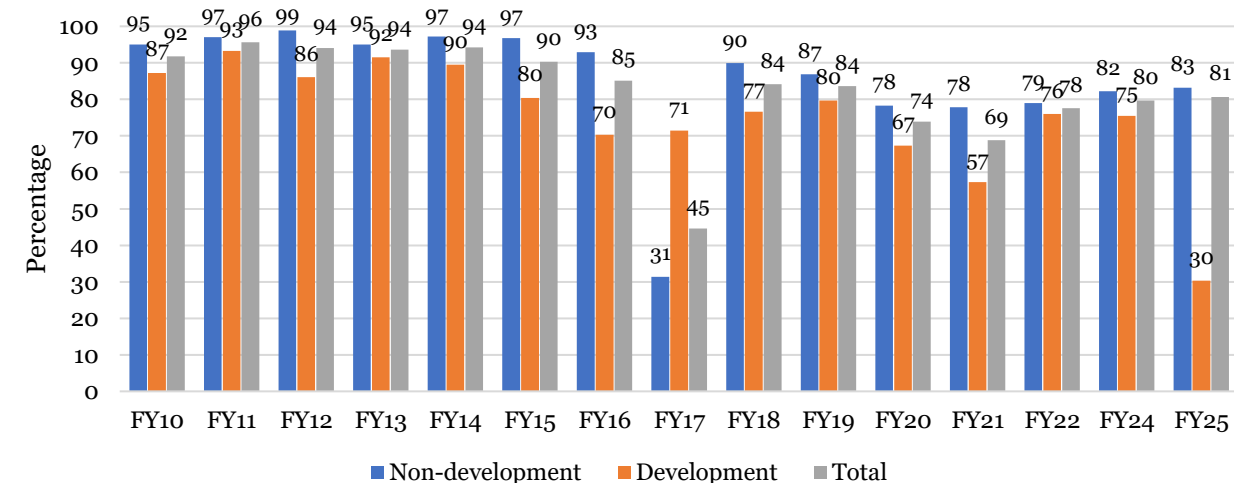
## Key Concern

- Non-development budget utilisation consistently outperforms development budget utilisation.

**Figure: Actual Expenditure on Health**



**Figure: Health Budget Utilisation**



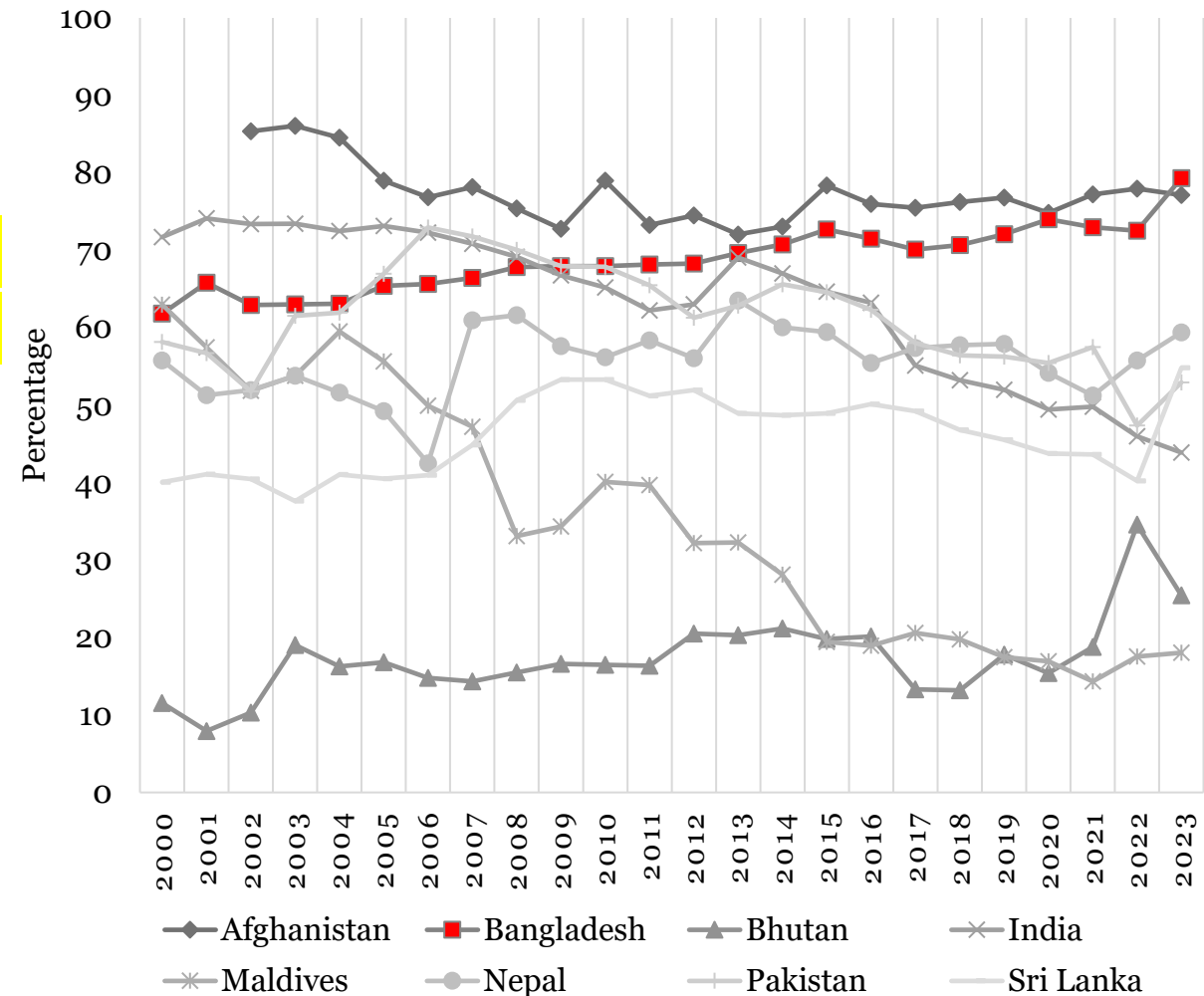
## International Comparison

- 7th highest out-of-pocket health spending per capita (PPP) among 44 LDCs (2023).
- 79% of Bangladesh's total health expenditure is out-of-pocket, the highest in South Asia.

## Worsening Trend

- Bangladesh's out-of-pocket health expenditure as a share of current health expenditure has been rising for 20 years.

**Figure: Out-of-pocket Expenditure (% of current health expenditure)**



Source: WDI.

□ Fiscal Measures

**Table: Proposed Corporate Tax on Tobacco Product Manufacturing Companies**

| Type of company                              | Current tax structure in FY27 |                  | CPD's recommendation |                  |
|--|-------------------------------|------------------|----------------------|------------------|
|  | Corporate tax (in %)          | Surcharge (in %) | Corporate tax (in %) | Surcharge (in %) |
| All companies manufacturing tobacco products | 45                            | 2.5              | 55                   | 7.5              |

- CPD had proposed that the **corporate tax on all companies manufacturing tobacco products be increased from 45% in FY27 to 55% in FY28**, and the associated **surcharge be increased from 2.5% in FY27 to 7.5% in FY28**.

□ The budget for FY27 has continued a complicated tiered tobacco tax framework that supports differential pricing

➤ If enacted, the proposed tax on tobacco would encourage consumption of cheap cigarettes and increase public health costs.

| Proposed Tax Structure for Cigarettes in FY27 |                      |                    |                         |                    |                              | CPD's Recommendation |                         |                    |                         |                    |
|---|----------------------|--------------------|-------------------------|--------------------|------------------------------|----------------------|-------------------------|--------------------|-------------------------|--------------------|
| Tier  | Retail price in 2025 |                    | Retail price in 2026    |                    | SD                           | Tier                 | Retail price            |                    | Specific excise duty    |                    |
|   | Pack of 10 (in BDT)  | Per stick (in BDT) | Per pack of 10 (in BDT) | Per stick (in BDT) | Per pack of 10 (in per cent) |                      | Per pack of 10 (in BDT) | Per stick (in BDT) | Per pack of 10 (in BDT) | Per stick (in BDT) |
| Low   | 60                   | 6                  | 62                      | 6.2                | 67                           | Universal            | Market based            | Market based       | 100                     | 10                 |
| Medium  | 80                   | 8                  | 92                      | 9.2                | 67                           |                      |                         |                    |                         |                    |
| High  | 140                  | 14                 | 160                     | 16                 | 67                           |                      |                         |                    |                         |                    |
| Premium                                       | 185                  | 18.5               | 210                     | 21                 | 67                           |                      |                         |                    |                         |                    |

❑ The budget for FY27 has left the tax structure on Bidi **unchanged**

### Tax Structure for Bidi

| Proposed Tax Structure in FY27      |                   |                    |                        |                   |                    | CPD's Recommendation |                   |              |                      |                    |
|-------------------------------------|-------------------|--------------------|------------------------|-------------------|--------------------|----------------------|-------------------|--------------|----------------------|--------------------|
| Type of bidi                        | Retail price      |                    | SD                     |                   |                    | Type of bidi         | Retail price      |              | Specific excise duty |                    |
|                                     | Per pack (in BDT) | Per stick (in BDT) | Per pack (in per cent) | Per pack (in BDT) | Per stick (in BDT) |                      | Per pack (in BDT) | Per stick    | Per pack (in BDT)    | Per stick (in BDT) |
| Non-filtered 25 stick handmade bidi | 18                | 0.72               | 30                     | 5.40              | 0.22               | All                  | Market based      | Market based | 75                   | 3                  |
| Non-filtered 12 stick handmade bidi | 9                 | 1.33               | 30                     | 2.70              | 0.23               |                      |                   |              | 36                   |                    |
| Non-filtered 8 stick handmade bidi  | 6                 | 1.33               | 30                     | 1.80              | 0.23               |                      |                   |              | 24                   |                    |
| Filtered 20 stick handmade bidi     | 19                | 1.05               | 40                     | 7.60              | 0.38               |                      |                   |              | 60                   |                    |
| Filtered 10 stick handmade bidi     | 10                | 1.00               | 40                     | 4.00              | 0.40               |                      |                   |              | 30                   |                    |

- CPD had recommended to impose **BDT 3 as excise duty per stick of Bidi** to be implemented in FY27.
- Such a specific tax on Bidi should be **increased by at least BDT 1 each year**, to account for annual inflation and income growth.

❑ The tax on Jarda and Gul has **remained unchanged** in the budget for FY27.

### Tax Structure for Jarda and Gul

| Proposed Tax Structure in FY27 |                   |                 |                         |                    |                 | CPD's Recommendation |                   |                 |                      |                 |
|--------------------------------|-------------------|-----------------|-------------------------|--------------------|-----------------|----------------------|-------------------|-----------------|----------------------|-----------------|
| Type of product                | Retail price      |                 | SD                      |                    |                 | Type of product      | Retail price      |                 | Specific excise duty |                 |
|                                | Per 10gm (in BDT) | Per gm (in BDT) | Per 10 gm (in per cent) | Per 10 gm (in BDT) | Per gm (in BDT) |                      | Per 10gm (in BDT) | Per gm (in BDT) | Per 10gm (in BDT)    | Per gm (in BDT) |
| 10gm jarda                     | 48                | 4.8             | 55                      | 26.40              | 2.64            | 10gm jarda           | Market based      | Market based    | 60                   | 6               |
| 10gm gul                       | 25                | 2.5             | 55                      | 13.75              | 1.37            | 10gm gul             |                   |                 |                      |                 |

- CPD had recommended a **BDT 6 specific excise duty per gram (gm) of Jarda and Gul** to be implemented in FY27.
- Such a specific tax on Jarda and Gul should be **increased by at least BDT 1 each year**, to account for annual inflation and income growth.

❑ In the budget for FY26, the beverage and carbonated industry is subject to a **30% SD** for carbonated soft drinks, **40% SD** for energy drinks, and **15% VAT** applicable for both

### Proposed Tax Structure for Soft and Energy Drinks

| Current Tax Structure for FY26 |        |         | CPD's Recommendation |                                      |   |         |
|--------------------------------|--------|---------|----------------------|--------------------------------------|---|---------|
| Beverage                       | SD (%) | VAT (%) | Beverage             | Specific excise duty<br>(BDT per ml) | Specific excise duty<br>(BDT per litre) | VAT (%) |
| Soft drinks                    | 30     | 15      | Soft drinks          | 0.10                                 | 100                                     | 15      |
| Energy drinks                  | 40     | 15      | Energy drinks        | 0.10                                 | 100                                     | 15      |

❑ For locally manufactured soft and energy drinks, CPD had recommended removing the supplementary duty on both soft and energy drinks and replacing it with **a specific excise duty of BDT 0.10 per millilitre or BDT 100 per litre** in order to **minimise the public health risks**.

## Positive Fiscal Measures

FY27 budget eases the tax burden on life-saving medical imports while tightening it on tobacco and nicotine products to advance public health goals

### ❑ Indirect Tax Exemptions:

- In FY27, the 5% advance tax on the import of kidney dialysis filters has been **exempted**.
- VAT at the supplier level on imported heart rings and intraocular lenses, which was 10% in FY26, has been **exempted in FY27**.
- These measures will lower healthcare costs, expand access to essential medical treatments, and contribute to improved public health outcomes.

### ❑ New Indirect Tax Imposition:

- FY27 budget proposed a maximum retail price of **Nicotine Pouch at BDT 500 per 10 grams** with an SD rate of 40%.
- FY27 budget proposed a maximum retail price of **Heated Tobacco at BDT 210 per 10 bars** with an SD rate of 67%.
- This will reduce tobacco consumption, strengthen public health, and boost government revenue from tobacco taxation.

### ❑ Indirect Tax Withdrawal:

- The existing 15% VAT and 5% advance income tax (AIT) on the import of dialysis filters were **withdrawn in FY27**.
- This will alleviate healthcare costs, broaden access to essential medical treatment, and foster better public health outcomes.

## Social Security in the Health Sector

- ❑ Overall budget for social security programmes associated with the health sector increased in FY27 compared to FY26. These programmes include:
  - Financial Support Programme for Cancer, Kidney and Liver Cirrhosis, Paralysed by Stroke, Heart patients and Thalassemia
  - Mother and Child Benefit Programme (MCBP)
  - Maternal Neonatal Child Health (MNCH) and Health Improvement Project
- ❑ In MCBP, the beneficiary amount was targeted to be increased to 6 million by July 2026 as per the National Social Security Strategy (NSSS) phase-II (2021-2026)
  - However, in the FY27 budget, the number of beneficiaries mentioned is 1.89 million, which is much lower than the target coverage
- ❑ **Urban Primary Healthcare Programme (UPHP), which existed in FY25 and FY26, has been removed in FY27**

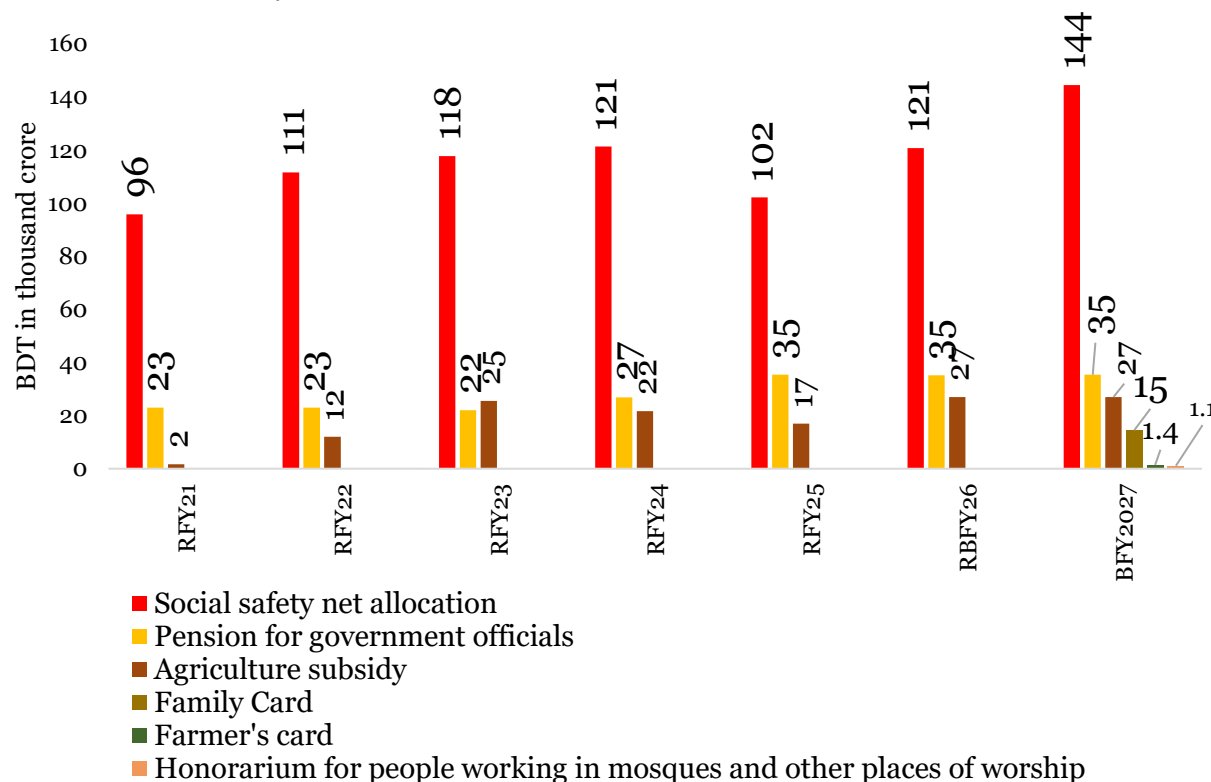
## ❑ CPD Recommendations:

- **A needs assessment survey should be conducted to update and expand the beneficiary list of MCBP**
- **Discontinued UPHP should be reinstated**

# Social Safety Net Programmes

- ❑ **13.9% increase** in SSNP allocation from the BDT 126 thousand crore in BFY26 to BDT 144 thousand crore in BFY27 as per SSP budget FY27.
- ❑ Total programmes **reduced from 95 in FY26 to 90 in FY27**.
- ❑ 48 programmes designated as Pro-Poor in the FY27 budget document with a budget allocation accounting for **BDT 56229.50 crore (38.69% of total SSNP budget)**.
- ❑ **New manifesto-linked initiatives included:** Family Card, Farmer's Card, and religious institution honorariums.

**Figure: Social Protection Allocation (in thousand crore BDT)**



➤ **However, pension for government employees and agriculture subsidy management, which are not strictly for the poor, still dominate the SSNP budget.**

## □ Budget Share (Total Budget)

- ↑ From 13.7% (RBFY25) to 15.27% (RBFY26)
- **SSNP budget as a share of total budget in BFY27 is 15.39%**

## □ Budget Share (GDP)

- ↑ From 1.85% (RBFY25) to 1.98% (RBFY26)
- **SSNP budget as a share of GDP in BFY27 is 2.11%**

## Budget Share excluding pension (Total Budget)

- ↑ From 9% (RBFY25) to 10.8% (RBFY26)
- **SSNP budget excluding pension as a share of total budget in BFY27 is 11.6%**

## Budget Share excluding pension (GDP)

- ↑ From 1.21% (RBFY25) to 1.40% (RBFY26)
- **SSNP budget excluding pension as a share of GDP in BFY27 is 1.60%**

Figure: Social Protection Allocation as a % of the budget

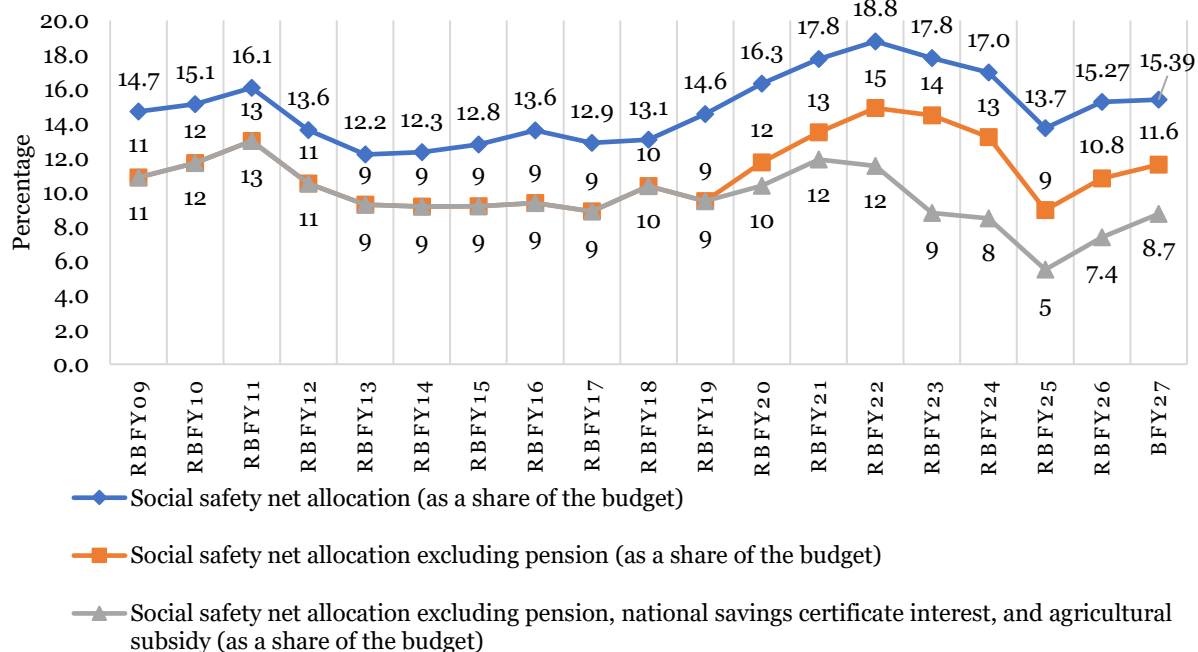
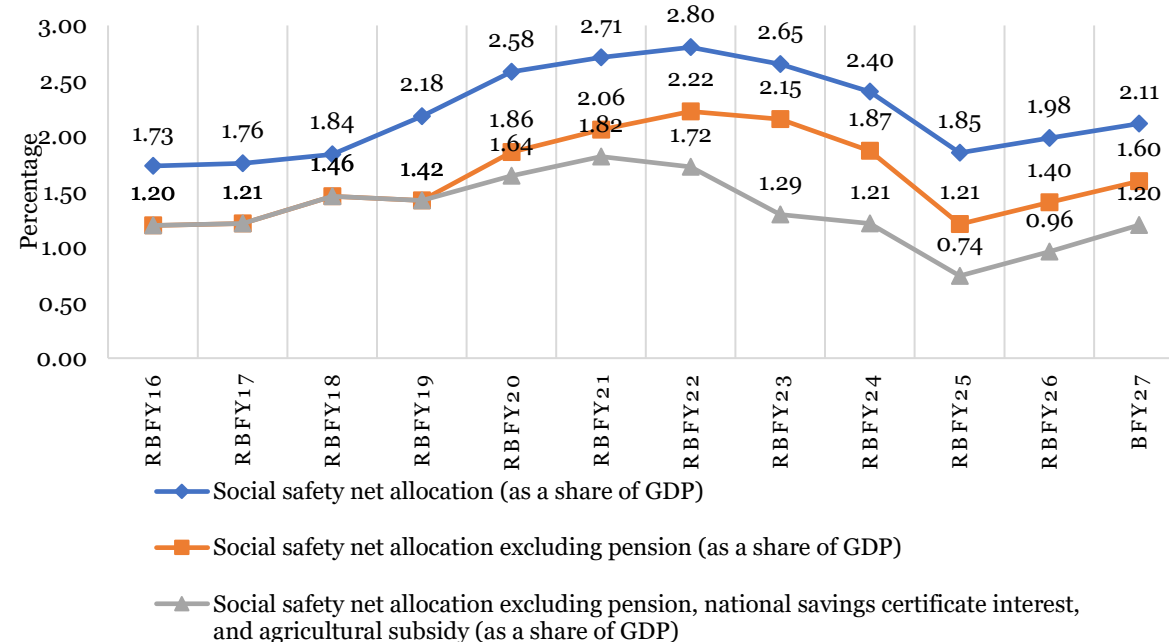


Figure: Social Protection Allocation as a % of GDP



**Table: Data Discrepancy Between the Budget Documents for FY26 and FY27**

| <b>Budget Allocation Under SSNP BFY26</b> |                            |  |
|---|----------------------------|--|
| SSP Budget Document FY2026                | SSP Budget Document FY2027 | Comments   |
| 116,731                                   | 126,731                    | <ul style="list-style-type: none"> <li>➤ Inconsistencies exist between the FY26 and FY27 budget documents on FY26 SSNP proposed budget.</li> <li>➤ <b>This should be corrected before the budget is approved in the parliament.</b></li> </ul> |

**Table: Benefit Amount Per Beneficiary of Some of the Prominent SSNPs**

| <b>Programme</b>  | <b>FY26</b> | <b>FY27</b> |
|---|-------------|-------------|
| Old Age Allowance   | 650         | 700         |
| Allowance for Widow and Deserted Women                      | 650         | 700         |
| Mother and Child Benefit Programme                          | 850         | 850         |
| <b>Disability Allowance and Education Stipend Programme</b> |             |             |
| Allowance for disabled adults                               | 900         | 1000        |
| Primary Stipend   | 900         | 1000        |
| Secondary Stipend   | 950         | 1100        |
| Higher Secondary Stipend                                    | 1050        | 1200        |
| Higher Level Stipend  | 1300        | 1400        |

- **Disability and Education Stipend Programme received the largest increases, particularly at the secondary and higher levels, reflecting a stronger emphasis on human capital development.**
- The Mother and Child Benefit Programme remains unchanged at BDT 850, despite the continued vulnerability of mothers and children to rising food and healthcare costs.
- The FY27 budget commits to annual CPI-based adjustments of benefits, aiming to protect beneficiaries from erosion in purchasing power due to inflation.
- The effectiveness of this commitment will depend on its implementation, as past benefit revisions have often lagged behind inflationary pressures.

