



বাংলাদেশের উন্নয়নের স্বাধীন পর্যালোচনা

An Analysis of the National Budget for FY2026-27

Dhaka: 21 June 2026



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

- 1) Macroeconomic projections for FY27 appear optimistic**
- 2) Proposed fiscal framework is unlikely to hold**
- 3) Public expenditure is reprioritised towards human capital sectors**
- 4) ADP is ambitious but effective implementation remains a concern**
- 5) Fiscal measures reflect predictability but raise equity concerns**
- 6) A comprehensive roadmap is absent to support LDC graduation**
- 7) Prioritised social sectors lack implementation capacity**
- 8) Allocations for employment generation mark a structural challenge**

Bangladesh FY27 Budget: Journey Towards a Democratic, Humane and Inclusive Economy

New Government, New Budget

- The Hon'ble Finance Minister of the newly elected government of Bangladesh presented the budget for FY27 at the national parliament on 11th June 2026.
- The first budget of this government comes at a time when the economy has been facing multiple challenges over the last four years

Ten (10) Priorities in the Budget

- (1) Inclusive development;
- (2) Quality education and healthcare for all;
- (3) Universal social protection;
- (4) An economy driven by investment-led, employment and production;
- (5) Deregulation and a cost-effective, simplified business environment;
- (6) Financial sector stability;
- (7) Energy security;
- (8) Digital transformation and ICT Development;
- (9) Management of life, nature, environment, and water resources; and
- (10) Transparent, efficient, and accountable institutions and administrative systems

CPD's Budget Analysis

- CPD presented its immediate assessment of FY27 budget proposals to the media on 12 June 2026.
- This is a shorter presentation of CPD's earlier assessment of various proposals in the FY27 budget.

Observation 1

Macroeconomic projections for FY27 appear optimistic

FY2026 Macroeconomic Indicators at a Glance



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

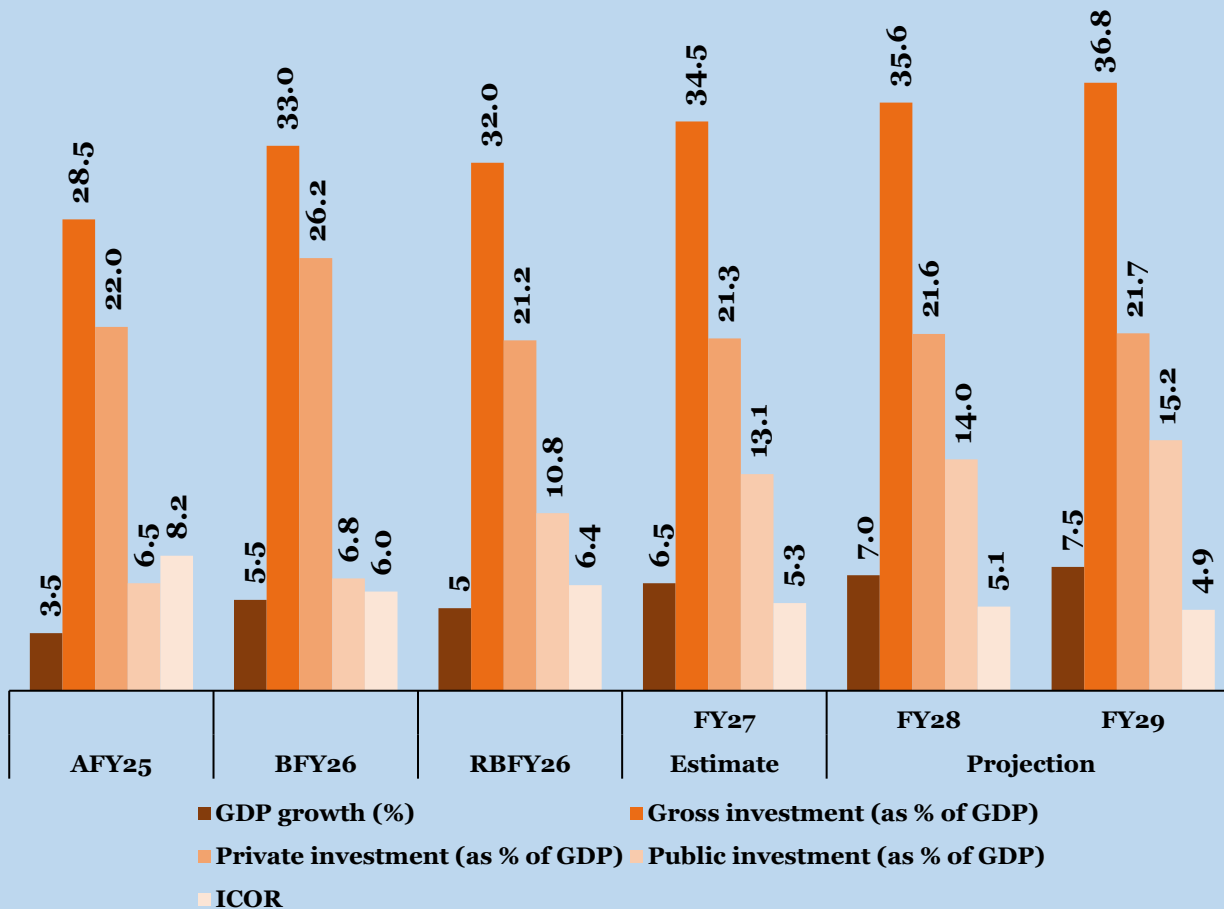


Slowdown in economic growth



Unmet demand for energy and power

GDP and Investment



GDP Growth Target: 6.5%

- FY27 target **6.5%** – recovery from **5.0%** in RBFY26 (MoF estimate)
- BBS provisional estimates for FY26 only **4.14%**!