**Table: Distribution of SSNP Budget: Top 10 Programmes by Allocation Share in FY27**

| <b>Programme</b>  | <b>% share in SSNP</b> |
|---|------------------------|
| Pension Management  | 24.51                  |
| Agriculture Subsidy Management                                    | 18.71                  |
| Family Card Programme   | 10.05                  |
| Fund for mitigating impacts of economic and natural disaster      | 5.54                   |
| Old Age Allowance   | 3.63                   |
| Assistance for Freedom Fighter                                    | 3.33                   |
| Disability allowance and education stipend                        | 3.27                   |
| Food Friendly Programme (FFP)                                     | 3.16                   |
| Open Market Sales (OMS)   | 2.36                   |
| Improving access and retention through harmonised stipend program | 2.17                   |

- SSNP resources are concentrated in a few programmes, with 76 out of 90 programmes receiving **less than 1% of total allocations.**
- Pension Management and Agricultural Subsidy Management collectively absorb **43.2% of the SSNP budget in FY27.**

## Family Card Programme (3rd largest among all social security programmes in FY27)

**BDT 2,500**

Monthly Allowance  
per Beneficiary

### Pilot-Phase Statistics

**70,759**  
Beneficiaries

**55 Upazilas**  
**44 Districts**

### Priority Groups

- Female-headed households
- Landless households
- Day labourers
- Vulnerable families

**FY 2026-27**

Beneficiaries Targeted in the  
Budget

**41 Lakh**

Budget of FY27

**BDT 14,500**  
**Crore**

**10.05% of the SSNP Budget &  
1.55% of Total Budget for FY27**

### Implications

Poverty Reduction

Women Empowerment

Digital G2P Delivery

### Challenges

Reducing inclusion and exclusion error

Leakage of resources

Establishing a Single Registry System

Scaling up to the targeted 2 crore families

- The Family Card guideline plans to scale up coverage to **2 crore families in the future**
- At this scale, the required cash transfers would amount to **approximately BDT 60,000 crore in total for one year.**

## Farmer Card Programme

**BDT 2500/ year**

**22,065  
Farmer  
Enrolled in  
the  
Programme**

**11 Upazila  
10 Districts**

### Eligibility

Landless · Marginal · Small Farmers,  
Fisheries and Livestock Households

**FY 2026-27**

Beneficiaries Targeted in the  
Budget

**42.50  
Lakh**

Budget of FY27

**BDT 1,400  
Crore**

Farmer Card Programme plans to scale up to target  
2.27 Crore farming households across Bangladesh

### Type of Benefits

1. Direct Cash Transfer
2. Subsidised Agricultural Inputs
3. Agricultural Credit (Low-interest)
4. Crop Insurance
5. Digital Market Access
6. Irrigation Support
7. Training & Extension Services
8. Weather Information
9. Market Price Updates
10. Government Incentives & Subsidies

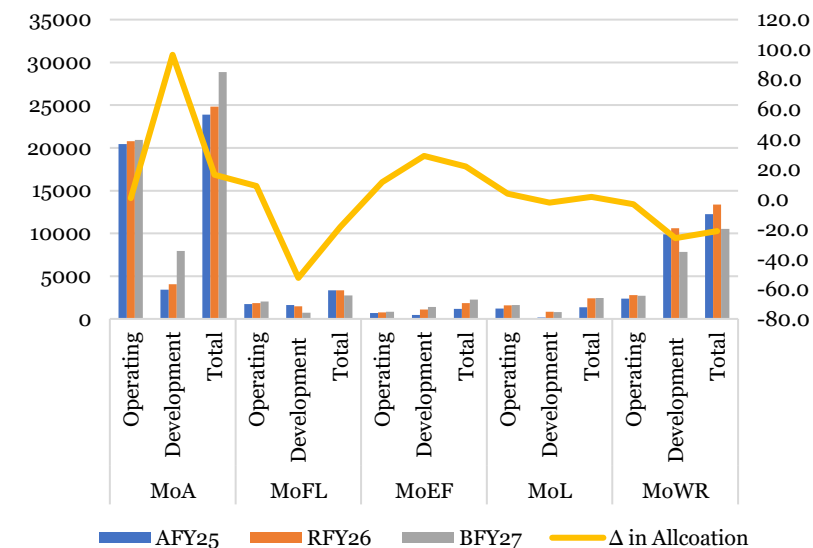
Plans to establish an integrated digital platform and a unique digital ID per farmer

- ❑ Many of the initiatives of the National Social Security Strategy (NSSS) phase-II (2021-2026) are still unfinished or in progress.
  - In the Disability Allowance and Education Stipend Programme, benefits were to be increased to 1500/month by 2026.
    - **FY27's budget shows an increase in benefits to 1000-1400/month, but still less than the NSSS target (15,00/month).**
  - Phase II had planned to introduce a dynamic social registry system to integrate all the programmes and beneficiaries.
    - **However, the initiative is still 'in progress', and no set timeline for its completion has been given.**

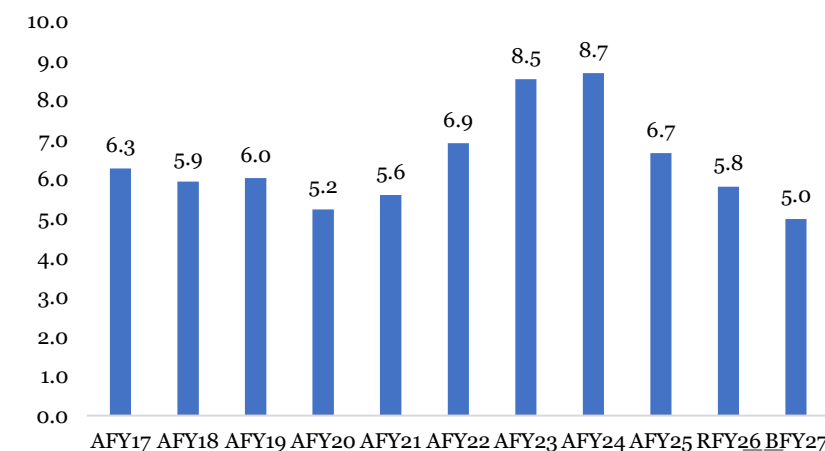
# Agriculture

- ❑ The BNP election manifesto emphasised on Farmer Card, provide subsidies, easy access to credit, agricultural insurance and state-supported marketing, reduce input costs, ensure fair prices, simplify agricultural loans and ensure transparent procurement of rice and paddy.
- ❑ Agriculture and its allied sector (AAS) has received a total allocation of BDT 46,821 crore in FY27, increasing by 2.3% from RFY26 (Fig 1)
  - However, the share of AAS in the total budget has declined to 5% in FY27, which is the lowest budget allocation share the agricultural sector has seen in the last 14 years (Fig. 2)
- ❑ For FY27, MoA has received BDT 28881 crore (61.6% of AAS), a notable 16.3% jump from RFY26, driven almost entirely by a near-doubling (96.5%) of its development allocation
  - Though development budgets in Bangladesh have historically suffered from lower-than-programmed utilisation
- ❑ The MoWR receives the second-highest allocation within AAS (22.5% of AAS), but faces an overall reduced allocation of 21.3%
  - Focused on development spending, which falls by 26%. Given the MoWR's central role in irrigation infrastructure and flood management, this cut raises concern as recurrent expenditure is raised at the expense of capital investment
- ❑ Similarly, the MoFL records a striking 52.6% decline in its development budget, resulting in an 18.5% overall reduction

**Fig 1: AAS Budget Allocation and Changes**



**Fig 2: Agriculture budget as a share of total budget**



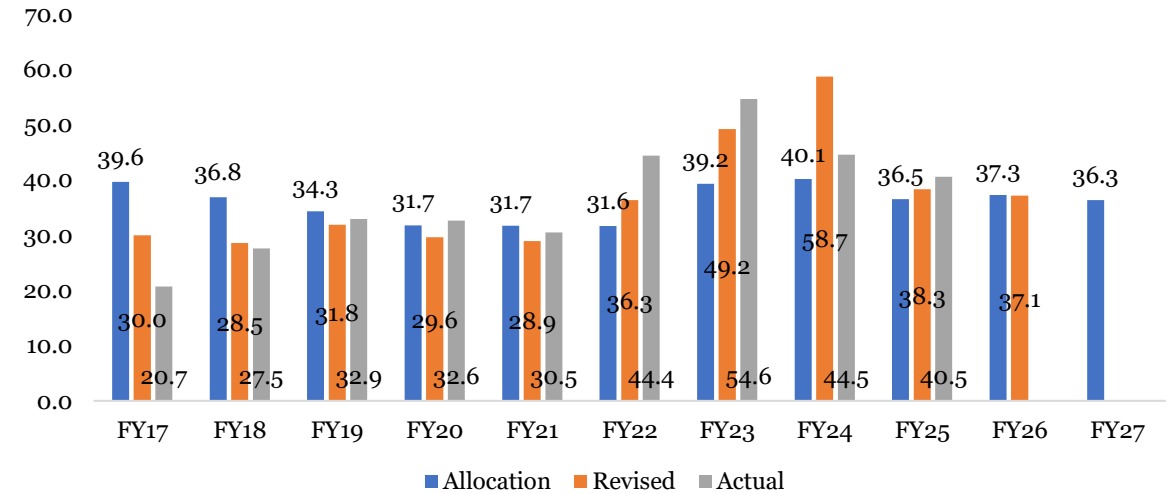
❑ The subsidy allocation for the agriculture sector in FY27 is BDT 17,001 crore, accounting for 36.3% share of the sectoral budget for agriculture (fig 3)

- Proposed subsidy allocation towards agriculture has hovered around 30-40% over the years, and recently, the government requires more than the allocated amount.
- The government is setting the priority, but is not allocating as required

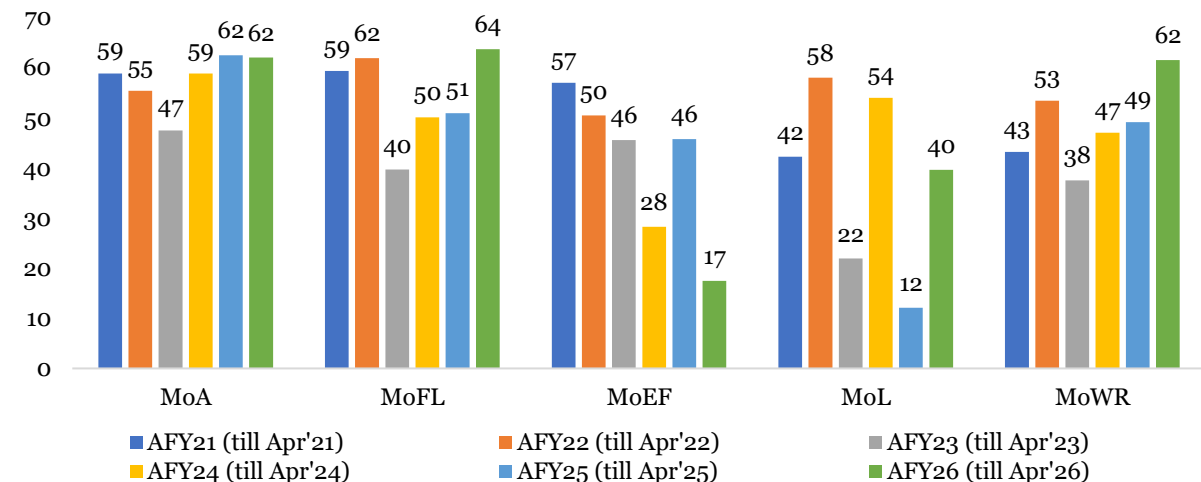
❑ Persistent under-execution of ADP across ministries despite repeated annual targets (fig 4).

- The MoEF recorded the lowest implementation in AFY26 (17%), down from 46% in AFY25.
- The MoL showed sharp volatility: 54% (AFY24), 12% (AFY25), 40% (AFY26).
- The MoA, MoFL and MoWR led AFY26 performance (62% each).

**Fig 3: Share of Subsidy over Agri Sectoral Budget**



**Fig 4: AAS's dev. budget implementation as % of RFY (till April)**



- ❑ A total of 132 ADP projects are proposed under FY27, of which 27 are carryover, 41 are expected to conclude by FY27, and 64 will continue beyond FY27 (Table 1).
- ❑ It is important to note that 71 of those 132 projects are high-priority projects worth BDT 6742.9 crore in FY27, where the total allocation is BDT 8843.2 crore.
- ❑ 46 projects worth of BDT 1848.6 crore out of the total of 132 projects were revised once to 4<sup>th</sup> times in total, of which 24 are high-priority projects worth BDT 1042 crore.
- ❑ Low-priority projects experienced the highest revision frequency; 9 of 16 revised at least twice.
- ❑ Some low-priority projects reached fourth revision, indicating implementation drift.
- ❑ Out of 23 concluding projects not yet revised, 22 are unlikely to be completed under the FY27 allocation and will be carried over beyond FY27.

**Table 1: Project completion status by priority & revisions**

| Project Status | Priority     | Number of Revisions |              |              |              |              | Total      |
|----------------|--------------|---------------------|--------------|--------------|--------------|--------------|------------|
|                |              | No Revision         | 1st Revision | 2nd Revision | 3rd Revision | 4th Revision |            |
| Carry Over     | High         | 6                   | 5            | 2            | 0            | 0            | 13         |
|                | Medium       | 1                   | 4            | 0            | 0            | 0            | 5          |
|                | Low          | 0                   | 1            | 6            | 1            | 1            | 9          |
|                | <b>Total</b> | <b>7</b>            | <b>10</b>    | <b>8</b>     | <b>1</b>     | <b>1</b>     | <b>27</b>  |
| Concluding     | High         | 16                  | 7            | 4            | 0            | 0            | 27         |
|                | Medium       | 3                   | 2            | 0            | 0            | 0            | 5          |
|                | Low          | 1                   | 1            | 3            | 0            | 0            | 5          |
|                | N/A          | 3                   | 1            | 0            | 0            | 0            | 4          |
|                | <b>Total</b> | <b>23</b>           | <b>11</b>    | <b>7</b>     | <b>0</b>     | <b>0</b>     | <b>41</b>  |
| Continuing     | High         | 25                  | 4            | 2            | 0            | 0            | 31         |
|                | Medium       | 3                   |              |              |              |              | 3          |
|                | Low          |                     |              |              |              | 2            | 2          |
|                | N/A          | 28                  |              |              |              |              | 28         |
|                | <b>Total</b> | <b>56</b>           | <b>4</b>     | <b>2</b>     | <b>0</b>     | <b>2</b>     | <b>64</b>  |
| Total          | High         | 47                  | 16           | 8            | 0            | 0            | 71         |
|                | Medium       | 7                   | 6            | 0            | 0            | 0            | 13         |
|                | Low          | 1                   | 2            | 9            | 1            | 3            | 16         |
|                | N/A          | 31                  | 1            | 0            | 0            | 0            | 32         |
|                | <b>Total</b> | <b>86</b>           | <b>25</b>    | <b>17</b>    | <b>1</b>     | <b>3</b>     | <b>132</b> |

- ❑ The agriculture sector's overall ADP implementation rate averages 70.1% by FY27, masking wide variation (Table 2).
  - Concluding projects lead at 89.4%, while continuing projects lag at just 51.2%, signaling execution bottlenecks in multi-year investments.
  - Counterintuitively, Low-priority projects outperform High-priority ones (97.8% vs 74.0).
  - Projects with N/A priority show priority data are not available and are added in FY26 and stand at 42.9%.
- ❑ At the sub-sector level, Crop and Food projects generally perform well, whereas Irrigation and Land projects show weaker, more variable performance
- ❑ The high standard deviations throughout indicate systemic inconsistency rather than isolated underperformance, pointing to capacity and governance gaps

**Table 2: Agri Sectoral Average Possible ADP Implementation Rate by FY27**

| Project Status | Project Priority      | Number of Projects | Mean (%)    | Std. Dev.   | Minimum (%) | Maximum (%)  |
|----------------|-----------------------|--------------------|-------------|-------------|-------------|--------------|
| Carry Over     | High                  | 13                 | 83.7        | 14.5        | 54.6        | 100.0        |
|                | Low                   | 9                  | 89.2        | 13.7        | 63.2        | 99.5         |
|                | Medium                | 5                  | 84.0        | 16.9        | 58.5        | 99.8         |
| Concluding     | High                  | 27                 | 88.1        | 19.2        | 21.1        | 110.8        |
|                | Low                   | 5                  | 106.1       | 13.3        | 95.7        | 125.2        |
|                | Medium                | 5                  | 92.1        | 6.4         | 82.2        | 97.9         |
|                | N/A                   | 4                  | 74.2        | 19.1        | 54.3        | 100.0        |
| Continuing     | High                  | 31                 | 57.6        | 24.2        | 0.5         | 95.3         |
|                | Low                   | 2                  | 115.7       | 30.3        | 94.3        | 137.1        |
|                | Medium                | 3                  | 60.4        | 35.6        | 20.3        | 88.1         |
|                | N/A                   | 28                 | 38.4        | 27.3        | 2.1         | 91.9         |
| <b>Total</b>   | <b>All Priorities</b> | <b>132</b>         | <b>70.1</b> | <b>30.2</b> | <b>0.5</b>  | <b>137.1</b> |

## RELIEF MEASURES – Duty / VAT Reductions & Exemptions

**VAT 0%** **Fertiliser Trading Stage VAT**  
 Full exemption of existing 7.5% VAT at trader level on all agricultural fertilisers

**AT 0%** **Pesticide Import Advance Tax**  
 Full exemption of 7.5% Advance Tax at import stage on all agricultural pesticides  
*BDT 90–112 cr cash flow relief to importers; pesticides = 2–3% of Boro cost*

**VAT 0%** **36 Raw Materials – Pesticide/Insecticide Production**  
 Zero VAT on 36 raw materials for domestic pesticide & insecticide manufacturers  
*Supports import substitution; Bangladesh currently imports ~60–70% of pesticide needs*

**DUTY 0%** **Zinc Ash (Raw Material for Zinc Sulphate Fertiliser)**  
 Full exemption of import duty on zinc ash to promote domestic ZnSO<sub>4</sub> production  
*60% of farmland has zinc deficiency, which reduces yields 10–15%; in the right direction*

**DUTY 0%** **Veterinary Medicines – Generic Category**  
 Zero duty extended to entire generic categories (not just specific branded products)  
*Poultry treatment costs could fall 10–15%; supports protein food security*

**5% → duty** **Fruit-Bag Raw Material (Biodegradable Composite Paper)**  
 Import duty halved from 10% to 5% to support safe, export-quality fruit production

**DUTY 0%** **3 New Raw Materials – Poultry / Dairy / Fish Feed**  
 Three new inputs added to zero-duty concessionary list for feed industry  
*Lowers feed cost marginally; broader impact limited by rising energy & labour costs*

**DUTY 0%** **5 Poultry Machinery Items**  
 Belt-type manure remover, hatcher, setter, humidity sensor, temperature sensor → 0%  
*Benefits large commercial farms; limited reach to smallholder/family farms*

## ↑ PROTECTION MEASURES – Duty Increases

**DUTY ▲ 25%** **Cashew Nuts – Import Duty Sharply Increased**

**Raw cashew (in-shell): 1% → 25%** **Processed cashew (shelled): 5% → 25%**

*Industrial raw material import exemption retained at 15%*

*Short-term risk: price spike for processors as domestic supply cannot yet meet demand; definitional gap on 'industrial raw material' eligibility remains*

**SD +20%** **Pangas Fish Fillet – 20% Supplementary Duty**

Protects domestic pangas processing industry. Bangladesh is world's 2nd largest pangas producer.