Public Investment: 13.1% of GDP

- A rise from **10.8%** in RBFY26 to **13.1%** in FY27
- An increase of **BDT 2,38,058 Crore** in nominal terms

Private Investment: Marginal Increase

- Projected at **21.3% of GDP in FY27** vs. **21.2%** of GDP in RBFY26

Incremental Capital Output Ratio

- ICOR projected at **5.3** in FY27, down from **6.4** in RBFY26
- Indicates improved capital efficiency

Monetary Sector and Inflation Outlook

Private Sector Credit Growth: Optimistic

- **9.4% in FY27 vs. 8.0% in RBFY26**
- As of April 2026, actual growth was only **4.75%**

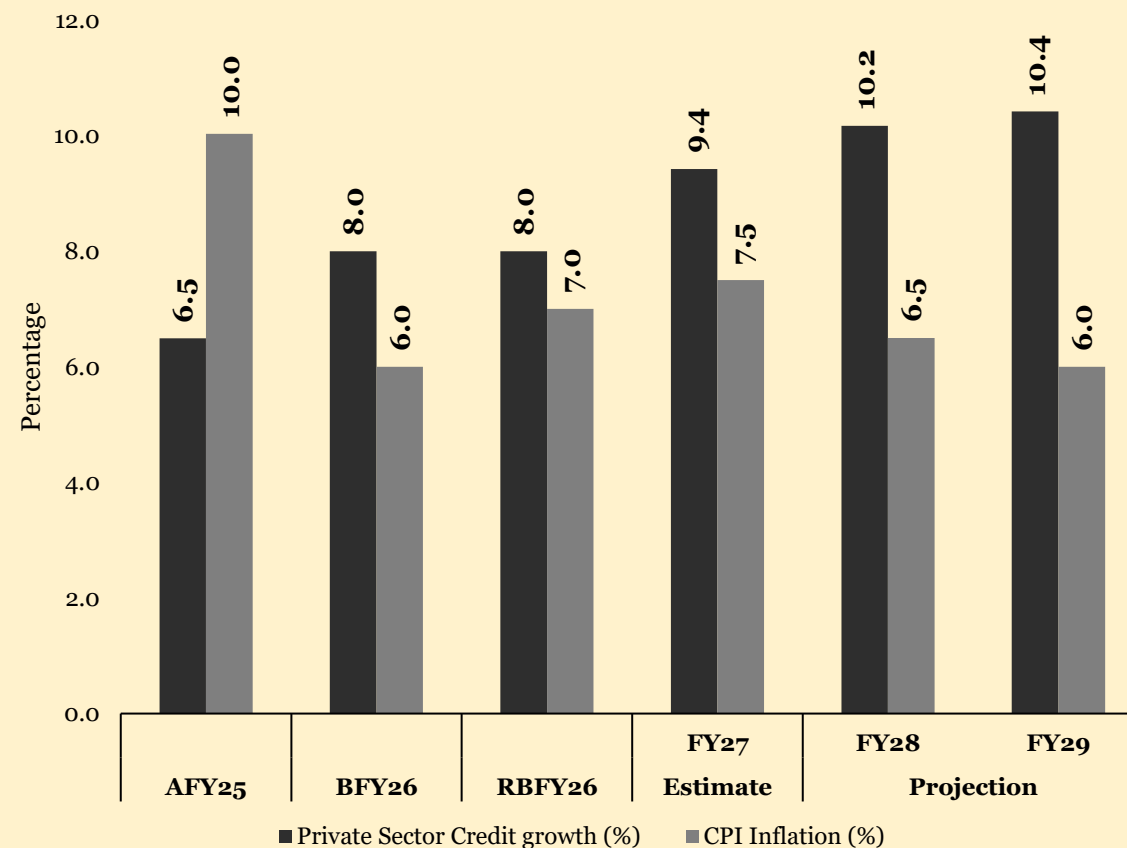
Inflation Target: Low Base

- **7.5% in FY27 vs. 7.0% projected in RBFY26**
- During July-May FY2026, moving average inflation was **8.63%** as opposed to 7.0% in RBFY26

Curbing Inflation Target Requires

- Adequate food supply
- Improved energy supply
- Prudent monetary policy
- Productive public expenditure

Monetary Sector and Inflation



External Sector


Indicator	AFY25 (Actual)	BFY26 (Budget)	RBFY26 (Revised Budget)	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**

- FY27: 7.9%
- RBFY26: 9.0%
- July–April FY26: -1.53%

 **Import Growth**

- FY27: 15.8%
- RBFY26: 8.7%
- July–April FY26: 6.24%

 **Remittance Growth**

- FY27: 15.0%
- RBFY26: 10.1%
- July–May FY26: 19.1%

 **Exchange Rate**

- FY27: BDT 127.0/USD
- Interbank rate on 11 Jun 2026: BDT 122.75/USD

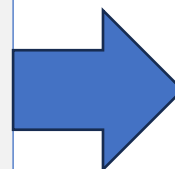
 **Forex Reserve**

- FYU27: USD 41.0bn
- RBFY26: USD 32.7bn
- As of 11 Jun 2026: USD 34.1bn.

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

Overall, the ambitious macroeconomic targets in the FY27 budget will be challenging to fulfil



Requires disciplined policy implementation, stronger revenue collection, accelerated reforms, improved governance, and a more supportive environment for private investment amid persistent domestic and global economic uncertainties.