## ⚙ ADMINISTRATIVE REFORM

**Annual Entitlement Certificate (Pesticide Raw Materials)**

Invoice-based certification has been replaced with an annual entitlement-based certificate from the Ministry of Agriculture for concessional raw material imports, reducing bureaucratic burden on domestic manufacturers

**Abolition of Minimum Fine for Minor Courier/Post Deviations**

Existing minimum fine of BDT 50,000 for inadvertent general deviations in small/low-value post & courier consignments proposed to be abolished

| <b>BNP Manifesto Commitment</b>   | <b>BFY27 Budget Provision</b>   | <b>CPD Observation</b>   |
|---|---|--|
| Farmer Card: subsidies, loans, insurance, marketing for farmers/fishers/livestock | 42.5 lakh cards in 100 upazilas; BDT 1,062.5 cr; BDT 2,500 cash + 10 benefits/card          | Aligns fully   |
| Loan waiver up to BDT 10,000 (incl. interest)                                     | Waiver implemented; BDT 1,567.9 cr covering agri, fisheries & livestock                     | Aligns fully; Pre-budget relief delivered  |
| Solar irrigation; diesel-to-solar shift; water-saving tech                        | Solar irrigation, drip systems & aquifer recharge promoted; half-cost solar via Farmer Card | Mentioned in the budget speech but no dedicated ADP project or budget line identified. Depends on BADC/IDCOL pipelines                 |
| Excavation of 20,000 km rivers, canals & water bodies                             | Canal excavation launched in 54 districts (Mar 2026)  | Mentioned in the budget speech but MoWR development budget fell 26% – contradicts implementation ambition (target 1200 km by 180 days) |
| Fertiliser & seeds at fair prices; input subsidies                                | Fertiliser subsidy at BDT 17,001 cr; 30,000 MT Russian fertiliser free via WFP              | Subsidy flat in real terms; require more than double allocation for ensuring fertilizer supply   |
| Cold storage expansion; post-harvest loss reduction                               | Mango cold storage in Barendra; cold-chain & export quarantine labs upgraded                | Partially aligns; Narrow (one facility)  |
| Agricultural diversification & export promotion                                   | Diversification prioritised; quarantine labs upgraded to international standards            | Partially aligns; Lab upgrades necessary but insufficient without sustained trade facilitation reform                                  |
| Climate-smart agriculture; blue economy   | Climate resilience & water-saving tech referenced; no blue economy allocation               | Partially aligns; Framing remains rhetorical as no dedicated financing   |

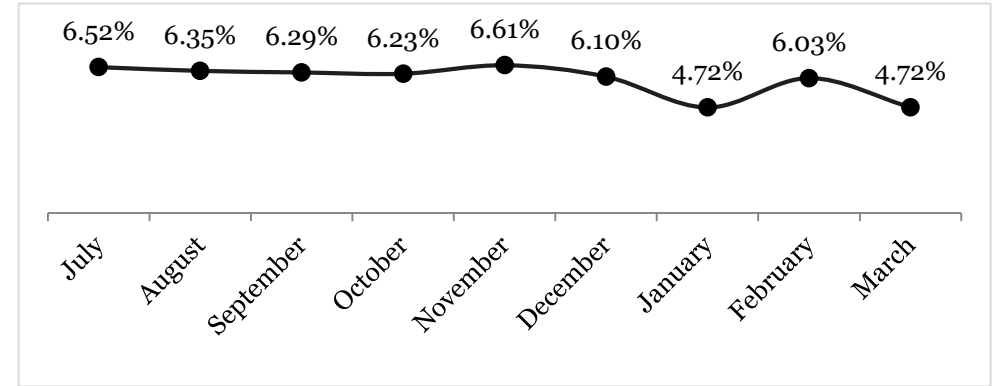
| <b>BNP Manifesto Commitment</b>                         | <b>BFY27 Budget Provision</b>  | <b>CPD Observation</b>  |
|---|--|---|
| Agricultural insurance for farmers, fishers & livestock | Insurance listed as 1 of 10 Farmer Card benefits; no standalone scheme       | Partially aligns; No premium or institutional framework specified. Crop insurance has historically stalled  |
| Teesta Mega Project & Padma Barrage                     | Padma Barrage referenced; Teesta absent from budget speech                   | Teesta is a foreign policy matter with no budget instrument. Northwest irrigation remains underfunded   |
| Fisheries development under Farmer Card                 | Fishers included in Farmer Card;   |   |
| Food security; transparent rice/paddy procurement       | Internal procurement BDT 11,254 cr; food account up 11.9% to BDT 23,476 cr   | Net trading outlay worsens to -BDT 2,787 cr. as Bangladesh's paddy procurement has a documented history of middlemen and millers inflating procurement claims. The loss may partly fund them, not farmers. OMS queues in cities often benefit non-poor households. The subsidy leaks upward |
| Agri mechanisation at low cost                          | Mechanisation referenced as cost-reduction tool; no dedicated fund or scheme | Mentioned in Farmer Card benefits list but unanchored as no separate budget instrument or ADP project   |
| Market info, price monitoring & digital agri-extension  | Mobile weather & market info listed as 1 of 10 Farmer Card benefits          | Real-time price monitoring needs more independent authority to DNCR to monitor and punish the responsible   |

# Investment & Employment Generation

- ❑ The FY27 budget arrives with **employment generation and investment as declared priorities**: a direct political response to the July uprising, whose underlying causes included the previous regimes' failure to create adequate jobs for a rapidly growing young workforce.
  - **The current government pledge is creating 1 crore (10 million) new jobs within the first 18 months in office**, targeting youth as the core focus.
- ❑ In the FY27 budget, to finance the BDT 2.43 lakh crore deficit, **the government targets BDT 1.16 lakh crore from external sources and BDT 1.27 lakh crore from internal sources. (BDT 1.12 lakh crore from banks).** (MoF)
  - Overreliance on domestic bank financing raises the interest burden on the government and tightens liquidity in the banking system
  - CPD has been highlighting about this risk of **crowding out private sector credit** pushing up lending rates and dampening investment at a time when firms are already waiting on the sidelines for favourable conditions to resume borrowing and expand operation.
- ❑ Now, the government faces a persistent **twofold employment crisis**:
  - New job creation remains constrained by low investment, energy shortages, high lending rates, and private-sector **credit growth falling** to a historic low of 4.72% in March 2026 (Bangladesh Bank, 2026)
  - **Accelerating job loss across industries**: 1,868 workers were abruptly laid off from seven garment factories in Savar in June 2026, citing falling purchase orders and business slowdown, reflecting a wider pattern of retrenchment amid subdued demand and energy constraints. Also, **several thousand more workers were laid off** across six industrial zones during the first five months of the year.

- ❑ Weak investment appetite, sluggish exports, the global fuel crisis, structural vulnerability in the banking sector and fragile business confidence have kept firms on the sidelines.
- ❑ Though, the government intends to ease banking-sector reliance by reducing domestic deficit financing from **59%** (FY26 revised) to **46%** in FY27; a likely foreign-financing shortfall makes that target hard to hold.
- ❑ External borrowing in current year was revised to **BDT 63,000 crore**, yet only **BDT 26,700 crore had arrived** by May, due to slow project implementation, procurement delays, and donor caution.
- ❑ With foreign financing likely to undershoot again, the government might lean harder on domestic banks. Borrowings were **BDT 1.26 lakh crore** between July 2025 and March 2026, lifting interest burden and squeezing banking-system liquidity.
- ❑ **CPD flags the crowding-out risk: heavy government borrowing might lift lending rates and weaken investment just at a time when firms are already held back.**
- ❑ Several ministries in Bangladesh are directly or indirectly involved in employment and investment issues
  - ❑ These include MoLE, MoYS, MoE, MoI, MoEWOE, MoWCA, MoF, MoSW, MoLGRDC, and MoICT
  - ❑ This section focuses only on **MoLE, MoEWOE, MoC, and MoI** to capture the status of investment and employment

**Figure A: Private Sector Credit Growth: YoY (%), FY2025-26**

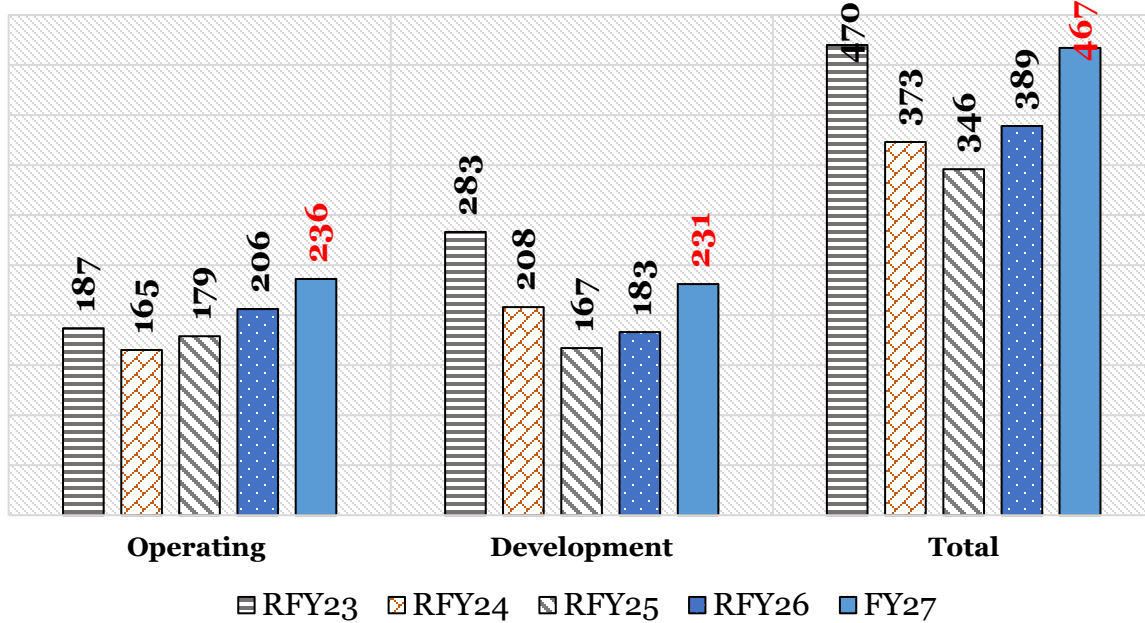


Source: Statistics Department, Bangladesh Bank.

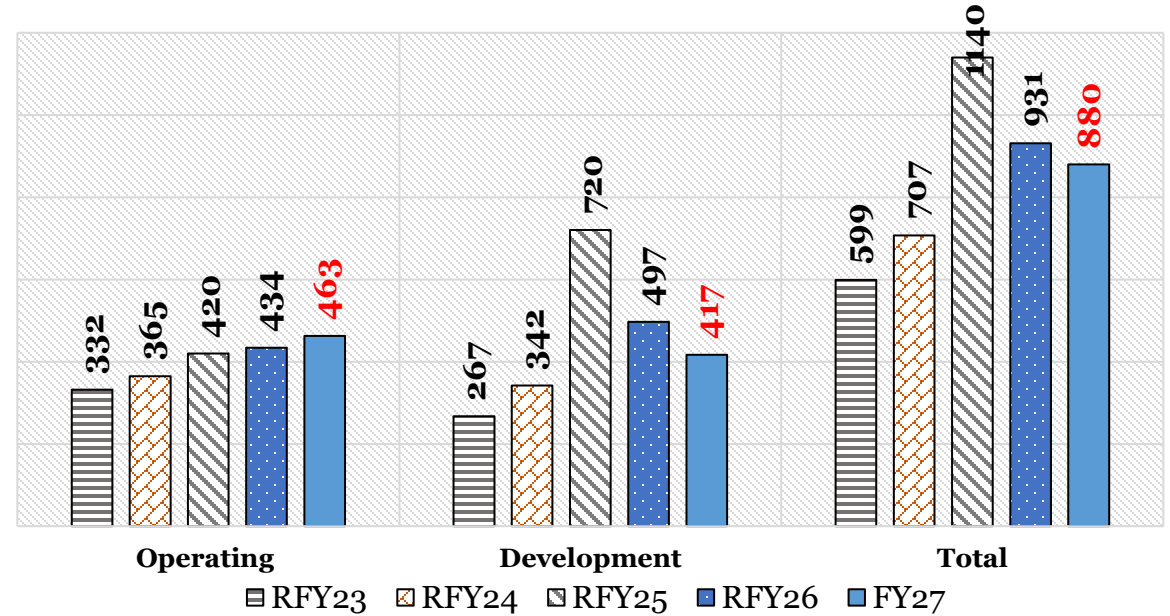
**Private sector credit growth has hit a record low at 4.72% in April, below 5% for two consecutive months.**

# Investment & Employment Generation

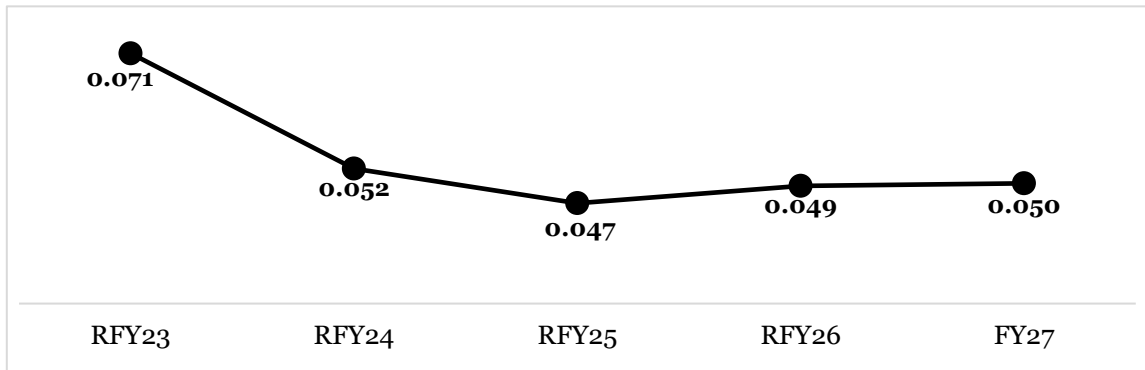
**Figure B: Allocation in MoLE (in BDT Crore)**



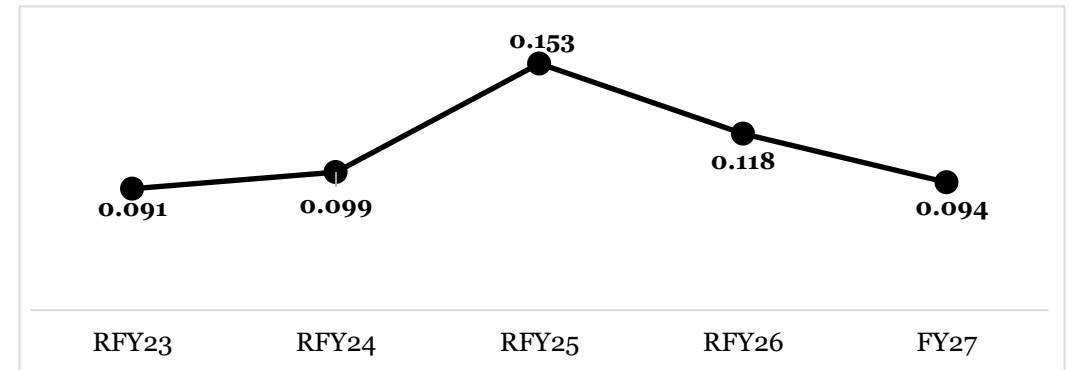
**Figure D: Allocation in MoEWOE (in BDT Crore)**



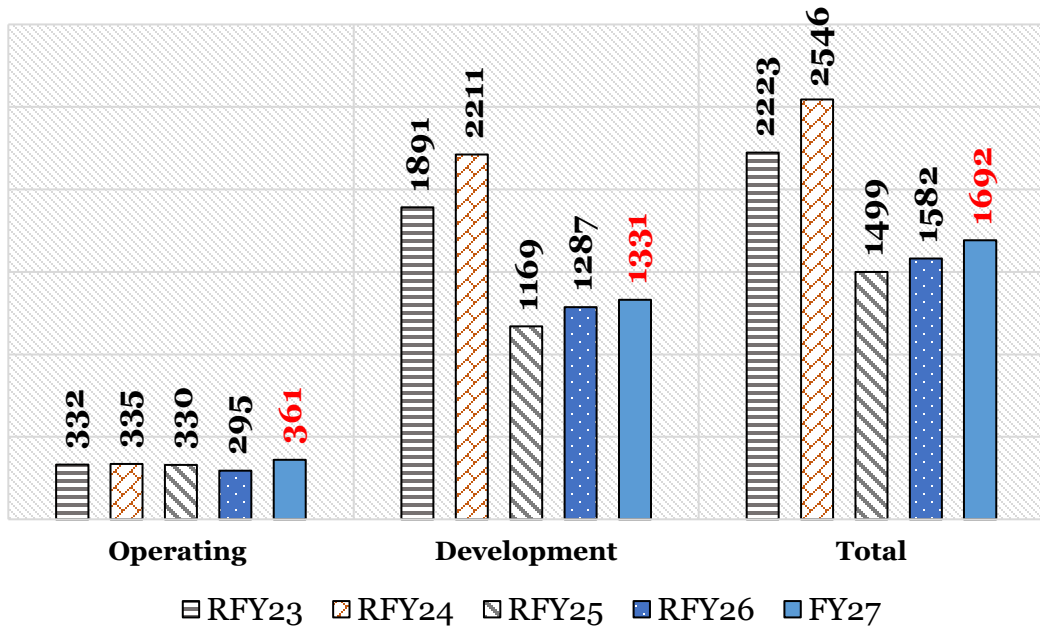
**Figure C: Total Allocation in MoLE (in % of total budget)**



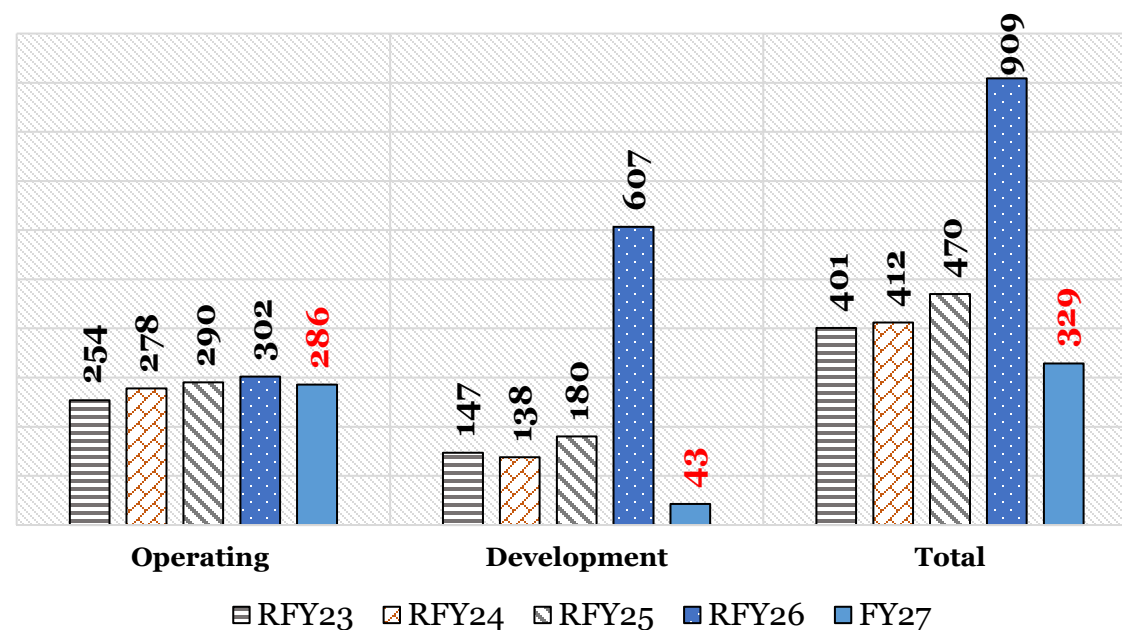
**Figure E: Total Allocation in MoEWOE (% of total budget)**



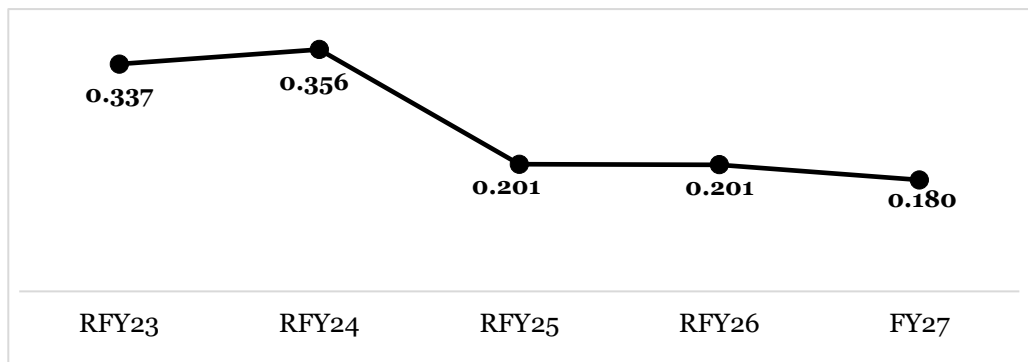
**Figure F: Allocation in MoI (in BDT Crore)**



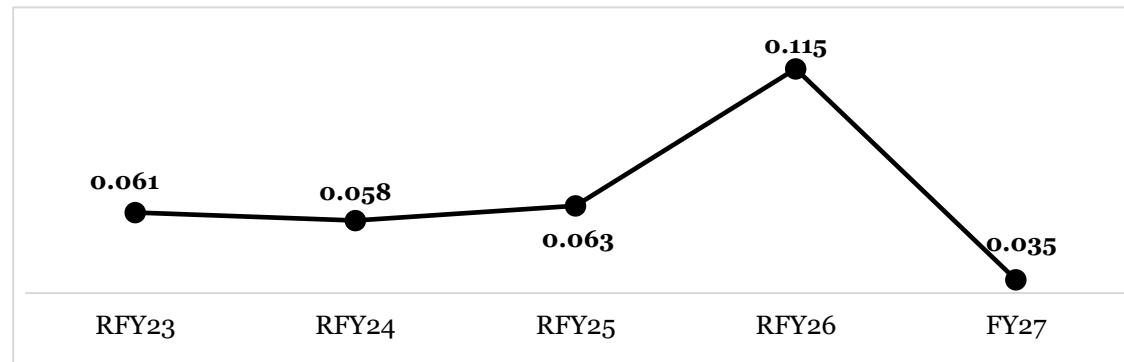
**Figure H: Allocation in MoC (in BDT Crore)**



**Figure G: Total Allocation in MoI (in % of total budget)**



**Figure I: Total Allocation in MoC (% of total budget)**



- ❑ **Ministry of Labour and Employment (MoLE):** Total budget **went up a little**, from BDT 389 crore (RFY26) to BDT 467 crore (FY27) (Figure B). However, its share of the total budget **stayed almost flat** (0.049%→0.050%) (Figure C).
- ❑ **Ministry of Expatriates' Welfare and Overseas Employment (MoEWOE):** Total budget **went down**, from BDT 931 crore (RFY26) to BDT 880 crore (FY27) (Figure D). Share of the total budget also fell, (0.118% to 0.094% (Figure E).
- ❑ **Ministry of Industries (MoI):** Total budget **increased a bit**, from BDT 1,582 crore (RFY26) to BDT 1,692 crore (FY27) (Figure F). But the MoI's share of the total budget kept falling, (0.201% to 0.180%) (Figure G).
- ❑ **Ministry of Commerce (MoC):** Total budget **was cut sharply**, from BDT 909 crore (RFY26) to only BDT 329 crore (FY27) (Figure H). The MoC's share of the total budget dropped a lot too (0.115% in RFY26 to 0.035% in FY27) the biggest cut among the four ministries (Figure I).
- ❑ **The current fund utilisation rate indicates a need for closer examination.** The MoLE's utilisation dropped sharply from 76.6% (FY25) to 48.7% (FY26)—meaning even the smaller previous budgets were not being fully spent. So, the modest increase to BDT 467 crore for FY27 may not translate into real impact unless implementation capacity improves.
- ❑ **Reduced MoEWOE funding may limit support for overseas job placement—a key channel for absorbing Bangladesh's growing unemployed population.** Together, these allocations risk undercutting the government's stated goal of reviving investment and job creation through this budget.

**Table A: Measures Taken in Alignment With the Manifesto**

| Trade and Logistics Reform  | Green Energy, EV and Battery   |
|---|--|
| <ul style="list-style-type: none"> <li>• <b>New 'Free Trade Zone' chapter</b> in Customs Act for duty-free re-export processing</li> <li>• Removal of <b>49% foreign-ownership cap</b> for private Off-Dock and ICD operators</li> <li>• <b>New regulation for Air Cargo Operator Stations</b> at Dhaka, Chattogram, Sylhet</li> <li>• New regulation for private port and terminal operators to attract Greenfield Investment</li> </ul> | <ul style="list-style-type: none"> <li>• Solar equipment: <b>zero duty, VAT and AT until 2031</b></li> <li>• Full duty exemption for <b>Electric Vehicle (EV) and EV-parts manufacturing</b></li> <li>• Tiered exemptions for local 2/3/4-wheeler <b>EV assemblers</b> by value addition</li> <li>• <b>Lithium-ion, sodium-ion battery and battery pack</b> manufacturing exempted until 2030</li> </ul>   |
| Electronics and Digital Manufacturing   | Other Industries   |
| <ul style="list-style-type: none"> <li>• <b>Consumer electronics</b> (mobile, fridge, AC, ATM, CCTV) production exemptions extended</li> <li>• <b>Computer and digital device</b> manufacturing equipment exempted until 2030</li> <li>• <b>Semiconductor design, testing and packaging</b> rebate until 2031</li> <li>• Smart card and bank card raw materials get extra 5% duty exemption on 10 inputs</li> </ul>                       | <ul style="list-style-type: none"> <li>• <b>Ship and dredger raw material</b> rebates extended to 2030</li> <li>• Duty cuts on <b>PVC/PET resin, synthetic fabrics, float glass</b>, valve and bung, LAB</li> <li>• <b>Refractory cement inputs</b> (maize starch, ball clay) duty cut from 15% to 10%</li> <li>• <b>ETP equipment</b> duty exemption extended to 2027</li> <li>• PSF and PET-recycling industries get rebates for cost reduction</li> </ul> |

**Table B: Budget FY27–Manifesto Consistency: Employment**

| Budget Measure  | Manifesto Alignment | Impact on Employment   |
|---|---------------------|--|
| Startup tax exemptions and freelancer tax relief                      | <b>High</b>         | <b>Positive</b> – supports startup ecosystem, freelancers and self-employment                                      |
| BDT 400 crore startup, youth and women entrepreneurship fund          | <b>Moderate</b>     | <b>Mildly Positive:</b> may generate jobs through SME expansion but scale is limited                               |
| Bangladesh Bank BDT 60,000 crore stimulus and factory revival package | <b>Moderate</b>     | <b>Potentially Positive:</b> revival of idle factories could restore employment quickly if implemented effectively |
| Accelerated depreciation outside major cities                         | <b>Moderate</b>     | <b>Positive:</b> may generate employment in secondary cities and rural areas                                       |
| Focus on entrepreneurship, SMEs and human capital development         | <b>High</b>         | <b>Positive:</b> consistent with manifesto emphasis on investment-led employment                                   |
| Allocation for creative economy (BDT 300 crore)                       | <b>High</b>         | <b>Positive:</b> aligns with manifesto target of creating 500,000 jobs in creative industries                      |

- ❑ Structural constraints to investment (like high cost of doing business, low confidence, slow implementation, energy shortage, skill mismatch, government borrowing) remain largely unresolved. As a result, **the budget may not be transformative for employment generation in the short run.**
- ❑ **FY25-26 suggests that business incentives alone do not guarantee investment or employment outcomes.** The FY26-27 budget faces similar risks unless structural constraints are addressed alongside new incentives.

## Measures Related to Capital Market Reform in the Budget

- **IPO process to be made fully time-bound and technology-driven**, with a unified digital platform connecting issuers, issue managers, stock exchanges, CDBL, and the regulator
  - Listing **complexities, delays, excessive costs, and regulatory ambiguities to be reduced** to attract promising companies
  - Expanded participation of **long-term institutional investors**; pension funds, insurers, AMCs, mutual funds
  - **Corporate bond market expansion** plus new **municipal bonds for local government** and urban infrastructure
  - **Greater use of bonds, sukuk, and infrastructure funds** for long-term public-private project financing
  - Deeper **integration of information systems** across the BSEC, exchanges, the CDBL, banks, and brokers
  - New: **government to explore regional dual listing of domestic companies on regional stock exchanges**
  - New: **professional liability framework** and liability insurance for auditors, valuers, and issue managers
  - Settlement cycle to move from T+2 to T+0 in phases
  - Foreign investment **repatriation/ reinvestment** (including NITA proceeds) processed within one working day
- ❑ The budget's capital market agenda—IPO digitisation, bond and sukuk expansion, broader institutional investor participation, dual listing, and faster settlement—addresses process efficiency and product diversification
- **But largely sidesteps the institutional and governance weaknesses CPD has identified earlier.**

**Table C: BNP Employment Targets vs FY-27 Budget**

| Manifesto Target  | Budget Measure   | Assessment  |
|---|--|---|
| <b>10 million jobs nationwide</b>   | No dedicated national employment programme; employment expected through investment and business growth | <b>Unlikely.</b> The budget relies on indirect job creation rather than large-scale employment schemes.   |
| <b>1 million ICT jobs (200,000 direct + 800,000 freelancing/content creation)</b> | Startup tax exemption, freelancer tax relief, BDT 400 crore entrepreneurship fund                      | <b>Insufficient.</b> Tax incentives help, but major manifesto institutions (National Digital Skills Authority, career portal, job-matching platform, large-scale skills programmes) are absent. |
| <b>Expand formal employment for women</b>   | Entrepreneurship fund includes support for women entrepreneurs   | <b>Partial progress.</b> Focus is on entrepreneurship rather than large-scale female labour force participation.  |
| <b>Job creation through investment and industrial decentralisation</b>            | Accelerated depreciation (60% first year, 40% second year) for facilities outside Dhaka and Chattogram | <b>Moderately supportive.</b> May encourage regional investment and employment generation. But this depends on investor response.   |
| <b>2 million overseas jobs annually</b>   | No major allocation or programme announced   | <b>No visible progress.</b>   |
| <b>Large-scale SME and startup-led employment generation</b>                      | Startup fund, tax incentives, BB factory revival programme   | <b>Moderately supportive,</b> but scale remains limited relative to employment target.  |

- ❑ The budget is broadly **aligned with the manifesto's** investment-led employment strategy consisting concessional benefits in the important sectors, tax rebates, allocation in creative economy and startups, but the **scale of measures appears inadequate relative to the target of generating 10 million jobs.**
- While startup incentives, entrepreneurship financing, and factory revival programmes may support employment growth, key commitments on skills development, job matching, and overseas employment are largely absent.

**Table D: Max Completion Rate Estimation (by FY27) for Selected Projects Under Industry and Economic Services**

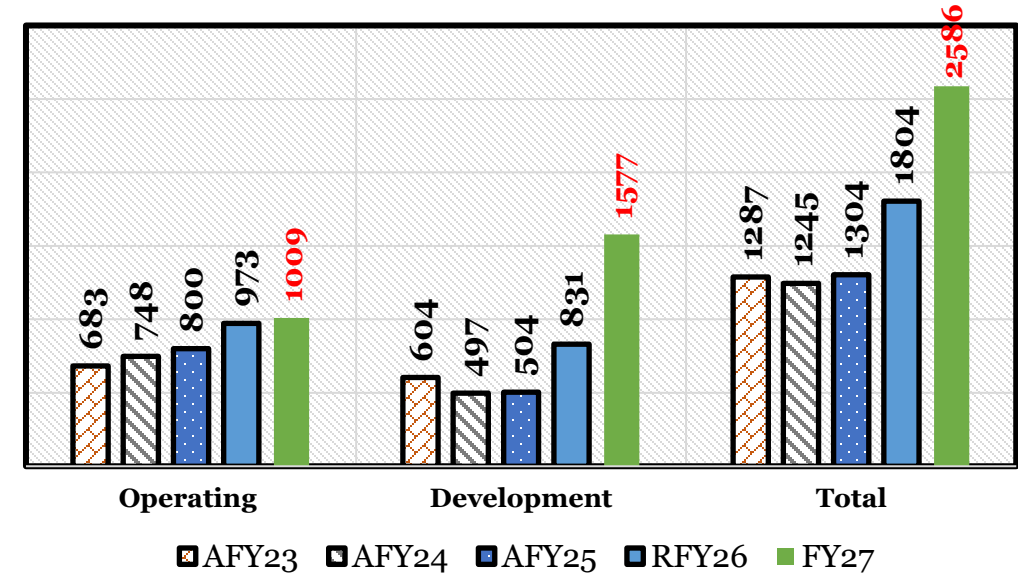
| Project No. | Project Name  | Project cost | Max Completion rate by FY27 (%) | Amount needed to Cover initial Cost | Type of Project |
|-------------|---|--------------|---------------------------------|-------------------------------------|-----------------|
| 9           | 224351000 - BSCIC Food Processing Industrial Estate, Thakurgaon (1st Revised)   | 11,673       | 71.5                            | 3,324.3                             | Carry Over      |
| 13          | 224291700 - Infrastructure Development of Japanese Economic Zone at Araihasar, Narayanganj Project.   | 258,218      | 83.3                            | 43,146.4                            | Carry Over      |
| 15          | 224252300 - BEPZA Economic Zone, Mirsharai - 1st Phase (1st Revised)  | 130,291      | 96.2                            | 4,913.7                             | Carry Over      |
| 16          | 224380500 - Patuakhali Export Processing Zone Project   | 144,278      | 45.6                            | 78,508.0                            | Carry Over      |
| 19          | 224249000 - Establishment of 5 training centres, 1 fashion design institute and 2 market promotion centers in 5 basic center sunder Bangladesh Handloom Board | 13,026       | 98.3                            | 216.4                               | Carry Over      |
| 20          | 224381200 - Jamdani Village Establishment   | 3,250        | 48.5                            | 1,673.0                             | Carry Over      |
| 25          | 223012700 – Export Competitiveness for Jobs (ec4j) (3rd Revised)  | 126,417      | 97.3                            | 3,426.1                             | Carry Over      |
| 27          | 224352900 - Establishment of 6 BITAC Centers in Gopalganj, Sunamganj, Barisal, Rangpur, Jamalpur and Jashore Districts (1st Revised)                          | 112,406      | 88.2                            | 13,280.3                            | Carry Over      |
| 32          | 224267100 - Construction of Tourism Center in Panchagarh (1st Revised)  | 3,934        | 3.0                             | 3,814.4                             | Carry Over      |
| 33          | 224272500 - Construction of Tourism Centre at Hatiya and Nijhum Dwip, Noakhali (2nd Revised)  | 4,934        | 43.6                            | 2,780.7                             | Carry Over      |
| 36          | 224060100 - Establishment of 40 Technical Training Centers (TTC) in 40 Upazilas and One Institute of Marine Technology in Chattogram (2nd Revised)            | 158732.28    | 99.9                            | 89.7                                | Carry Over      |
| 39          | 224347700 - Recovery and Advancement of Informal Sector Employment (RAISE). : Reintegration of Returning Migrants (1st Revised)                               | 51830.35     | 98.4                            | 831.7                               | Carry Over      |

- **The government's recent deprioritisation of allocations, intended to improve fund efficiency, is instead freezing capital and working against the very employment generation pledged in its manifesto (Table D).**
- **A total 17 out of 46 projects under industry and economic services sector are in carry over status. Completion rates from 3% to 48% after the deadline means the project will be in the same status in the next fiscal years.**
- Despite **Panchgarh's** strong winter-tourism potential, the **Tourism Centre stalls at 3%** completion, forgoing downstream employment in hospitality, local trade and services.
- **The Patuakhali EPZ** positioned near Payra Port and Padma Bridge can generate **one lakh direct jobs** across 306 plots **yet remains at 45.6%** completion; similarly, the **Jamdani Village** (48.5%), offering valuable decentralised, women-led, non-migratory work, **faces a delay despite its small scale and low cost.**
- Among near completed projects, **EC4J (97.3%), RAISE (98.4%) and the Handloom Board (98.3%) deliver the most direct employment outcomes** and warranted fuller funding to reach completion.
- The 40 Technical Training Centres and Marine Technology Institute, at 99.9% completion, exposes a gap between construction and jobs: **high completion masks misallocation, as funds flow to new centres even as existing ones sit understaffed**, under-enrolled and disconnected from labour-market demand.
- The budget picks up the commission's lower-friction, administrative recommendations (worker database, informal-sector minimum wage exercises, a child labour action plan, and a labour law amendment). **But it largely sidesteps the commission's structural and rights-based agenda:** no permanent wage/ labour commission, no trade union or EPZ unionisation reform, no universal social security law, etc.

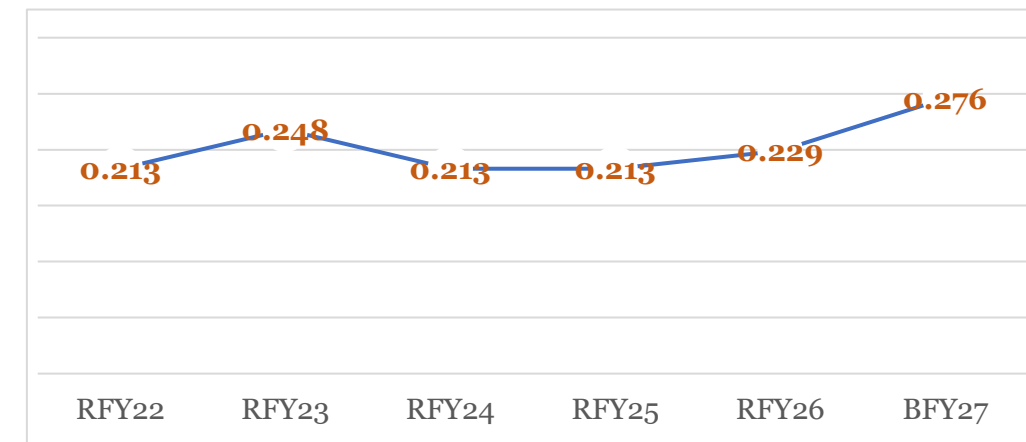
# Youth

- ❑ The FY27 budget was expected to put focus on youth development and youth entrepreneurship in line with the government's manifesto and in recognition that the demographic dividend which Bangladesh is currently experiencing might start narrowing down from 2040 onward
- ❑ Reflecting the expectation, the allocation for the Ministry of Youth and Sports has been proposed to **BDT 2,586 crore** in BFY27, a significant **increase of 43.4% than RBFY26** (Figure A), with significant inter-ministerial allocation towards **youth and women entrepreneurship**
  - This allocation in BFY26, both in terms of amount and budget share (0.276%), is higher than what it has been allocated in all the recent years' revised budgets (Figures A & B)
- ❑ However, in both FY25 and FY26, it can be observed that the allocation for development budget was eventually cut down **(45–50%) in the revised budget**
  - This suggests either ineffective proposal planning or **weak implementation capacity** within the ministry
  - Notably, the **interim government** initiated a number of sports infrastructure projects; however, **in FY27, 11 such projects have not been approved**

**Figure A: Allocation in MoYS (in BDT Crore)**



**Figure B: Total Allocation in MoYS (% of total budget)**

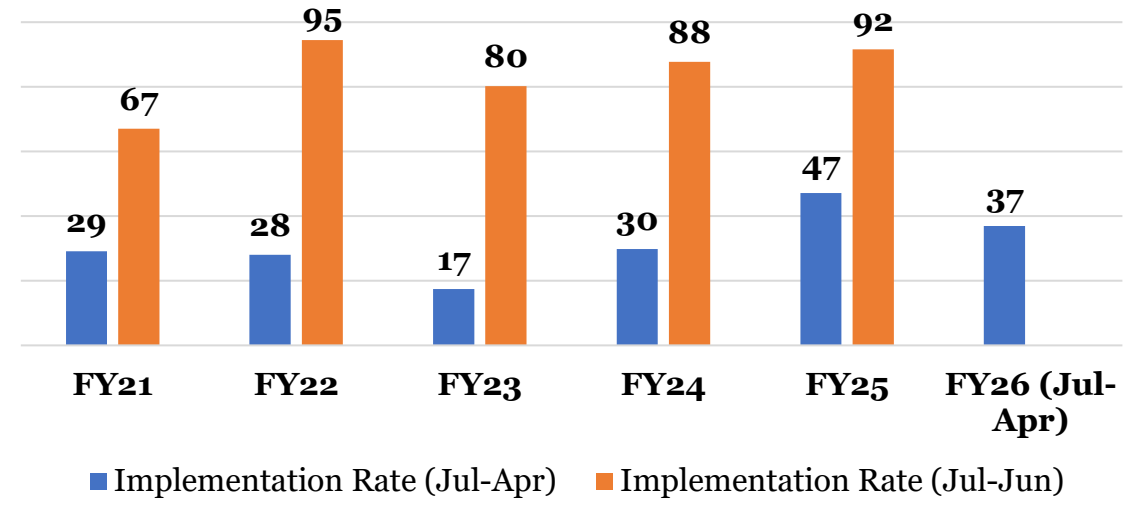


**Table A: Max Completion Rate Estimation (by FY27) for selected projects of the MoYS**

| Project Name  | Max Completion Rate by FY27 (%) | Type of Project (As per scheduled timeline) |
|---|---------------------------------|---|
| Modernisation of Training Facilities and Upgrading of Physical Infrastructure at BKSP (01/01/2024 - 31/12/2026)   | 100.0                           | Concluding                                  |
| Feasibility Study for New Projects of DYD (01/07/2023 - 30/06/2026)   | 99.9                            | Concluding                                  |
| Strengthening the Capacity of the Department of Youth Development to Deliver Information Technology Training Across 64 Districts (Phase II) (01/11/2023 - 31/10/2026) | 99.7                            | Concluding                                  |
| Expansion and Modernization of Training Facilities at the Central Human Resource Development Centre, Savar, Dhaka (1st Revised) (01/12/2023 - 30/06/2027)             | 98.0                            | Concluding                                  |
| Artificial Intelligence (AI)-Based Skills Development Project for Information Technology-Literate Youth (01/10/2025 - 30/09/2027)                                     | <b>67.4</b>                     | <b>Concluding</b>                           |
| Constructing Upazila Mini Stadium 2nd Phase (1st Revision) (01/07/2021 - 30/06/2027)  | <b>38.9</b>                     | <b>Concluding</b>                           |
| Further Development of Narail Bir Sreshtho Noor Mohammad Stadium and Table Tennis Building, and Construction of an Indoor Stadium (01/10/2023 - 30/09/2026)           | <b>56.9</b>                     | <b>Concluding</b>                           |
| Leaving No One Behind: Improving Skills in Economic Opportunities for the Women and Youths in Cox's-bazar, Bangladesh (1st Revision) (01/06/2023 - 30/11/2026)        | <b>29.1</b>                     | <b>Concluding</b>                           |
| Economic Acceleration and Resilience for NEET (01/07/2023 - 31/12/2028)   | 33.6                            | Continuing                                  |
| Basic Self-Defense Training Project for Youth (01/05/2025 - 29/02/2028)   | 75.6                            | Continuing                                  |

- ❑ Of the 15 ongoing projects under the MoYS, 9 are scheduled for completion by FY27, while 6 will continue beyond FY2027 (Table A)
- ❑ Among the 9 projects due to conclude in FY27, **4 are expected to achieve only 50% or less physical progress**, indicating a high risk of implementation delays and **likely carryover into subsequent fiscal years**
- ❑ ADP implementation remains **low at 37%**, with a **recurring trend of low implementation during the first 10 months** followed by a **sharp surge in expenditure during the final quarter** (Figure C)

**Figure C: ADP Implementation Rate (%) Comparison (MoYS)**



Source: IMED

- ❑ **This raises two-fold concerns:**
  - First, issues related to **implementation quality, efficiency, and effective utilisation of public resources**
  - Second, whether the frequent **downward revisions of the development budget reflect realistic adjustments or are used to align with consistently weak implementation performance each year**
- ❑ Besides, several unapproved projects had the potential to create employment opportunities and entrepreneurship
  - For example, **‘E-Commerce Marketing and Youth Entrepreneurship Development Project’** remained unapproved
- ❑ **For the first time**, the government proposed to start a **‘creative economy’** initiative with **BDT 300 crore allocation** but without clear implementation framework, skills development, market access, intellectual property protection, and digital infrastructure, the long-term growth of creative industries will be constrained.