Observation 2

Proposed fiscal framework is unlikely to hold

Broad Fiscal Framework for FY27

Revenue Mobilisation Growth

18.2%

Public Expenditure Growth

19.0%

Development Expenditure Growth: 47.1%

Operating expenditure growth: 6.73%

Total Public Expenditure

13.7% of GDP – up from 13.0% of GDP in RBFY26

Total Revenue

10.2% of GDP – up from 9.7% in RBFY26
 Budget Deficit: **3.6% of GDP**

ADP Share

32% of total public expenditure – up from 25.4% in RBFY26

Foreign Financing Share (Loans and Grants)

47.7% of deficit financing – up from 31.5% in RBFY26

- *Revised Budget for FY26 did not fully account for budget implementation progress*
- *All comparative figures may change once final FY26 estimates are published*

Revenue Mobilisation Targets

FY27 (Crore BDT)	695,000
RBFY26 (Crore BDT)	588,000
Revenue Collection till March 2026 (Crore BDT)	331,262
Target Growth (%) as per FY27 Budget	18.2
FY26 Collection (CPD Projection) (Crore BDT)	450,000
Target Growth (%) FY27 (CPD Projection based on data up to March 2026)	54.4 (BDT 245,000 Crore)

NBR Tax Revenue Growth

- Projected growth of **20.1%**
- Contributing **86.9%** of all incremental revenue mobilisation in FY27.

Non-NBR Tax Growth

- Targeted increase of **25%**
- Attempt to broaden the revenue NBR collections

Non-Tax Revenue Growth

Modest growth of **1.5%**

▲ VAT

41% of incremental revenue

▲ Income & Capital Gains Tax

35% of incremental revenue

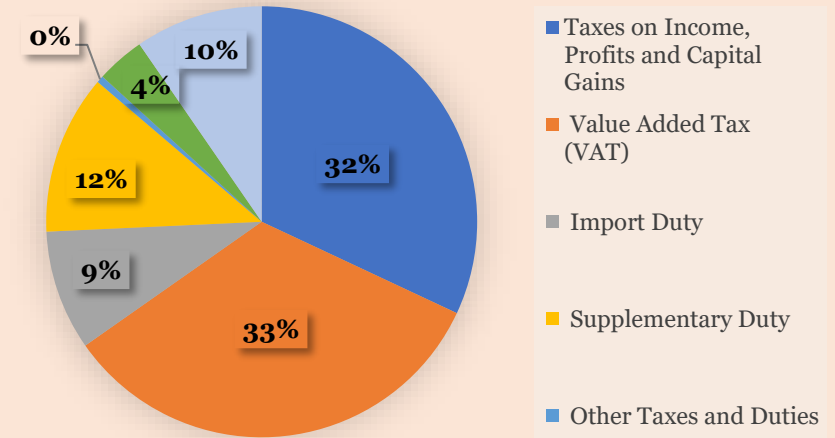
▲ Import Duty

9% of incremental revenue

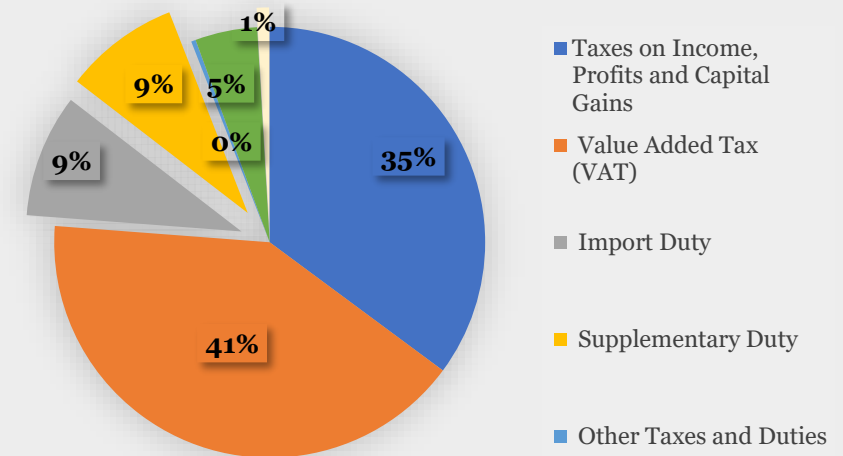
▲ Supplementary Duty

9% of incremental revenue

Share of Revenue FY27



Incremental Share of Revenue FY27



Budget Deficit Financing

Budget Financing Source	Share (%) of Budget Financing Source			Crore BDT		
	BFY27	RBFY26	AFY25	BFY27	RBFY26	AFY25
Foreign Grant	2.5	2.5	2.6	6,150	5,000	4,788
Foreign Loan (Net)	45.2	29.0	29.9	109,850	58,000	55,642
Bank Borrowing (Net)	46.1	59.0	61.4	112,000	118,000	114,161
Non-Bank Borrowing (Net)	6.2	9.5	6.0	15,000	19,000	11,222
Total Financing	100.0	100.0	100.0	243,000	200,000	185,813

Total Budget Deficit Financing Required

**Budget Deficit 3.6% of GDP
BDT 243,000 Crore**

Up from Tk. 2,00,000 Crore in RBFY26

Bank Borrowing

46.1% (BDT 112,000 Crore)

Down from 59% in RBFY26

Foreign Loan

45.2% (BDT 109,850 Crore)

Sharp rise from 29% in RBFY26

Observation 3

Public expenditure is reprioritised towards human capital sectors

Total Public Expenditure

Key Figures

19% (BDT 150,000 Crore)

Total Growth

Overall expenditure increase over RBFY26

124%

Health Surge

Highest sectoral growth rate in BFY27

42.7%

Education Rise

Second-highest sectoral growth rate

40% Social Security Growth

Sector	Share in BFY27	Share in RBFY26	Change (BDT Crore)	Growth %
Public Service	28.1	28.8	+36,756	+16.2%
Education & Technology	13.1	10.9	+36,628	+42.7%
Interest	13.6	16.1	+500	+0.4%
Health	6.7	3.6	+34,798	+124.0%
Social Security	6.7	5.7	+17,852	+40.0%
Transport & Comms	6.7	6.4	+12,592	+25.0%
Agriculture	5.0	5.8	+1,032	+2.3%
Defence Services	4.5	5.1	+1,789	+4.4%
Local Govt & Rural Dev	4.6	5.9	-3,783	-8.1%
Science & IT	2.1	2.6	-494	-2.4%
Industrial & Econ. Services	0.4	0.5	-412	-9.6%
Total Expenditure	100.0	100.0	+150,000	+19.0%