## Budgetary Measures Related to Youth and Entrepreneurs

| FY2027 Budget Measures  | Impact/Effect  | Implications for Youth and Entrepreneurs   |
|---|----------------|--|
| BDT 400 crore allocation for youth startups, women entrepreneurs, and women's advancement                             | Mixed Positive | Expands access to finance but only towards market-ready ventures, with no government-backed support for early-stage innovatios and idea development                                  |
| BDT 2,000 crore allocation for SME entrepreneurship   | Positive       | Can boost business expansion and job creation, but impact depends on transparent targeting towards genuinely small firms rather than established businesses                          |
| Zero turnover tax for innovative startups   | Positive       | Reduces compliance costs and improves startup survival prospects during the early growth phase   |
| Tax exemption on annual turnover up to BDT 50 lakh (SMEs) and BDT 70 lakh (women and entrepreneurs with disabilities) | Positive       | Improves profitability and incentives for business formalisation, particularly for women-led enterprises and micro-businesses  |
| BDT 300 crore for creative economic activities  | Mixed          | May create alternative income opportunities and support the creative economy, but the employment impact will depend on programme design, implementation quality, and market linkages |
| All income from content creation completely free from income tax  | Positive       | Encourages digital entrepreneurship but weak monitoring of earnings from foreign platforms may complicate enforcement  |

# Education

## □ Budget Share (Total Budget)

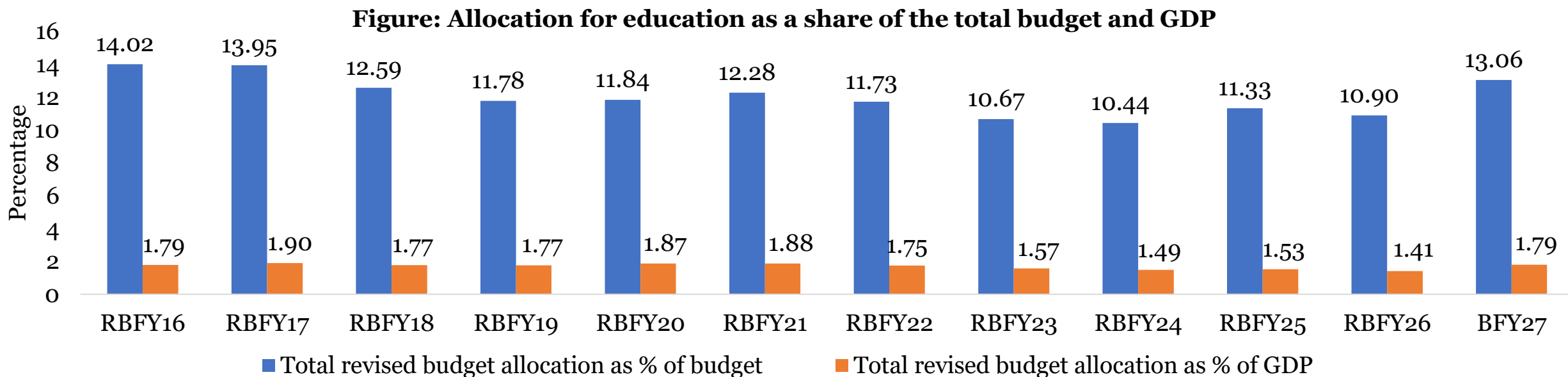
- ↓ from 11.33 % (RBFY25) → 10.90% (RBFY26)
- ↑ from 12.11 % (BFY26) → 13.06% (BFY27)

## □ Budget Share (GDP)

- ↑ from 1.53% (BFY26) → 1.79% (BFY27)
- Notable increase, can be improved further

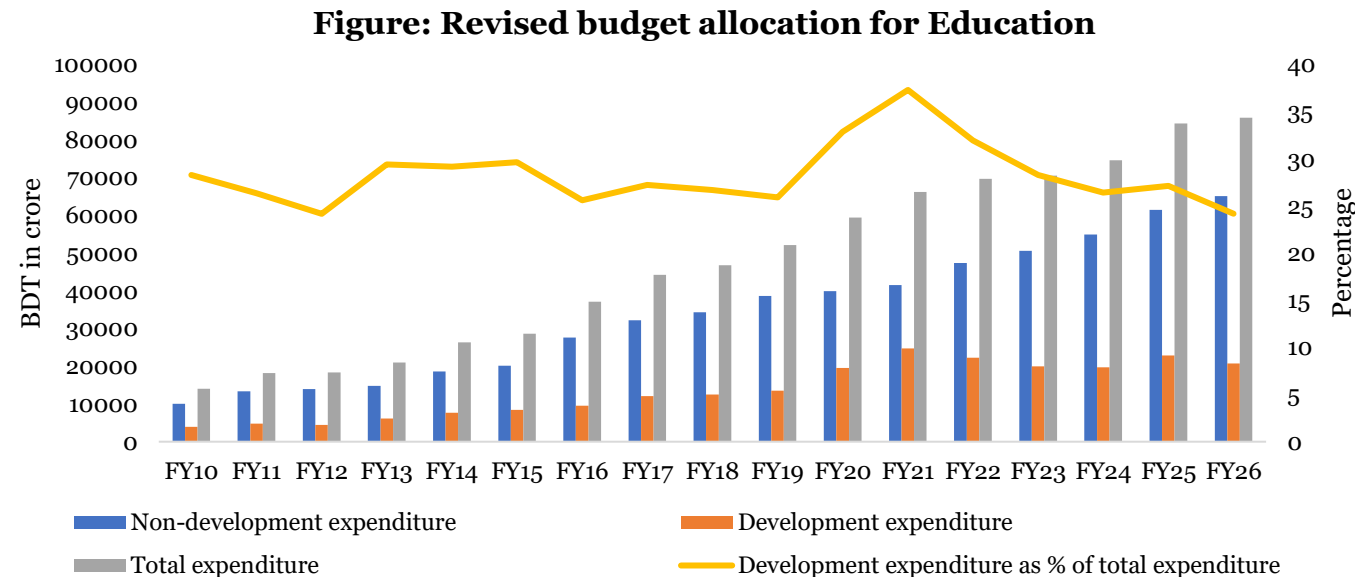
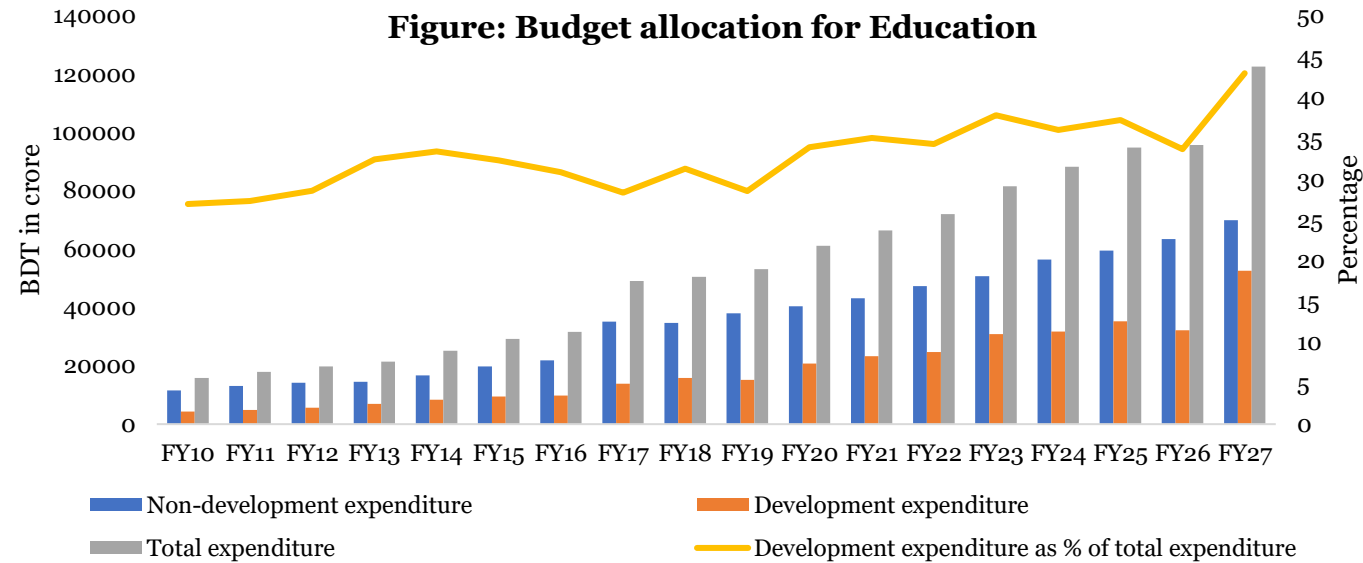
## □ Global Comparison (source: WDI)

- **2nd lowest education spending (2016–2025) among 38 LDCs**
- 35 LDCs spent  $\geq 2\%$  of GDP on education



□ In FY27, the education budget increased substantially by 28% (from BDT 95,644 crore in FY26 to BDT 1,22,495 crore in FY27)

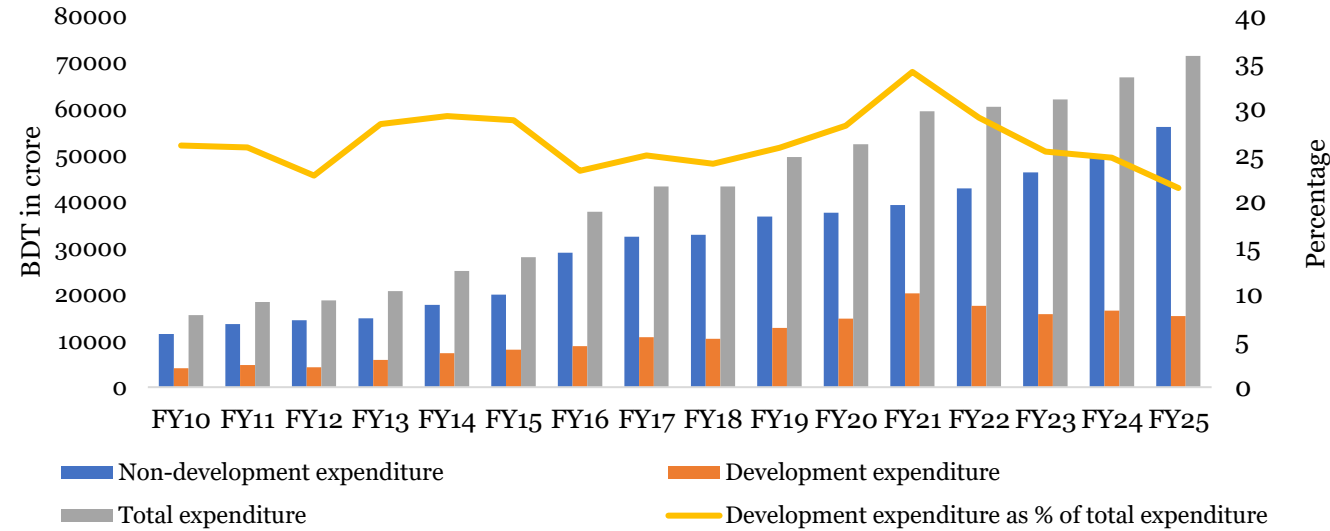
□ Revised development expenditure as a share of total revised expenditure decreased from 27% in FY25 to 24% in FY26



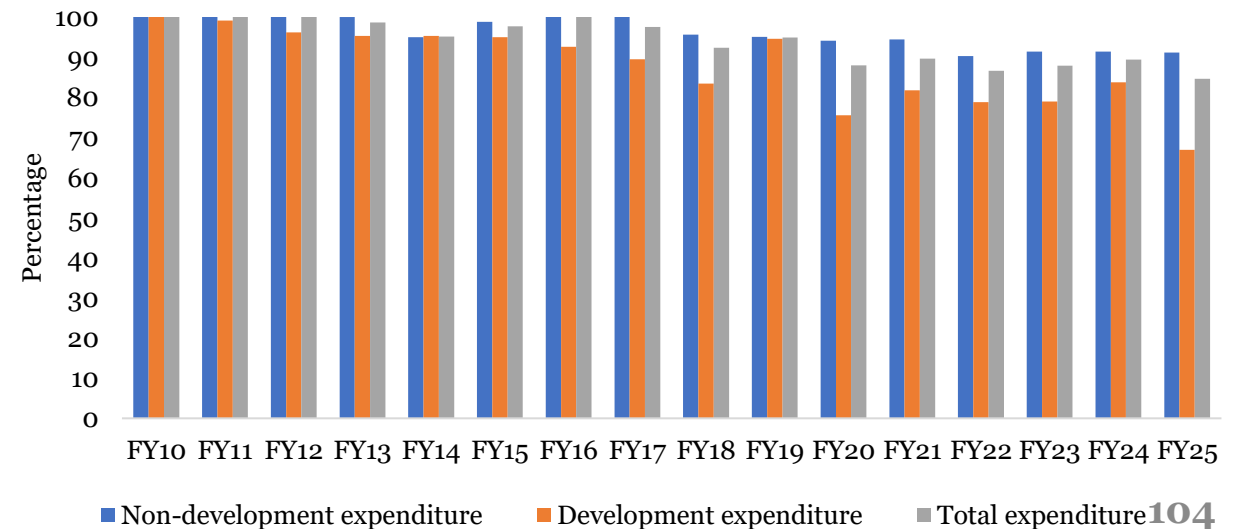
## Expenditure and Utilisation Trend

- ❑ FY25 actual expenditure increased by 7%
  - (From BDT 71,459 crore in FY25 to BDT 66,790 crore in FY24)
- ❑ Total budget utilisation fell from 90% in FY24 to 85% in FY25
- ❑ The proposed budget indicates that development expenditure will constitute 43% of total expenditure in FY27, reflecting a significant strengthening of proposed development spending relative to FY26

**Figure: Actual expenditure on education**



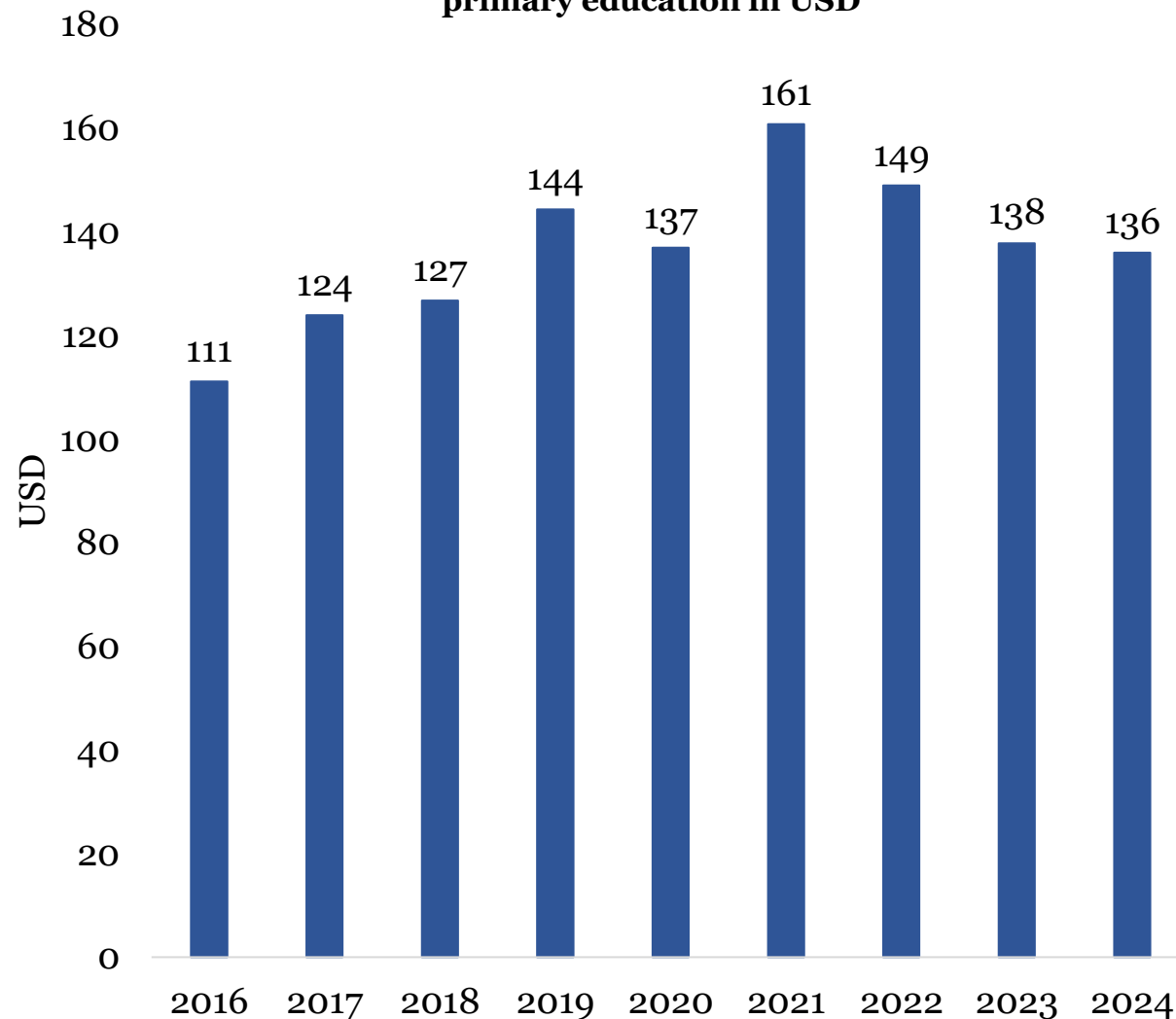
**Figure: Budget utilisation on education**



□ Government per capita actual expenditure on primary education averaged about **USD 136 during 2016 - 2024**

- Countries such as **Chad, Honduras, Vanuatu, Côte d'Ivoire, and Mauritania** have a higher per capita expenditure on primary education as opposed to Bangladesh (source: UIS)
- However, the GDP per capita based on purchasing power parity (PPP) of these countries was lower than that of Bangladesh in 2024 (source: WDI)
- In addition, Bangladesh's per capita expenditure on primary education decreased from **USD 149 in 2022 to USD 136 in 2024**

**Figure: Government per capita actual expenditure on primary education in USD**



## ❑ Positive Reform

- The corporate tax on private educational institutions has been reduced from 15% in FY26 to 10% in FY27 (CPD also made this recommendation)
- **This partially aligns with the targets outlined in the election manifesto (suggested for full exemption)**

## ❑ Tax Inequity

- Bengali medium schools: VAT exempted
- English medium schools: VAT remains at 5% → burdens middle-income families
  - **CPD had recommended to exempt VAT on English medium schools**

## ❑ Book Import Taxes

- 10% SD + 25% CD on imported textbooks for primary/secondary levels
- Hinders SDG 4: Quality Education for All
  - **CPD had recommended to exempt all taxes on imported educational books for better access to these books by students**

## Social Security in the Education Sector

### ❑ Positive Reform

- Stipend under the Technical and Madrasa Education Division was introduced
- Beneficiary numbers for the feeding programme and ProGRESS were specified in FY27 which was missing in FY26

❑ Undergraduate and postgraduate programmes, which existed in FY24, but discontinued from FY25; are still discontinued

❑ The budget allocated for social security programmes under the education sector slightly decreased from BDT 9454.09 crore in FY26 to 9447.11 crore in FY27

### ❑ CPD had recommended

- **To reinstate discontinued stipend programmes**
- **To increase overall stipend allocation**

# Power & Energy

## ❑ ADP for Power and Energy Division

- ❑ The Power Division received an allocation of BDT 32589.11 crore in BFY27, representing a **18.7% increase** compared to RFY26.
  - In contrast, the Energy Division's allocation **increased by 52.8%** in BFY27, reaching BDT 2,578.04 crore from BDT 1,687.31 crore in RFY26.
- ❑ Overall, the ADP allocation increased by 20.7% in BFY27 relative to RFY26.
  - The total Power and Energy sector allocation in BFY27 amounts to BDT 35167.15 crore.
  - BFY27 includes **four newly approved** projects, while several ongoing projects nearing completion were excluded from this year's allocation.

## ❑ Power Sector ADP Breakdown

- Budget allocations for transmission projects declined significantly in BFY27, **by 27.9%**
- Generation projects allocation **increased by 28.6%**, though the number of projects has decreased.
- In contrast, **distribution projects received the highest allocation** growth among the power sector segments, with funding increasing by 60% in BFY27.

**Table 1: Division-wise ADP Allocation (ADP27 and RADP26)**

| Division     | RADP 2025-26           |                | ADP 2026-27            |                |
|--------------|------------------------|----------------|------------------------|----------------|
|              | Allocation (Crore BDT) | No. of Project | Allocation (Crore BDT) | No. of Project |
| Power        | 27,454.17              | 45             | 32,589.11              | 35             |
| Energy       | 1,687.31               | 17             | 2,578.04               | 19             |
| <b>Total</b> | <b>29,141.49</b>       | <b>62</b>      | <b>35,167.15</b>       | <b>54</b>      |

**Table 2: Breakdown of Power Division Allocation**

| Type         | RADP 2025-26           |                 | ADP 2026-27            |                 |
|--------------|------------------------|-----------------|------------------------|-----------------|
|              | Allocation (Crore BDT) | No. of Projects | Allocation (Crore BDT) | No. of Projects |
| Generation   | 13552.07               | 10              | 17429.40               | 8               |
| Transmission | 8075.88                | 13              | 5825.48                | 9               |
| Distribution | 5826.22                | 22              | 9319.23                | 17              |

- However, development projects for transmission has been reduced sharply that contradicts with the grid modernisation target.
- The allocation disparity between renewable energy (RE) and fossil fuel (FF)-based generation persists in BFY27.
- **FF projects accounting for 98%** of total generation-sector allocations compared to only 2% for RE projects.

## ❑ Energy Sector ADP

- Energy sector's ADP allocation has been increased as domestic gas exploration was in major focus.
- Compared to RFY26, domestic **gas exploration and expansion has received 39.7% extended** allocation in BFY27.
- In case of oil sub-sector, total number of projects have been increased along with the ADP allocation.
- On a positive note, the new government has **restrained themselves** from including any **coal or LNG**-related development projects.

**Table 3: Allocation for FF vs RE (Generation Projects)**

| Type | RADP 2025-26         |                | ADP 2026-27          |                |
|------|----------------------|----------------|----------------------|----------------|
|      | Allocation (Cr. BDT) | No. of Project | Allocation (Cr. BDT) | No. of Project |
| FF   | 13215.96             | 9              | 17064.64             | 7              |
| RE   | 336.11               | 1              | 364.76               | 1              |

**Table 4: Breakdown of Energy Division Allocation**

| Type | RADP 2025-26         |                 | ADP 2026-27          |                 |
|------|----------------------|-----------------|----------------------|-----------------|
|      | Allocation (Cr. BDT) | No. of Projects | Allocation (Cr. BDT) | No. of Projects |
| Oil  | 12.62                | 2               | 237.66               | 3               |
| Gas  | 1674.69              | 15              | 2340.38              | 16              |

**Source:** Annual Development Programme FY2026-27.

## ❑ Fiscal and Financial Measures

- Subsidy: The FY27 budget proposes BDT 37,000 crore for electricity, in RFY26 the allocation was set at BDT 36,000 crore.
  - This is mainly to make up for **BPDB's loss** from electricity purchase from Independent Power Producers (IPPs), rental and quick rentals.
- This fiscal year, BDT 6,000 crore was allocated, but due to the war, an additional **BDT 11,170 crore** may be required in the LNG sector.
- About BDT 10,258 crore may be required for petroleum oil even after increasing the oil price twice.
- The government has indicated to reduce the total subsidy in the upcoming years through rationalising electricity subsidy.
- Hence, there is a possibility that the government may do that by **upward revising the electricity tariff** and pushing the burden on the consumers.
- The government must not take such decisions rather should opt for measures to **phase out capacity payment from fossil fuel**.

**Table 5: Fiscal Measures and Their Impact**

|  |   |
|--|---|
| Withholding tax rate on payments for electricity purchased from power generation companies will be reduced from 4% to 3%.                                | <b>Negative:</b> Directly benefitting the power generation companies that will end up causing revenue loss. |
| Withholding tax rate on the supply of fuel oil by refineries will be reduced from 1.5% to 1%.  | <b>Moderate:</b> This may slightly help reduce refined petroleum oil tariff.                                |
| Concessionary duty benefits on coal imports by power plants will be extended until 30 June 2030.   | <b>Negative:</b> Strictly contradictory to the energy transition goals.                                     |
| Zero% tax rate on the solar power sector until 2035.   | <b>Positive:</b> Such initiative is much appreciated for energy transition.                                 |
| Consumers will get a 5% tax rebate on payments made against their solar electricity bills.   |   |
| Import duty, regulatory duty, supplementary duty, and advance tax on essential solar-power components proposed to be zero, effective up to 30 June 2031. |   |

# Climate Change

## □ Key Highlights:

- BDT 51746.16 crore (11.03% of total budget) allocated to climate-relevant sectors- ↑ 25.57% from FY26.
- Slight reverse of the climate budget share in GDP and total budget from the declining trend of the last 5 years.
- Development budget **utilisation fell sharply (by 7% in FY25).**
- Climate-focused SSNPs **see a decline** in both allocation (**↓BDT 336.81 crore**) and number in FY27.

## □ CPD Recommendations

- Strengthen institutional capacity of climate-relevant ministries to improve budget utilisation, particularly for development expenditure.
- Increase allocation for capacity building, comprehensive disaster management, and research to better address rising climate risks.
- Restore priority for climate-focused SSNPs through higher allocation and broader programme coverage.

❑ **Overall Allocation**

- BDT 51746.16 crore (11.03% of BDT 469091.47 crore is climate relevant)
- **An increasing trend over the years**

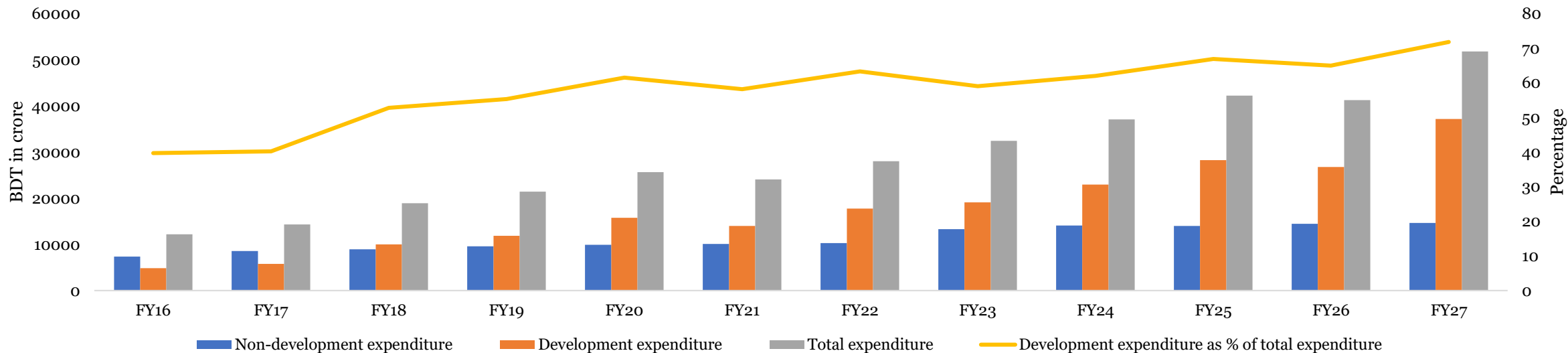
❑ **Recent Increase**

- Climate relevant allocation for the 25 climate relevant ministries highest compared to the last 5 years
- Sectoral share in total budget and GDP ↑ but remains stagnant

❑ **Revised Budget Trends**

- Climate share in total budget: ↓4.96% (FY25)→ 4.83%(FY26)
- Climate share in GDP: ↓ 0.67 (FY25) → 0.61 (FY26)

**Budget Allocation for Climate Change**





## Overall Declining Performance

- Utilisation rate: **Declined** by 7% in FY25 (91% in FY24 → 84% in FY25) for 25 Ministries



## Development Budget Utilisation

- Utilisation rate: **Declined** by 8% in FY25 (87% in FY24 → 79% in FY25)



## Recommendation

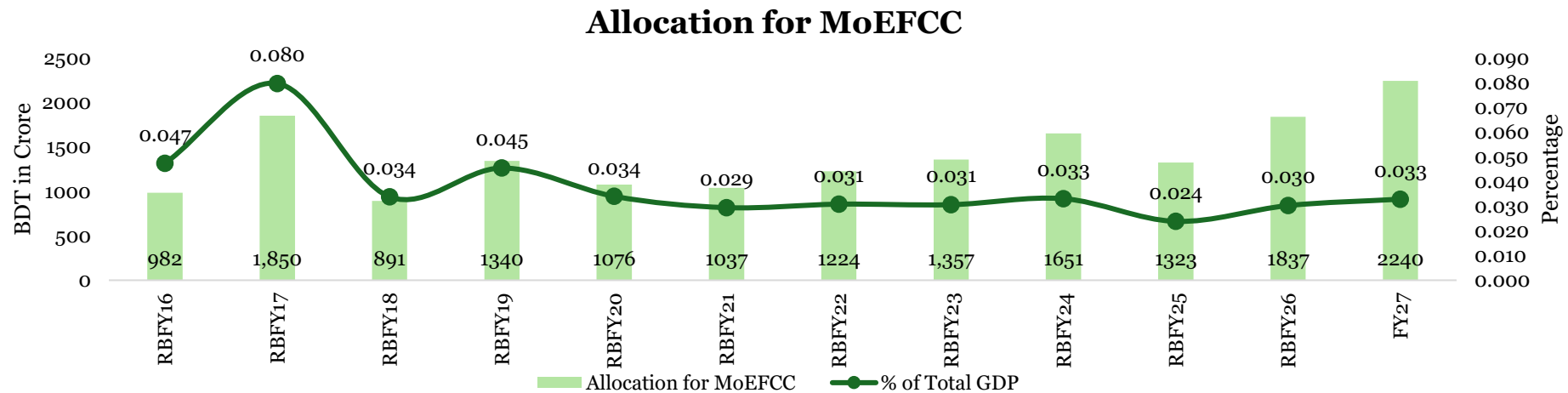
- Strengthen institutional capacity of key ministries to optimise development budget use for addressing escalating climate risks

## Allocation Growth

- The **allocation increased** marginally to 0.24% of the total budget in FY27, up from 0.23% in FY25–26.
- The share of the ministry's climate budget as part of the total climate budget **declined** from 2.6% in FY26 to 2.2% in FY27.

## Gap vs National Target

- MoEFCC's share of GDP remains well below the 2041 target of 0.5%, standing at 0.033%.



## ❑ Bangladesh Climate Change Strategy and Action Plan (BCCSAP) Thematic Areas

➤ Allocation in Capacity building fell by **40%** to **2.98%** in FY27, while comprehensive disaster management remains underprioritised

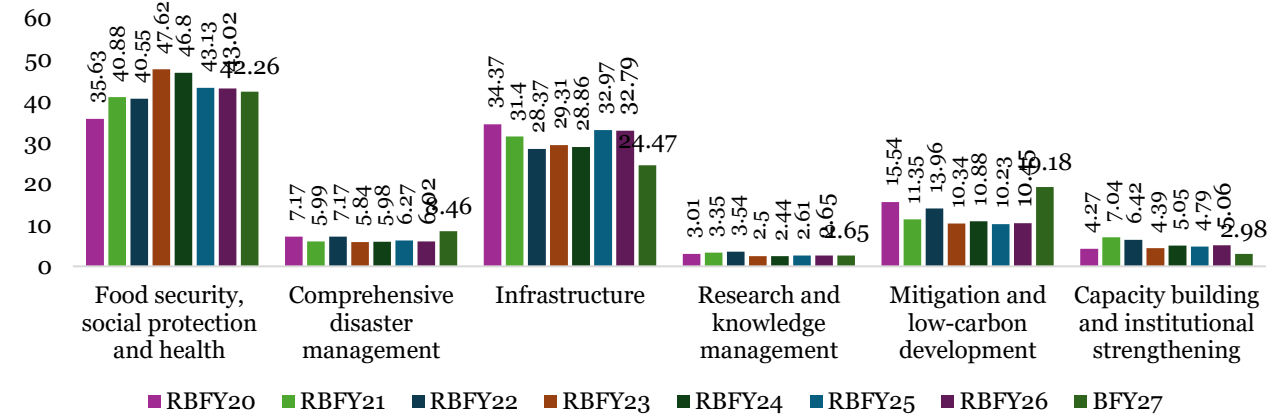
## ❑ Renewable Energy in ADP

➤ The allocation pattern continues to heavily favour fossil fuel, with only **2.69%** of FY27 energy-sector ADP allocation going to **renewable energy**

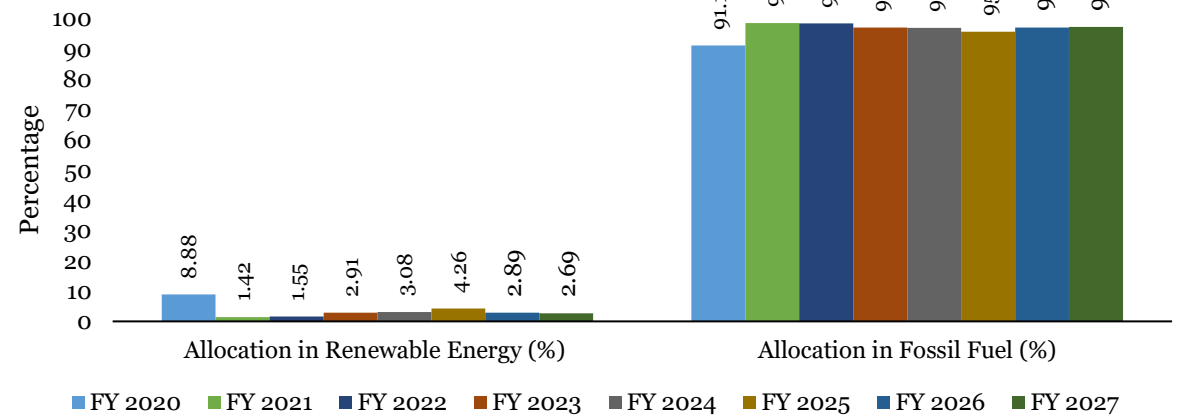
## ❑ Recommendation

➤ ADP priorities need to shift more decisively toward renewables to support energy-sector emission reduction targets

**BCCSAP Thematic Areas in Budget for Twenty-five Ministries/Divisions (% of Revised Budget in CC)**



**ADP Allocation in Renewable Energy and Fossil Fuel Based Energy**



## ❑ Climate Focused Social Safety Net Programmes (SSNPs)

- Climate-focused SSNPs see a **decline in both allocation and number** in FY27
  - Allocation fell by **BDT 336.81 crore**, from **BDT 15,323.56 crore** in **FY26** to **BDT 14,986.75 crore** in **FY27**.
  - Share of climate relevant allocation in total SSNP allocation **dropped by 2.75% points**, from **13.13%** in **FY26** to **10.38%** in **FY27**, alongside a **decline** in the **number of climate-relevant SSNPs**

| Programme Name   | Implementing Agency | Allocation in FY26 (BDT Crore) | Allocation in FY27 (BDT Crore) |
|--|---------------------|--------------------------------|--------------------------------|
| VGF Program  | MoDMR               | 1224.7                         | 1222.83                        |
| Relief Operation–General   | MoDMR               | 2333.84                        | 2342.03                        |
| Food for Work (FFW)  | MoDMR               | 928.41                         | 962.1                          |
| Employment Generation Program for the Poorest (EGPP)   | MoDMR               | 1650.63                        | 1632.84                        |
| Employment Generation Program for the Poorest Plus (EGPP+)   | MoDMR               | 100                            | 120.3                          |
| Relief Activities  | MoDMR               | 85                             | 85                             |
| Relief Operation– Rehabilitation   | MoDMR               | 70                             | 70                             |
| Relief Operation– Rehabilitation (House Grant)   | MoDMR               | 28                             | 28                             |
| Construction of Flood Shelter in the Flood Affected and River Prone Area   | MoDMR               | 200                            | 200                            |
| Enhancing Adaptive Capacities of Coastal Communities, especially Women, to Cope with Climate Change Induced Salinity | MoSW                | 32.56                          |                                |

## □ Climate Focused Social Safety Net Programmes (SSNPs)

| Programme Name   | Implementing Agency | Allocation in FY26 (BDT Crore) | Allocation in FY27 (BDT Crore) |
|--|---------------------|--------------------------------|--------------------------------|
| Special Grant for the Development of Char, Haor and Backward Areas                       | Finance Division    | 50                             | 50                             |
| Fund for Disaster Affected Marginal Farmer and Poultry Farm Owner                        | Finance Division    | 50                             | 50                             |
| Fund for Mitigating Impacts of Economic and Natural Disaster                             | Finance Division    | 8000                           | 8000                           |
| Establishment of Multipurpose Disaster Shelter Center                                    | LGD                 | 20.8                           |                                |
| Water Supply Project in Coastal Area Through Rain Water Harvesting System                | LGD                 | 236.2                          |                                |
| Climate Resilient Sustainable Water Supply, Sanitation and Hygiene Project in Bangladesh | LGD                 | 79.21                          |                                |
| Flood Reconstruction Emergency Assistance Project for Water Supply and Sanitation        | LGD                 | 134.21                         | 123.65                         |
| Risk Management Fund on Climate Change   | MoEFCC              | 100                            | 100                            |
| <b>Total</b>   |                     | <b>15323.56</b>                | <b>14986.75</b>                |

## ❑ Notable taxation approach towards renewables and clean-technologies:



Tax Exemption: For solar equipment, EV, and e-bike inputs, lithium-ion, and sodium-ion batteries



Import Tax Burden for EVs ↓ (**93%** → **64%** for EVs worth USD 25000, **80%** for EVs worth USD 50000), and increment for fossil-fuel driven vehicles ( **132.36%** → **155.58%**)



Tax burden at import level for EV charging stations reduced to 0% from 39.75%

## ❑ Key concerns:



No dedicated Just Transition Framework in the climate budget undermines NDC commitments



SD on plastic bag and daily plastic products remains the same (40%), contradicting pollution reduction goals



Reduced capacity-building allocation weakens both climate adaptation and mitigation efforts.

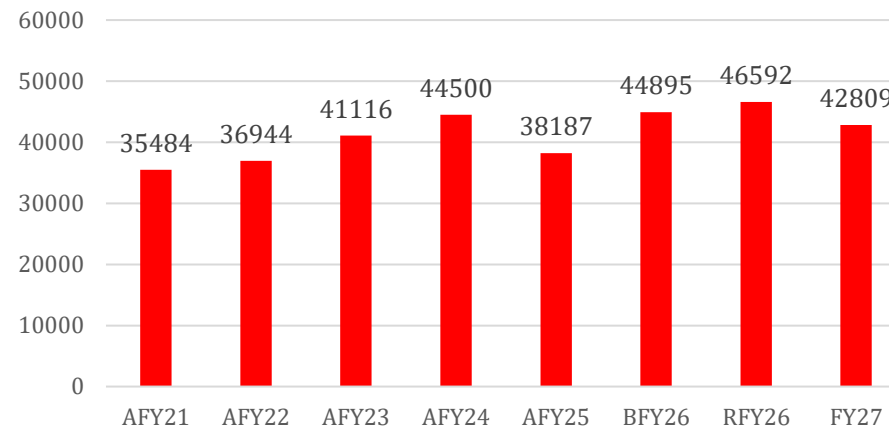


Conditional VAT exemption for local production of **both** IC-engine vehicles and EVs until 2030 creates mixed signals for pathways toward clean energy transition

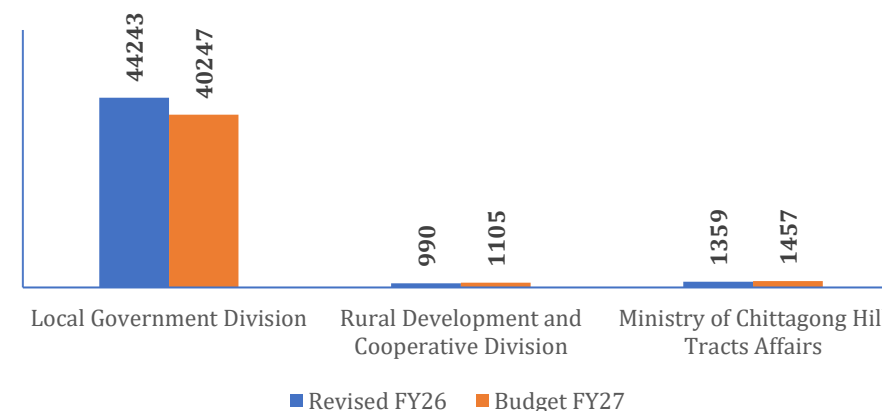
# Local Government and Rural Development

- ❑ For the BFY27, the proposed allocation for the Local Government and Rural Development (LGRD) sector is Tk **42,809** crore (Figure 1), which is **4.6%** less than the **BFY26 (8.1% less than RBFY26)**
- ❑ The government's election manifesto mentions **e-governance, participatory local development, and autonomous local institutions** free from partisan control; however, the budget **shows little reflection of these commitments.**
- ❑ In case of divisional allocation (Figure 2), Local Government Division receives allocation of BDT **40,247** crore (**9 % less than the RBFY26**)
  - Rural Development and Cooperative Division receives an allocation of BDT **1,105** crore (**11.6% more than RBFY26**)
  - Ministry of Chittagong Hill Tracts Affairs (MCHTA) receives allocation of BDT **1,457** Crore (**7.2% more than RBFY26**)
- ❑ The overall Sectoral Budget reduction will further constrain rural and urban development activities carried out under the LGRD sector

**Figure 1: Budget Allocation for LGRD**



**Figure 2: Divisional Budget Allocation**



Source: Budget in Brief, MoF

❑ Historically, the financing of ADP projects under the Ministry of Chittagong Hill Tracts Affairs (MCHTA) has largely relied **on foreign assistance**, a trend that continues in the current fiscal year

➤ **67.7%** ADP project allocation for MCHTA comes from foreign assistance, while **24.9%** of the financing of ADP projects in the Local Government is from foreign assistance (Figure 3)

❑ Overall, the pace of completion of carry-over and concluding projects is **slow**; with the proposed allocation, those will be difficult to complete in FY27 as well

➤ Current allocations are **not enough** for the timely completion of **23 High-priority** concluding projects (Table 1)

➤ Completion rate for these Concluding projects varies from as low as **62%** to **96%** (Table 2)

Figure 3: Source of ADP Budget Allocation

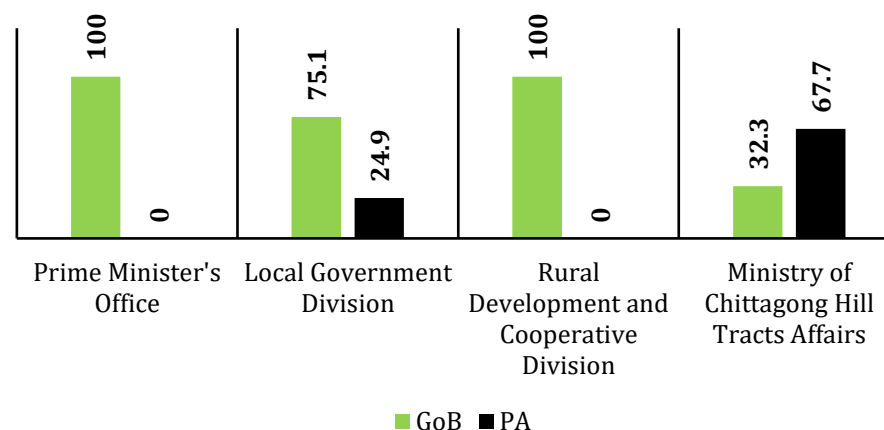


Table 1: Project Completion Status by Government Priority

| Priority      | Carry over | Concluding | Continuing |
|---------------|------------|------------|------------|
| <b>High</b>   | 23         | 23         | 4          |
| <b>Medium</b> | 5          | 9          | 14         |
| <b>Low</b>    | 4          | 4          | 21         |
| <b>Total</b>  | 32         | 36         | 39         |

**Table 2: Selected High Priority Projects**

| Project Name   | Type       | Maximum Possible Completion by FY26 |
|--|------------|-------------------------------------|
| 224243100 - Increasing the Resilience of Vulnerable Populations through Infrastructure Capacity Development and Information (Prabhati) (2nd Revised) (01/07/2018 - 31/12/2027) | Continuing | 95.1                                |
| 224382500 - Construction of RCC girder bridge with connecting road in remote areas to improve communication system in Rangamati Hill District (01/10/2023 - 31/12/2026)        | Concluding | 94.1                                |
| 23041100 - Climate Refugee Resettlement Project (2nd Revised) (01/07/2020 - 31/12/2026)  | Concluding | <b>97.9</b>                         |
| 224249700 - Rural Connectivity Improvement Project (1st Revised) (01/07/2018 - 30/06/2027)   | Concluding | 83.3                                |
| 224394300 - Construction of bridge over Gorai River under Khoksa Upazila of Kushtia District (01/09/2023 - 30/06/2027)   | Concluding | <b>12.5</b>                         |
| 224389100 - Barhatta Upazila Children's Park Construction Project.(01/12/2023 - 30/06/2026)  | Carry Over | <b>0.3</b>                          |
| 224380100 - 'My Village-My City' - Pilot Village Development Project (01/07/2023 - 30/06/2026)   | Carry Over | 22                                  |
| 224215200 - Institutionalization of Climate Resilient Infrastructure (1st Revised) (01/01/2018 - 30/06/2026)   | Carry Over | 70.6                                |
| 224381700 - Increasing crop production and socio-economic development of the farming community through cooperative-based farm mechanization (01/07/2023 - 30/06/2026)          | Carry Over | 88.1                                |
| 224117300 - Nationwide Rural Market Infrastructure Development (1st Revised) (01/07/2017 - 30/06/2026)   | Carry Over | <b>62</b>                           |

- ❑ A large number of projects (**55** in total) are included for rural infrastructure development, including roads, bridges, and markets to boost **local connectivity and rural livelihoods**, which is a **positive move**
- ❑ Despite being mentioned in the budget speech, projects on drainage, sanitation, and waterlogging have **not** been **adequately reflected** in the ADP
  - Remaining projects include **disaster management and climate-resilient** infrastructure (4), social infrastructure (2), environmental and climate initiatives (5), economic corridors (2), and capacity building (1)
    - There is a reduction in the number of projects focused on climate and disaster resilience in FY27
- ❑ The direct constituency-based block allocation for MPs (BDT 5 crore annually) has been replaced with a **central selection mechanism** under the Prime Minister's office, where MPs can submit local development proposals but will no longer control funds directly
- ❑ A significant number of projects undertaken during the last administration remained **unapproved** this year, including those on **sanitation, serving marginal communities, and rural infrastructure**.
  - **Possible political motivations** behind these cancellations raise concerns
- ❑ No budgetary measures have been taken to implement recommendations made by the **Local Government Reform Commission (LGRC)** such as the creation of an Innovation Lab, the construction of Digital E-services, capacity building, higher education, and training, etc.
  - Despite the commitments in the manifesto to strengthening local government through meaningful **decentralisation, adequate funding, and independent fund distribution**, the allocation is disproportionately small.