✦ Interest Burden

- Interest payments, though growing marginally (+0.4%), retain a **13.6% share** of total expenditure
- A *structural fiscal pressure* that constrains public expenditure

Augmented Operating Recurrent Expenditure

Indicators	Growth BFY27/RBFY26 (%)	Share BFY27	Share RBFY26	Incremental Share BFY27	Change in Crore BDT BFY27/RBFY26
Pay and Allowances	5.5	15.6	15.9	12.0	4641
Goods and Services	7.4	9.7	9.7	9.9	3845
Interest Payments	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
Subsidies and Current Transfers	9.3	47.6	46.7	59.9	23248
Block Allocation	998.4	1.1	0.1	14.2	5491
Acquisition of Assets and Works	5.2	3.7	3.8	2.7	1066
Augmented Operating Recurrent Expenditure	7.3	100.0	100.0	100.0	38791

Subsidies Dominate

At 47.6% share and 9.3% growth, Subsidies & Transfers account for 59.9% of all incremental spending

Block Allocation Surge

- Block Allocation grew by a striking **998.4%**,
- Rising from a negligible base to 1.1% of total expenditure

Interest Payments Stable

Interest Payments grew by only **0.4%**, with domestic interest flat at 0.0% growth.

Observation 4

ADP is ambitious but effective implementation remains a concern

ADP Allocation for FY27: BDT 3,00,000 Crore

❑ Total allocation reaching **BDT 3,00,000 crore** in FY27 from **BDT 200,000 crore** in RBFY26 *reflects an ambitious fiscal stance*

ADP Share in GDP

4.4% in FY27 vs. 3.7% (BFY26) and 3.3% (RBFY26)

Implementation Gap

Only **35.4%** of ADP was spent in the first 10 months of FY26

➤ *Signals low absorptive capacity*

Flagship Projects Driving Project Aid

Two mega-infrastructure projects alone account for **19.1% of total Project Aid in ADP FY27**

- **Rooppur Nuclear Power Plant** – Bangladesh's first nuclear power facility, aimed at dramatically expanding baseload electricity generation capacity.
- **Dhaka Mass Rapid Transit (Line 1)** – A major urban mobility project to ease Dhaka's chronic traffic congestion and improve commuter efficiency.

Growth over FY26

+**30.4%** over ADP FY26
 +**50.0%** over RADP FY26

Project Aid Share

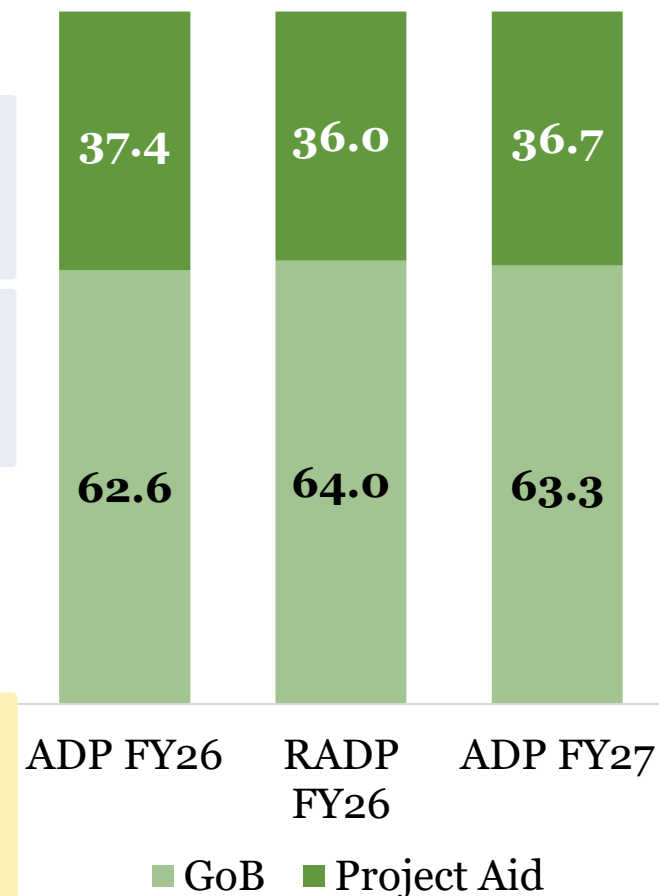
Project Aid (PA) will finance **36.7%** of total ADP in FY27, marginally down from 37.4% in ADP FY26.

Key Policy Consideration

Can institutional capacity and project readiness scale up proportionally to match the FY27 allocation?

Weak execution rates risk underspending, deferred development gains, and potential project cost overruns *if bottlenecks are not addressed proactively*

ADP Financing Structure (% of total)



ADP Sector Allocation: FY26 vs FY27

A comparative breakdown of project distribution and budget allocation shares across key sectors in the ADP

Key allocation:

- Top 5 sectors account for **62.8%** of total ADP allocation
- **Transportation & Communication** leads with **178 projects** and highest allocation share at **16.7%**
- **Education's** share is the second-largest sector at **16.5%**
- **Agriculture** weakened from **4.7%** in FY26 to **3.6%** in FY27, an alarming signal given food security priorities.