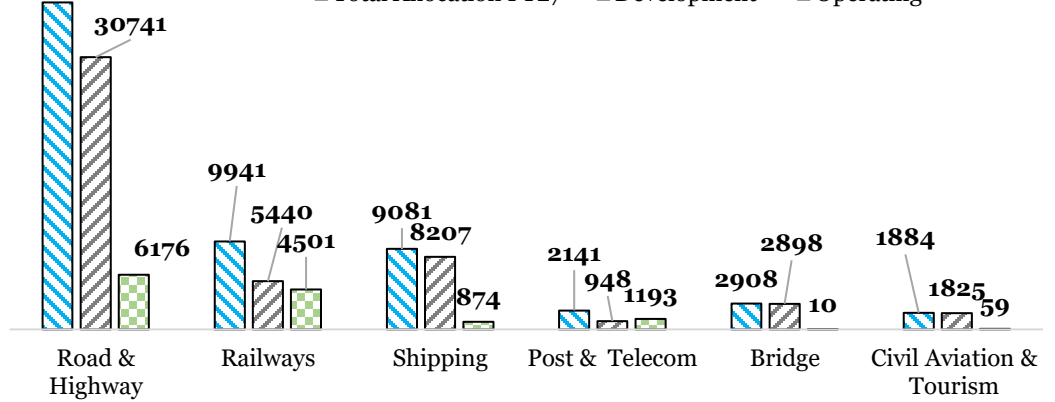
# Transport and Communication

❑ This year's allocation in the Transport and Communication sector saw a strategic shift, with **development growth heavily concentrated in Roads & Highways, Shipping, and Civil Aviation & Tourism**

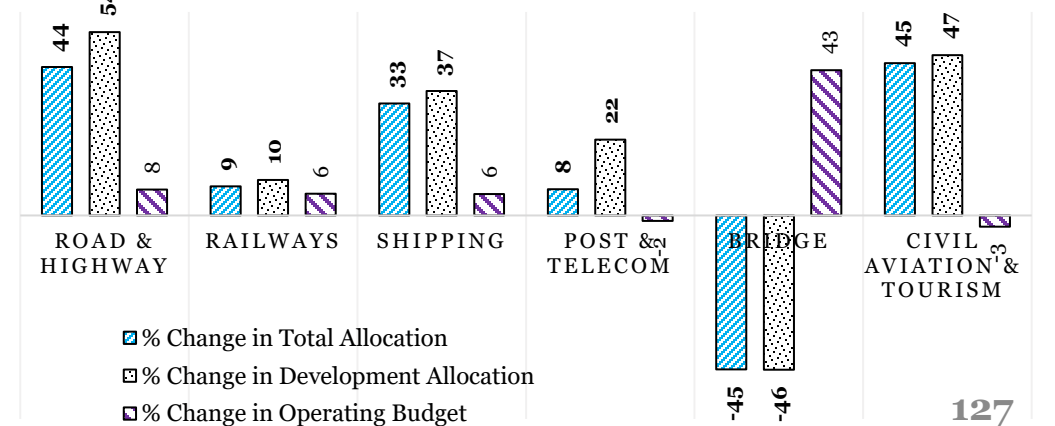
❑ Total allocation for the sector (six ministries/divisions) is **BDT 62872 crore which is 6.7 % of the budget FY27**, marking a **25% jump** from the revised FY26 budget.

- **Roads & Highways received the largest allocation of BDT 36717 crore**, increasing by 44%, driven mainly by higher development expenditure
- Allocation for **Civil Aviation & Tourism jumped by 45%** and **Shipping by 33%**, with spending almost entirely concentrated in development projects (97% and 90% of their respective budgets) to drive infrastructure expansion
- **Bridge Division allocation declined by 45%** primarily due to a reduction in development spending.
- Railways and Post & Telecom recorded modest increases of 9% and 8%, respectively.
- Given its role in mass transit and cost-effective freight, **Railways should have also received more allocation and strategic focus.**

**Figure 1: Operating, Development & Total Budget Allocation (BDT Crore)**



**Figure 1: % Change in Ministry wise total Budget Allocation in FY27 Compared to RFY26**



- Total ADP allocation for the transport and communication sector in FY27 is **BDT 48,400.6 crore** which is **17% of the total ADP** and **19 % higher** compared to that in RFY26
- **Road Transport and Highways Division received the highest increase** in allocation: **up by 50% to BDT 29841 crore from BDT 19949 crore** in RFY26.
- The Bridge Division has seen most, 51 %, decline in the ADP allocation, to BDT 2590 crore from BDT 5328 crore in RFY26

Figure 3: Trend of ADP Allocation in Transportation & Communication (BDT Crore)

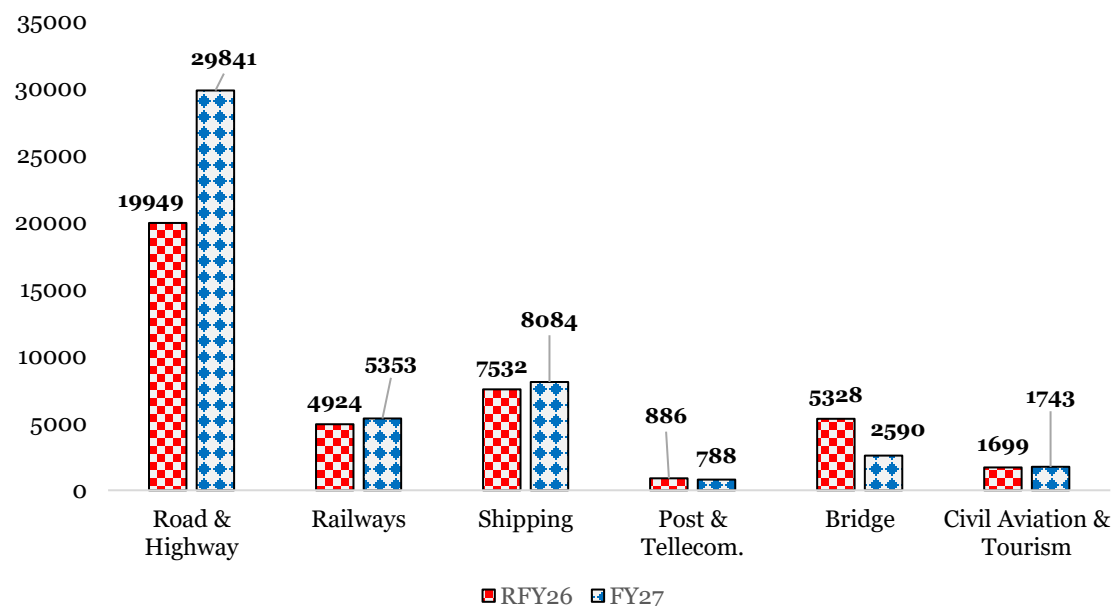
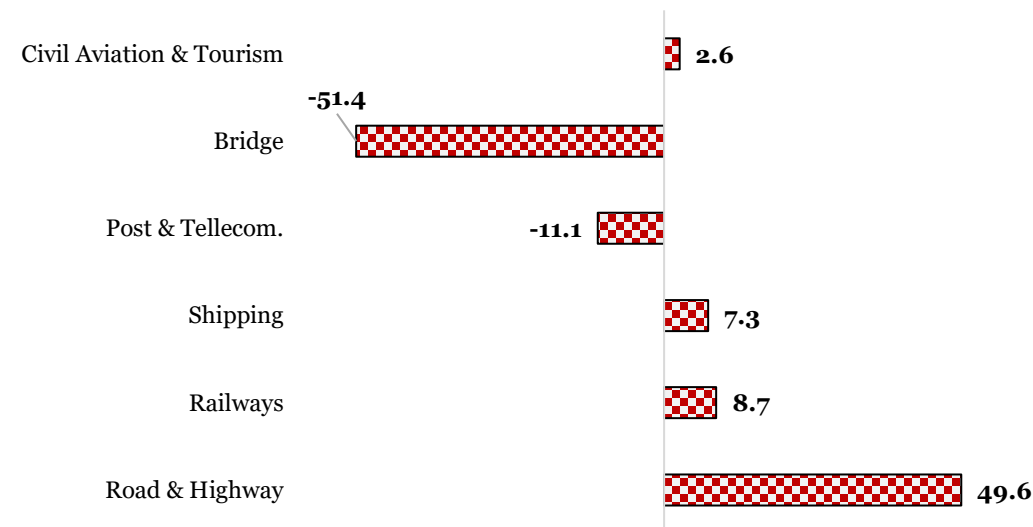


Figure 4: Ministry-wise % change in ADP allocation from RFY26 to FY27



- ❑ From FY26 to FY27, the **total projects decreased from 202 to 163**, representing a 19% consolidation of the project portfolio
  - **There are just 6 new projects in the sector in FY27.** The focus has been on wrapping up the ongoing projects
  - **Carry-over projects have increased from 84 to 91, now consuming a massive 56% of the entire FY27 portfolio.** This indicates growing bottlenecks in wrapping up projects on schedule.
  - **Concluding projects decreased from 75 to 46, and continuing projects fell from 41 to 20.**
  - The drop in total portfolio size (from 202 to 163) is a false indicator of efficiency; implementation has actually slowed down, as indicated by 56% carry over projects

**Table 1: Distribution of ADP Projects under Transport and Communication FY27 and Comparison with FY26**

| Types of Projects   | FY26           | FY27           |
|---------------------|----------------|----------------|
| <b>New Projects</b> | <b>2(1%)</b>   | <b>6(4%)</b>   |
| <b>Carry Over</b>   | <b>84(42%)</b> | <b>91(56%)</b> |
| Concluding          | 75(37%)        | 46(28%)        |
| Continuing          | 41(20%)        | 20(12%)        |
| <b>Total</b>        | <b>202</b>     | <b>163</b>     |

## □ Top Projects (ministry-wise) in Terms of Allocation in FY27

| Project Name  | Project cost | Allocation FY27 | Max Completion rate by FY27 (%) | Type of Project |
|---|--------------|-----------------|---------------------------------|-----------------|
| <b>Road and Highway</b>   |              |                 |                                 |                 |
| Baraiyarhat–Heako–Ramgarh Road Widening Project (1st Revised)   | 1226.31      | 381.88          | 95.3                            | Concluding      |
| SASEC Dhaka–Sylhet Corridor Road Development Project  | 16918.58     | 1892.17         | 36.4                            | Concluding      |
| <b>Civil Aviation and Tourism</b>   |              |                 |                                 |                 |
| Cox's Bazar Airport Runway Extension Project  | 370,961      | 44,200          | 70.1                            | Concluding      |
| Osmani International Airport, Sylhet Expansion Project (1st Phase) (1st Revised)  | 278,067      | 50,000          | 38.4                            | Continuing      |
| <b>Shipping</b>   |              |                 |                                 |                 |
| Database Creation for Vessels and Capacity Building for Vessel Management Project   | 4,308        | 1,500           | 60.31                           | Continuing      |
| Capacity Building in 4 (Four) Newly Constructed Marine Academies Through the Installation of Simulators and Related Facilities    | 24,817       | 4,000           | 40.5                            | Continuing      |
| <b>Railway</b>  |              |                 |                                 |                 |
| Conversion of Chittagong-Dohazari Meter Gauge Railway Line into Dual Gauge Railway Line   | 1,079,709    | 105,500         | 9.8                             | Continuing      |
| Procurement of 200 Broad Gauge (BG) Passenger Carriages for Bangladesh Railway  | 170,434      | 100,479         | 96.8                            | Concluding      |
| <b>Bridge</b>   |              |                 |                                 |                 |
| Support to Dhaka Elevated Express Way PPP Project (2nd Revised)   | 490,757      | 16,598          | 100.0                           | Concluding      |
| Construction of a Bridge over the Payra River at the 17th Kilometer (Z-8052) of the Kachua-Betagi-Patuakhali-Lohalia-Kalaiya Road | 104,228      | 35,700          | 59.7                            | Concluding      |
| <b>Telecommunication</b>  |              |                 |                                 |                 |
| Upgradation and Expansion of BTCL's IP Network (1st Revised)  | 97,226       | 20,000          | 64.0                            | Concluding      |
| Development of BTCL's Optical Fiber Transmission Network for 5G Readiness   | 203,136      | 22,100          | 65.7                            | Concluding      |

- ❑ **New VAT and Duty Reduction on EVs:** Matching the government's strategic focus on EV and making the adoption more favorable, it has taken several measures
- Annual **income tax** on all kinds of EVs has been substantially **reduced** for from **BDT 2 Lakhs** to **BDT 25k, 50k, 75k, and 100k** for the power capacity of **200, 300, 400, and above 400kW** (Table 3).
  - To facilitate the growth of **EV**, the **import duty** have been **reduced** from **93% to 64% and 80%** for EVs priced at USD 25,000 and USD 50,000 respectively (Table 4).
  - Import duties on **EV charging** equipment have been **eliminated**, declining from **39.75% to 0%** representing a highly **commendable** initiative to accelerate the development of EV charging infrastructure.
  - Conversely, import duties on **internal combustion engine** (ICE) vehicles have been **increased** by **23.52%** to discourage their use and support the transition toward cleaner transportation.

**Table 3: New Income Tax for EVs in FY27**

| EV Power Capacity | New income tax FY27 |
|-------------------|---------------------|
| 200 kW            | BDT. 25,000         |
| 300 kW            | BDT. 50,000         |
| 400 kW            | BDT. 75,000         |
| 400 kW above      | BDT. 100,000        |

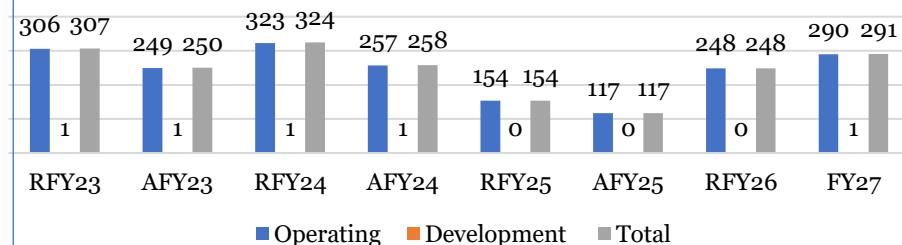
**Table 4: Import Duty Structure of Vehicles in FY 2027**

| Category                                   | FY26    | FY27    | % Point Change |
|--|---------|---------|----------------|
| EV (\$25000)                               | 93%     | 64%     | 29             |
| EV (\$50000)                               | 93%     | 80%     | 13             |
| PHEV (up to 1800 cc)                       | 93.16%  | 74.437% | 18.2           |
| PHEV (2000 cc)                             | 132.36% | 96.10%  | 36.26          |
| EV Charger or Charging Station Equipment's | 39.75%  | 0%      | 39.75          |
| Internal Combustion Engine Vehicle         | 132.36% | 155.88% | - 23.52        |

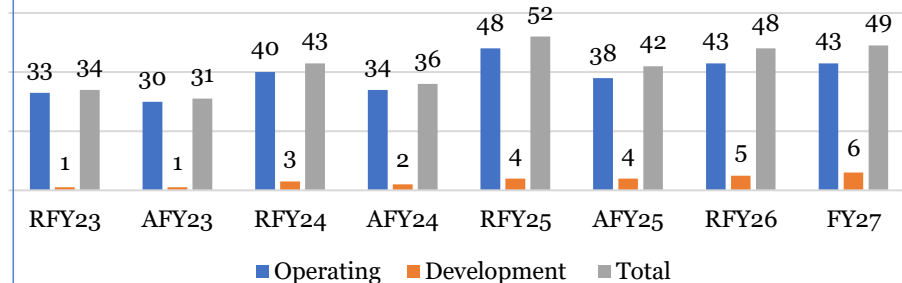
# Parliamentary Affairs

- ❑ The FY27 budget comes at a **period of political conjuncture**. In this case, the national parliament plays a crucial role in enhancing governance. Yet, it is **underequipped to fulfil its required activities** to make a positive impact.
- ❑ A total of BDT 340 crore has been allocated in the Parliament-related divisions for FY25, accounting for **0.036% of the total budget**: (1) National Parliament – BDT **291 crore** (0.03% of total budget) and (2) Legislative and Parliamentary Affairs – BDT 49 crore (0.005% of total budget).
  - The **share of budgetary allocation is dominated by operating expenditure**, while **development expenditure** consists of only **minimal allocations** (from BDT 0 - 6 crore only).
  - The **recurring significant gap between allocated budget and actual expenditure observed in Annual Fiscal Year (AFY) 2023 – AFY25** suggests that budgetary inadequacy may not be the issue for Parliament; rather, **it raises concerns about its ability to utilise the allocation**.
- ❑ The **total share of budget allocation** to parliament-related divisions has **decreased** from 0.038% to **0.036%** in FY27 (Fig. 2).
- ❑ Under the development budget in FY27, the **Strengthening Parliament's Capacity in Integration of Population and Development Issues (SPCPD)** project (funded by UNFPA) is set to conclude within FY27.
  - However, the **maximum possible implementation rate** for the project by FY27 remains at **only 44.7%**, reflecting **slow progress due to political uncertainty and raising concerns about its timely completion within the deadline**.

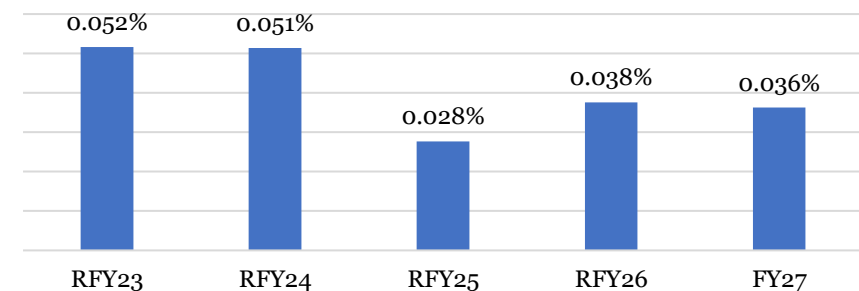
**Figure 1a: Budget Allocation of National Parliament (in crore)**



**Figure 1b: Budget Allocation of Legislative and Parliamentary Affairs Division (in crore)**



**Figure 2: Share of NP and LPA in Total Budget (in %)**



Source: Ministry of Finance.

- ❑ Among the Asian countries, **Bangladesh distributes the smallest share of its total state budget to parliament (0.036% in 2027)**, reflecting a comparatively lower level of budgetary allocation to parliamentary affairs.
  - **South Korea (0.11% in 2025) and Sri Lanka (0.16% in 2024) distribute more than double and triple Bangladesh's share, respectively**, indicating greater fiscal commitment to parliamentary functions.
  - **Maldives records the highest allocation (0.37% in 2024)**, allocating **over eight times the share of Bangladesh** to its parliament compared to the total state budget.
- ❑ Salary and wages remain the largest expenditure component of the Parliament budget, accounting for 34.08% of total allocations in FY27.
  - **Malaysia dedicates 11% of its parliamentary budget to salaries and wages**, compared to just **0.009% in India's Lok Sabha**. **While in the Maldives, salary spending accounts for 25% of the total parliamentary budget**, far exceeding the shares observed in the other countries.

### Recommendation:

- The consistently **low share of development expenditure** limits Parliament's ability to **undertake long-term capacity-building initiatives**, highlighting that **budgetary allocation** in institutional strengthening and parliamentary modernisation should be **increased**.

Figure 3: Cross-Country Comparison of Parliament Allocation in State Budget (%)

| Country     | Percentage of State budget for Parliament, per year |
|-------------|---|
| Sri Lanka   | 0.16% (2024)  |
| Maldives    | 0.37% (2024)  |
| South Korea | 0.11% (2025)  |

Figure 4: Share of Salaries & Wages in National Parliament Budget (%)

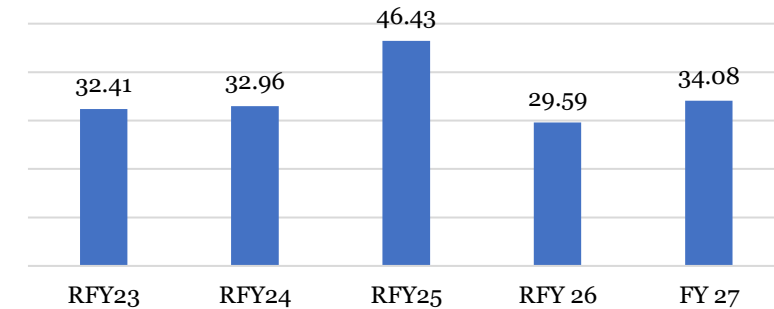
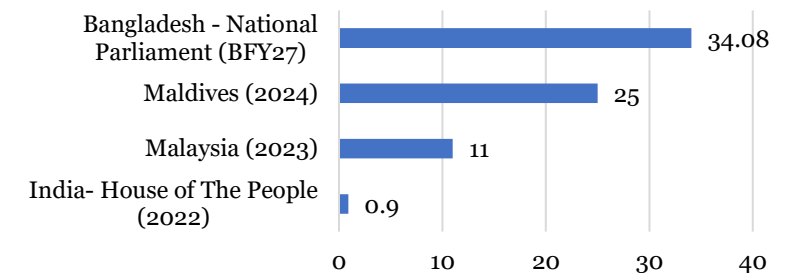


Figure 5 : Salary Share in Parliament Budget (%)



Source: Inter Parliamentary Union (IPU) and MoF.

# Gender

❑ The gender-relevant allocation has **increased by 23% in FY27** compared to the proposed allocation in **FY26**, according to this year's report

- The gender relevant allocation had decreased by 4% in FY27 compared to the proposed allocation in FY25.
- The allocation in FY27 is BDT 326,059.8 crore, whereas the allocation in FY26 was BDT 264,718.6 crore.

❑ As a share of the total budget, gender relevant allocation **increased** from 33.5% in RBFY26 to **34.8%** in FY27.

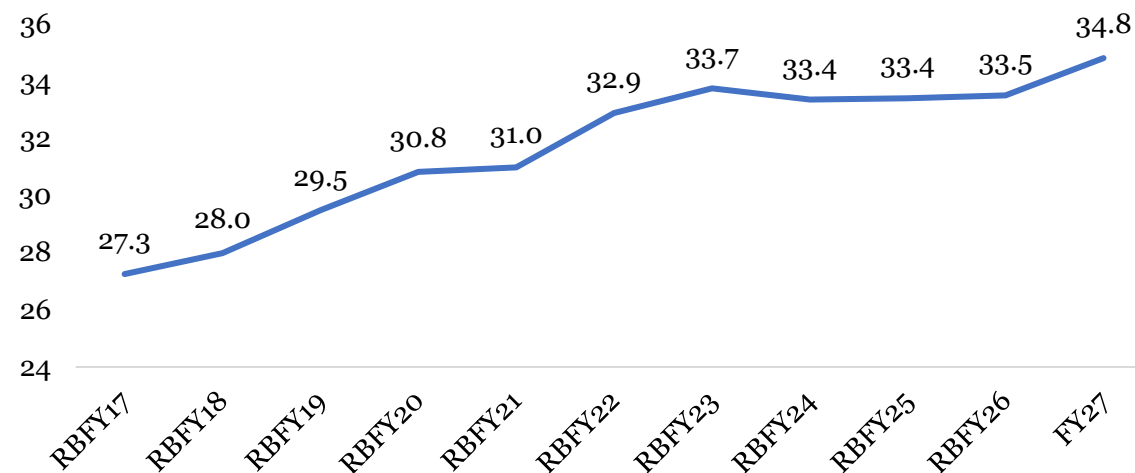
❑ As a share of GDP, gender relevant allocation **increased** from 4.3% in RBFY26 to **4.8%** in FY27.

❑ Gender budget allocation in RBFY26 (BDT 263,588 crore) was **0.42% lower** than the proposed **FY25-26** budget (BDT 264,718.6 crore).

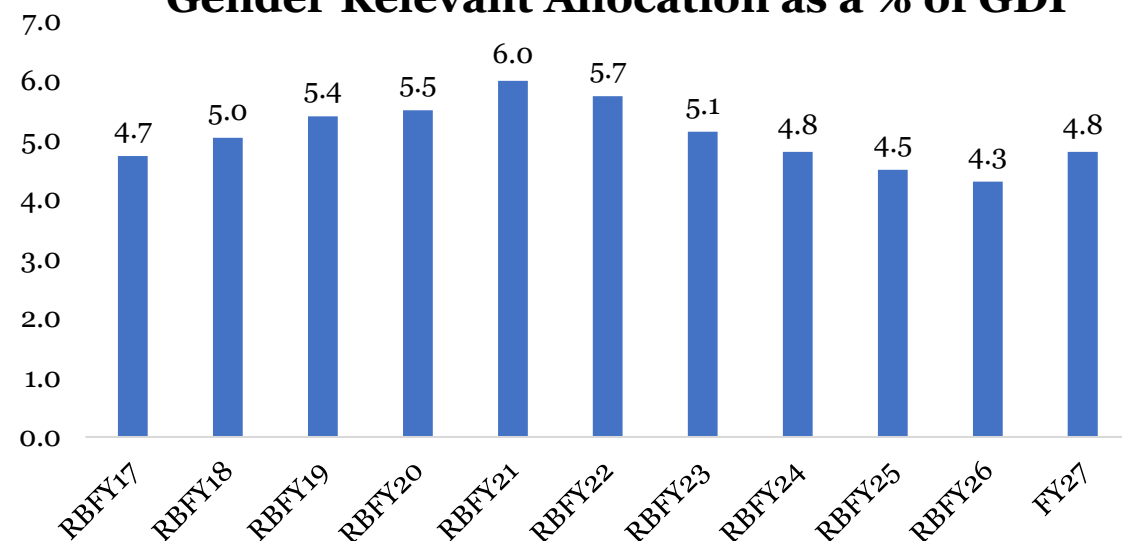
❑ Data discrepancies in the gender budget reports continue to exist!

- The FY2025-26 allocation reported in the FY2026-27 gender budget differs slightly from the FY2025-26 gender budget report

**Gender Relevant Allocation as a % of the Total Budget**



**Gender Relevant Allocation as a % of GDP**



## ❑ Revised Budget

❑ The total revised gender budget allocation has generally increased over the years

➤ Development expenditure as a % of total expenditure fell from **52% (RBFY16)** to **31% (RBFY26)**, hitting a decade low

- The corresponding figure in RBF25 was 35%.

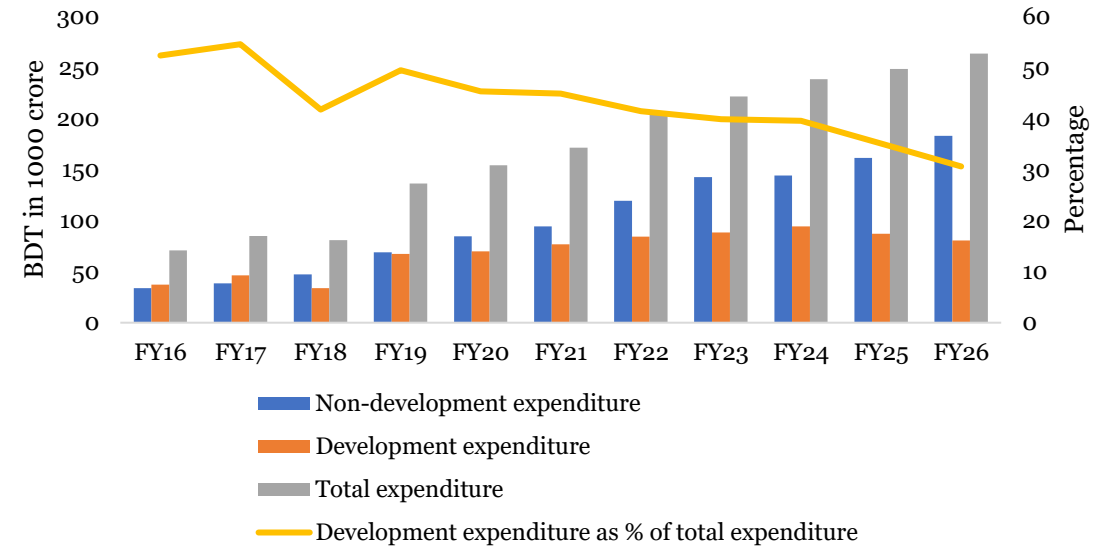
## ❑ Gender Relevant Allocation Utilisation

➤ Total gender budget utilisation stood at around **82** per cent in FY24-25, **indicating weaker implementation of gender-relevant allocations.**

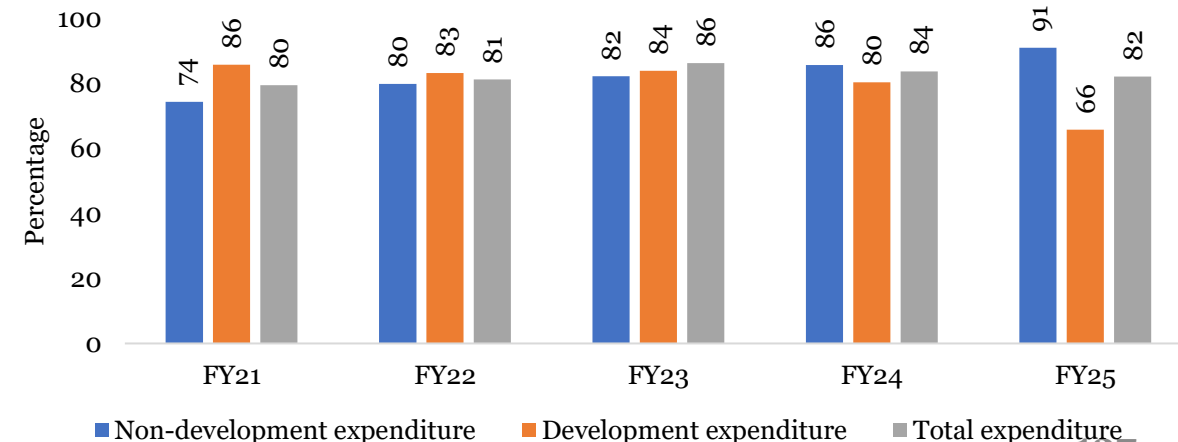
➤ Of this, non-development budget utilisation was 91%

➤ The **development budget utilisation in FY25 was the lowest in the last 5 years (66%)**, compared to 80 % in FY24.

## Revised Gender Relevant Allocations



## Actual Gender Relevant Allocation Utilisation



## □ Ministries/Divisions with the highest general relevant allocations in FY27

- A notable shift is observed in the **Ministry of Social Welfare**, where the gender-relevant allocation share increased from 42.5 per cent in FY26 to 69.4 per cent in FY27, making it the **second-highest among** ministries/divisions.
  - This sharp rise was **primarily driven by the inclusion of the Family Card Programme**, which has become the largest women-focused social protection intervention in FY27.
  - Other major ministries saw either marginal changes or slight declines compared to FY25-26.

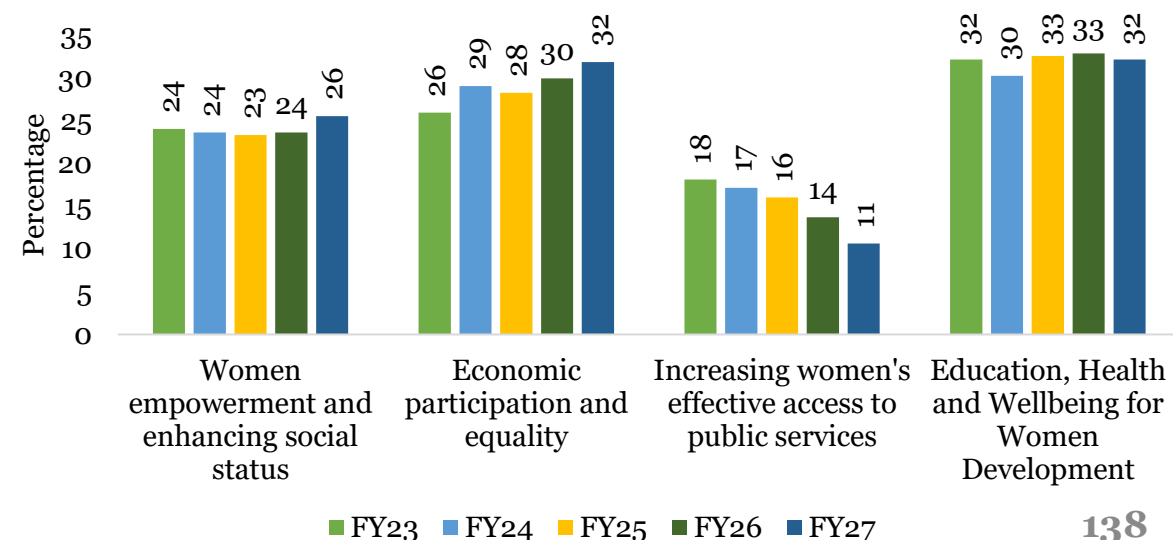
## □ Gender Relevant Allocation by Thematic Area

- Increased focus on women's economic participation and empowerment
- Reduced emphasis on access to public services over the years

## Ministries/Divisions with the highest gender-relevant allocations in FY27

| Ministry/Division                             | FY27 (in %) | FY26 (in %) |
|---|-------------|-------------|
| Ministry of Women and Children Affairs        | 94.7        | 94.9        |
| Ministry of Social Welfare                    | 69.4        | 42.5        |
| Ministry of Primary and Mass Education        | 59.3        | 67          |
| Medical Education and Family Welfare Division | 52.6        | 50.2        |
| Secondary and Higher Education Division       | 46.4        | 48.44       |
| Technical and Madrasa Education Division      | 45.1        | 42          |

## Composition of Gender Relevant Allocation by Thematic Area



❑ **The Family Card Programme** is the largest component of women-focused social protection programmes.

## ❑ Significant Cuts

Several women-focused programmes saw reduced allocations in FY27 compared to FY25–26, raising concerns about continuity and implementation of targeted support.

- **62 %↓** Leaving no one behind: Improving skills and economic opportunities for the women and youth in Cox's Bazar, Bangladesh
- **46↓** Supporting Implementation of Mother and Child Benefit Programme
- **22%↓**: Promoting gender responsive enterprise development and TVET Systems
- **2%↓** Vulnerable Women Benefit (VWB) programme

## ❑ Increased Allocations

- **11%↑**: Allowance for Widow and Deserted Women
- **26 %↑**: Maternal, neonatal, and child health (MNCH) and health system improvement project
- **6 %↑** Mother and child benefit program (MCBP)

## ❑ Discontinued Programmes

- Promotion of women entrepreneurs for economic empowerment in grassroots level
- Enhancing Adaptive capacities of coastal communities, especially women, to cope with climate change-induced salinity

## Allocations of Gender Focused Social Safety Net Programmes (SSNP) (BDT crore)

| Name of Programme   | FY26    | FY27    | % change   |
|---|---------|---------|------------|
| Family Card Programme   | 86.61*  | 14500   |            |
| Allowances for the Widow and Destitute Women  | 2277.83 | 2535.12 | <b>11</b>  |
| Vulnerable Women Benefit (VWB) programme  | 2334.13 | 2297.7  | <b>-2</b>  |
| Mother and Child Benefit Programme (MCBP)   | 1849.24 | 1968.2  | <b>6</b>   |
| Maternal and Neonatal Child Health (MNCH) and Health System Improvement Project                                     | 437.9   | 549.72  | <b>26</b>  |
| Rural Mother Centre (RMC) Programme: Revolving Small Loan   | 25      | 25      | 0          |
| Promoting Gender-Responsive Enterprise Development and TVET Systems (ProGRESS)                                      | 31.98   | 25      | <b>-22</b> |
| Special Assistance Fund for Women Development   | 25      | 25      | 0          |
| Supporting Implementation of Mother and Child Benefit Programme   | 40.2    | 21.65   | <b>-46</b> |
| Leaving No One Behind: Improving Skills and Economic Opportunities for the Women & Youth in Cox's Bazar, Bangladesh | 48.22   | 18.12   | <b>-62</b> |
| Government Shelter Homes  | 18.64*  | 17.6    |            |
| Distressed Women and Children Welfare Fund  | 5       | 5       | 0          |

\***Note:** this is the allocation in RBFY26 as these are new programmes.

## ❑ Taxation on Sanitary Napkins

- For imported sanitary napkins, Total Tax Incidence (TTI) increased from 127.72% in FY25-26 to 132.36% in FY27, due to an increase in AT (from 5% to 7.5%) alongside unchanged import duties (CD, SD, AIT, RD).

## ❑ Why It Matters

Menstrual hygiene is a basic right; taxes make products unaffordable for many women and girls.

## Recommendations

- ❑ Reduce or exempt all applicable duties and taxes on key raw materials used in local sanitary napkin production, including CD, SD, VAT, AT, AIT and RD where applicable.
  - Target 12 key HS codes (sanitary napkins and related raw materials and components, namely HS codes **96190000, 48239094, 35052000, 35069110, 39069000, 39199020, 40021100, 47032100, 48119090, 54024400, 56031110, and 63079000**)
- ❑ While the gender budget report's proposal to install sanitary product vending machines in educational institutions is commendable, there should be free sanitary napkins in all public educational institutions.

# Defence Services

❑ The budgetary allocation for defence services in FY27 is BDT 42,291 crore, which is 4.4% higher than RBFY26

➤ Overall, the share of defence services in the budget has decreased significantly from RBFY26 (5.1%) to BFY27 (4.5%)

➤ The share of operating component in the overall defence budget is more than 96%, in keeping with the past trend

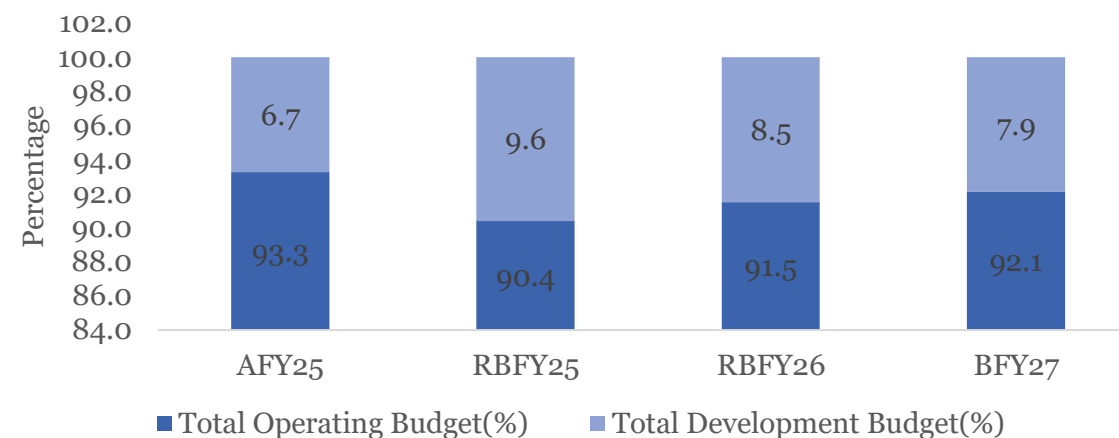
## Defence Allocation and Expenditure (In crore BDT) and Share in Recent Years

| Ministry/ Division                     | AFY24         | AFY25         | RBFY26        | BFY27         |
|--|---------------|---------------|---------------|---------------|
| Ministry of Defence - Defence Services |               |               |               |               |
| Operating                              | 31,637        | 34,506        | 37,632        | 38,721        |
| Development                            | 1,430         | 1,161         | 917           | 1,611         |
| <b>Total</b>                           | <b>33,067</b> | <b>35,667</b> | <b>38,549</b> | <b>40,332</b> |
| Ministry of Defence - Other Services   |               |               |               |               |
| Operating                              | 1,747         | 1,926         | 1,913         | 1,915         |
| <b>Total</b>                           | <b>1,747</b>  | <b>1,926</b>  | <b>1,913</b>  | <b>1,195</b>  |
| Armed Forces Division                  |               |               |               |               |
| Operating                              | 34            | 36            | 40            | 44            |
| <b>Total</b>                           | <b>34</b>     | <b>36</b>     | <b>40</b>     | <b>44</b>     |
| <b>Total Defence Services</b>          | <b>34,848</b> | <b>37,629</b> | <b>40,502</b> | <b>42,291</b> |
| <b>% of Total Budget Allocation</b>    | <b>5.7</b>    | <b>6.0</b>    | <b>5.1</b>    | <b>4.5</b>    |

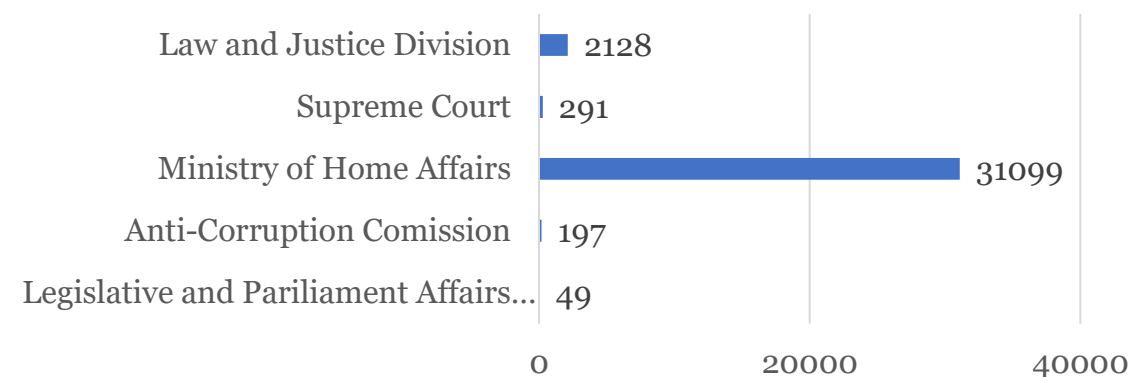
# Public Order and Safety

- ❑ The allocation for Public Order and Safety for BFY27 is BDT 33,764 crore (0.33% higher than RBFY26).
- ❑ Similar to previous years, non-development expenditure constitutes the majority of budget allocation in this sector.
  - About 92.1% in BFY27, 91.5% in RBFY26.
- ❑ Following the usual trend, the Ministry of Home Affairs (MoHA) is to take the lion's share of the total allocation for the sector in BFY27 (92.1%).
  - An additional BDT 45 crore has been earmarked for the MoHA in BFY27.

**Allocation for Public Order and Management (BFY27)**



**Allocation for FY27 (Crore BDT)**





## **VII. CONCLUDING REMARKS**

- ❑ The underlying philosophy of the proposed FY27 budget appears to be one of economic recovery through human development, private-sector-led growth, and social protection.
- ❑ Alongside physical infrastructure, this budget also emphasises jobs, entrepreneurship, education, healthcare, and welfare.
- ❑ This orientation broadly aligns with the BNP's election manifesto, which stressed employment generation, private investment, business-friendly policies, deregulation, and improvements in the social sector.
- ❑ Though the budget is much larger than the previous ones, its success will ultimately **depend less on its size than on its quality of execution.**
- ❑ This will **require strong institutions** that have the capacity to implement the budget efficiently and deliver tangible outcomes.
- ❑ This budget is the **first major opportunity for the new government** to demonstrate its ability to drive economic recovery through sustained structural reforms.

বাংলাদেশের উন্নয়নের স্বাধীন পর্যালোচনা

# Thank You



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