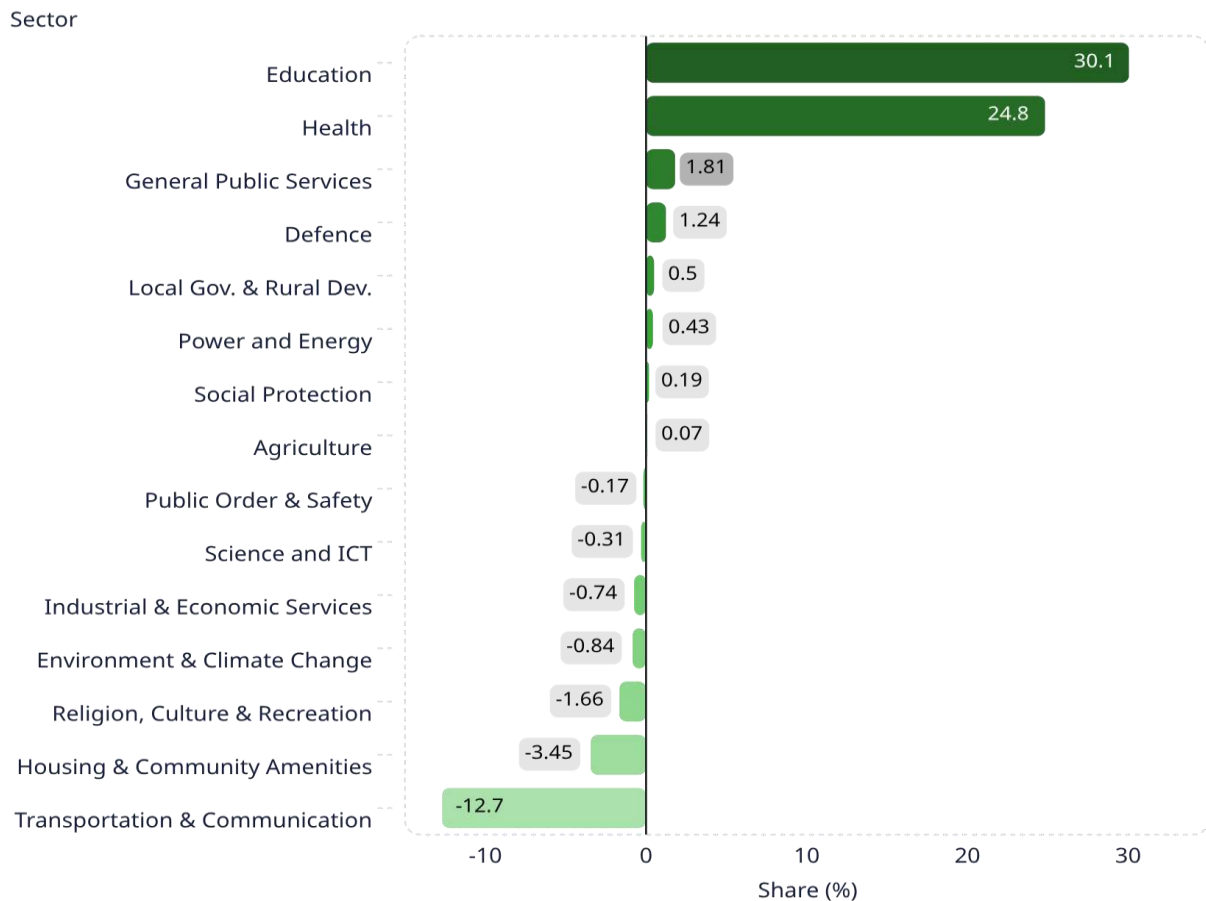
Revisiting Allocation for Agriculture

- *Declining share should be reviewed for food security*

Sector	FY26 Projects	FY26 Share	FY27 Projects	FY27 Share
Transport & Comms	191	25.6%	178	16.7%
Education	92	12.4%	108	16.5%
Health	35	7.9%	46	11.8%
Power & Energy	56	14.1%	54	10.9%
Housing & Community	171	9.9%	146	6.8%
Top 5 Subtotal	545	69.9%	532	62.8%
Development Assistance	—	6.3%	—	19.0%
Other 10 Sectors	540	24.0%	576	18.2%
Total	1,085	100%	1,108	100%

Where will the Increased BDT 70,000 Crore ADP Go?

Sectoral share of the incremental ADP allocation



Highest Receiving Sectors

Education (30.05%) and Health (24.83%) together absorb over **half** of the entire incremental budget
 ➤ *A clear social sector prioritisation.*

Notable Cuts

Transportation & Communication registers the steepest decline at **-12.69%**, followed by **Housing (-3.45%) and Religion & Culture (-1.66%)**
 ➤ *A shift away from physical infrastructure.*

Marginal Movers

Agriculture, Social Protection, and Power & Energy each receive **under 0.5%** of the increment
 — *raising questions about long-term structural investment priorities.*

ADP FY27: Project Portfolio at a Glance

1,108

Total Projects

Up from 1,085 in FY26

70

New Projects

Up sharply from just 26 in FY26

403

Due for Completion in FY27

As per project completion timelines

377

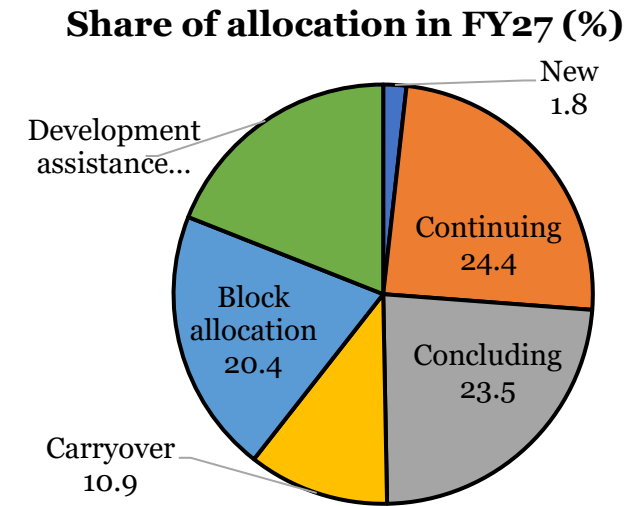
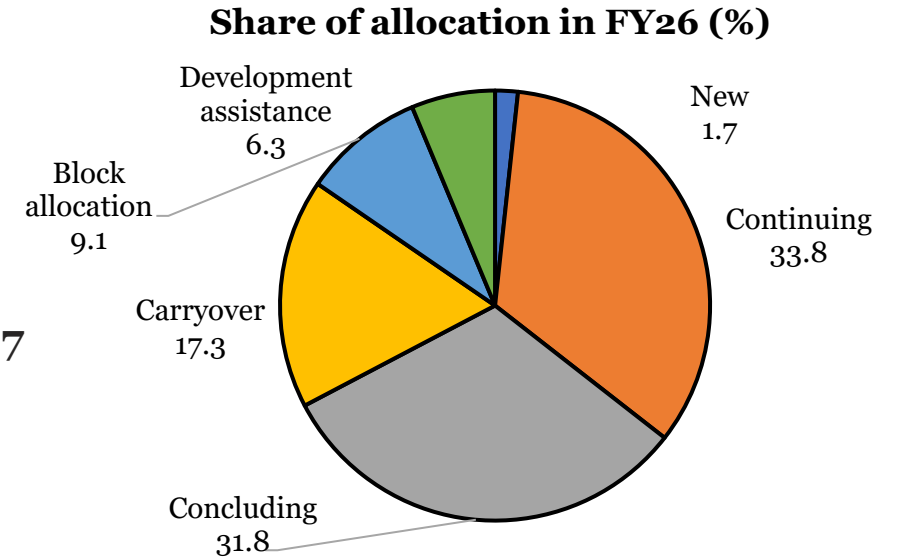
Carryover Projects

10.9% of total allocation

780

Should Conclude in FY27

Concluding + carryover combined



Worsening carryover trend:

- The share of carryover projects has increased year-on-year
- Persistent implementation delays in the ADP pipeline.

Continuing projects declining:

- Allocation share for continuing projects fell to 24.4% in FY27 from 33.8% in FY26
- Reflecting a shift toward new and completing projects.

Time-Overrun Projects: A Persistent Challenge

5.7 Years

Average Project Age

Across 976 active investment projects in the portfolio

33%

Aged 6–10 Years

322 projects delayed by repeated extensions

47 Projects

Over 10 Years Old

Projects far exceeding original timelines

48%

Revised 1–4 Times

Share of FY27 ADP projects already revised

Extension Trends: FY26 → FY27

Projects with Time Extension

Increased from **463 in FY26** to **468 in FY27**

- Continued schedule slippage across the portfolio.

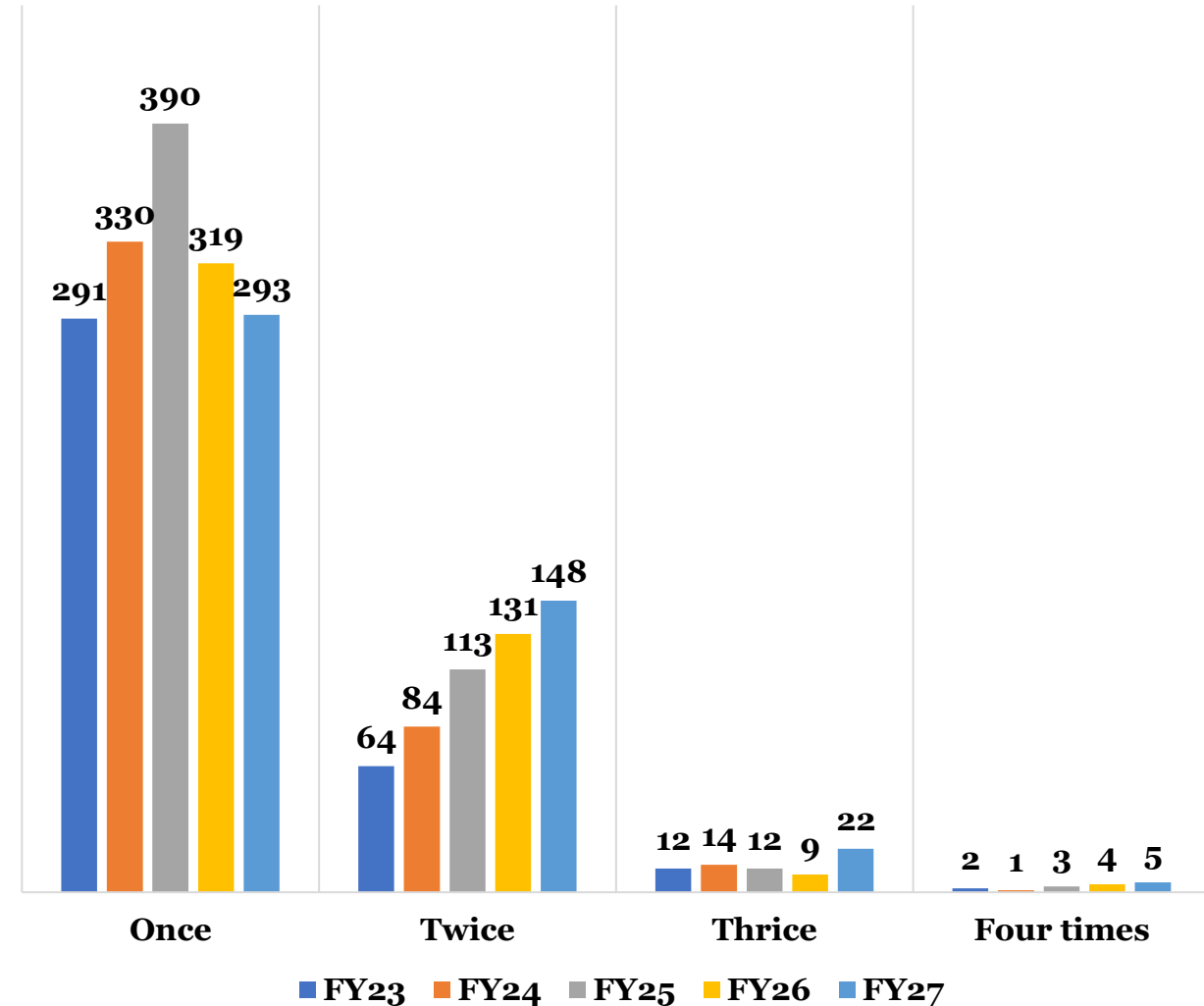
2nd Time Extensions

Rose by **13% in FY27** compared to FY26

- A signal of deepening delays for already-extended projects.

- ⚠ Repeated extensions are compounding portfolio risk
- Structural reforms for monitoring are urgently needed

ADP Projects With Number of Revisions



Mega Projects: Pace of Implementation Remains a Concern

❑ Structural delays cast doubt on delivery timelines of mega projects

BDT 58,747 Crore

Allocated to top 20 mega projects

➤ ~20% of total ADP FY27

8 of 20 Projects scheduled for completion in FY27

➤ **None expected to finish on time**

3 Projects were targeted for completion by FY26

➤ All require time and cost extensions

1 New Entrant

➤ Family Planning & Maternal Health Services (4th Sector Programme) added to top 20



Key Concern:

*Even under maximum resource utilisation, **none of the 8 projects due in FY27** – including the Rooppur Nuclear Power Plant **can be within the fiscal year***

➤ *Time and cost overruns are systemic across the portfolio*

Observation 5

Fiscal measures reflect predictability but raise equity concerns

Personal Income Tax: Structure and Equity Concerns

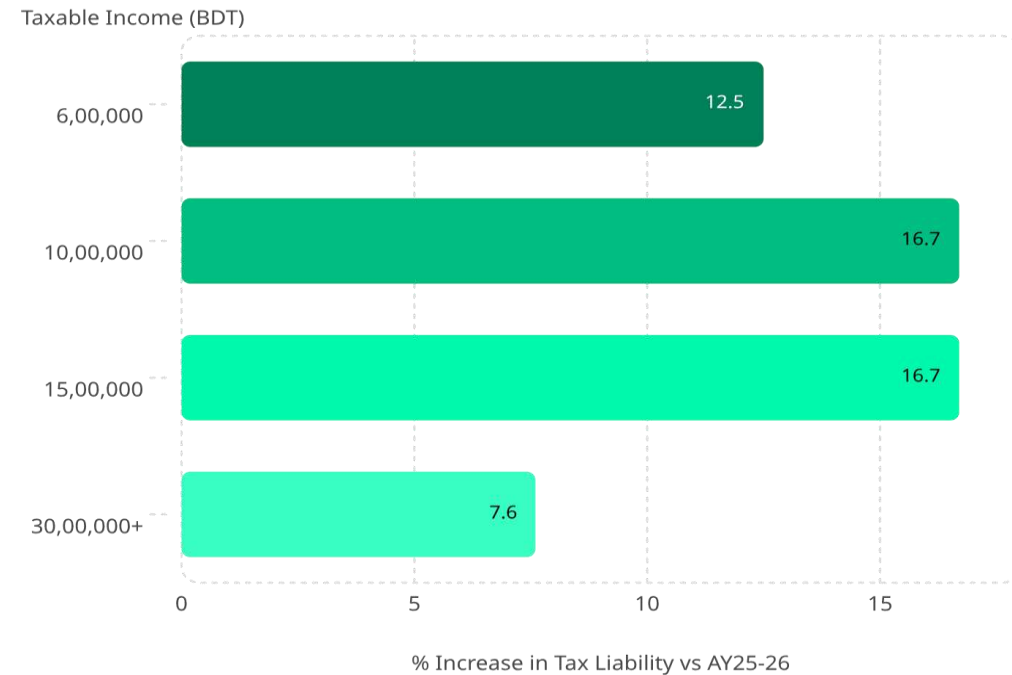
Five-Year PIT Roadmap

PIT structure remains unchanged for AY2026–28: tax-free threshold is **BDT 375,000**

- A phased roadmap raises thresholds to BDT 4,00,000 (AY28–30) and BDT 4,50,000 (AY30–31) provides predictable future obligations of taxpayers

- Actual inflation reached **8.63%** (June 2025–May 2026, moving average) against a **6.5% target in FY26,**
- However, inflation-indexed income level is **BDT 380,000**
- No real relief to low-income earners.

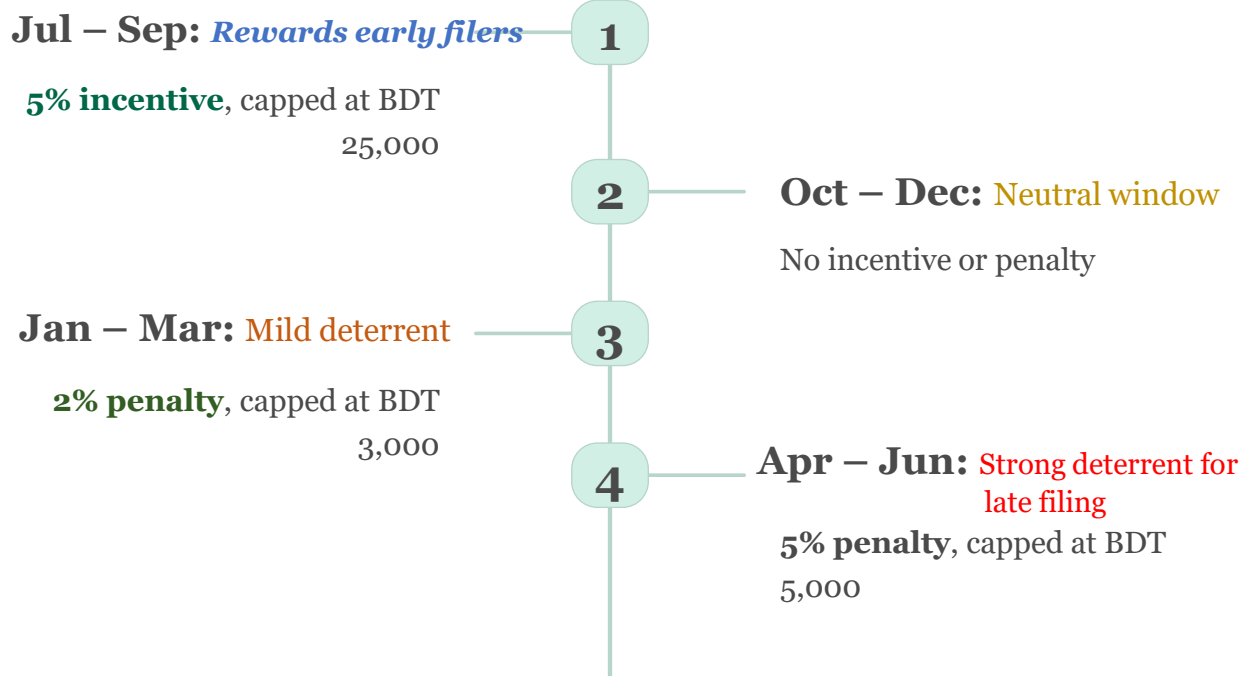
Tax Burden Increase by Income Group



Lower-income groups bear a **higher** tax burden increase compared to those earning above BDT 30 lakh — a structural equity concern.

Tax Compliance and Corporate Tax Reforms

New Filing Incentive-Penalty Framework to Improve Compliance



Corporate Tax: Stability with Competitiveness Gaps

- Corporate tax structure is locked in until **AY30–31**, offering medium-term policy certainty. However, Bangladesh's **27.5% rate for non-listed firms** remains elevated regionally
- Listed vs. non-listed differential (22.5% vs. 27.5%) should be widened — preferably by lowering the listed-company rate — to deepen capital markets
- Educational institutions (private universities, medical, IT) see rates cut from **15% to 10%**

This is likely to encourage early return filing, improve compliance discipline, and reduce repeated deadline extensions

Indirect Tax Measures: VAT and Supplementary Duty

Key VAT Exemptions Extended

Local ICT & Electronics

- VAT exemption extended to June 2030
- Supports domestic manufacturing and job creation

Vehicles (Hybrid, EV, ICE)

- Exemption extended to June 2030
- Lowers vehicle prices and supports green mobility

Metro Rail Services

- VAT exemption extended to June 2028
- Supports urban public transport affordability.

Edible Oil (Local Oilseeds)

- Phased exemption introduced
- Reduces import dependence and supports agricultural value addition.

Supplementary Duty Changes

- **Discouraged:** SD on nicotine granules and pouches raised from **150% to 350%**; new 300% SD on filter rods; new fixed SDs on nicotine pouches and heated tobacco products.
- **Import substitution:** SD on air conditioners raised from **60% to 100%**; new 20% SD on washing machines.
- **Revenue measures:** New 10% SD on natural honey; 40% SD on shawls and scarves.
- **Withdrawn:** SIM card tax of **Tk 300/connection scrapped** (~Tk 1,200 crore revenue impact); 20% withholding tax on BTRC revenue sharing withdrawn; 5% duty on musical instruments removed.

Revenue Broadening, Export Support and Industry Incentives

Broadening Tax Base

→ **NBR–NID Integration**

Central data linkage with banks, utilities, and sub-registries to prevent evasion and expand the tax net.

→ **TIN & BIN Mandates**

TIN required for bank account opening (excluding student/no-frills accounts) and motorcycle registration (150cc+). BIN mandatory for business bank accounts.

→ **Advance Income Tax**

0.20% AIT on goods supplied to retailers — expands the tax base significantly.

Export & Domestic Industry Support

Free Trade Zones

- **New legal framework in Customs Act for duty-free import into FTZs for export processing**
- **Boosts FDI and value-chain integration.**

Bond & Duty-Free Access

10 new export sectors gain raw material access without bond licence;

Leather and textile bond tenure extended from 1 to 3 years.

Domestic Industry

Import duty cuts for solar, EV, electronics, semiconductors, and shipbuilding; full exemption on 51 API raw materials strengthen the pharma sector.

Measures for Low-Income, Marginal Groups and Women



Women & Entrepreneurs with Disability

- **Tax-free turnover threshold: BDT 70 lac**
 - Threshold for general SMEs BDT 50 lac;
 - SME registration with the SME Foundation is required to access benefits



Freelancers & Content Creators

- **7.5% source tax exemption** *extended to all freelancer categories (previously IT only) and content creators*
 - Increases disposable income and encourages formal participation in the digital economy.



Low-Income Transport Operators

- **SD on electric three-wheelers reduced from 20% to 10%**
 - Directly lowers vehicle costs for small operators
 - Full duty-tax exemption on electric student buses reduces transportation costs for families



Healthcare Access & Disability Inclusion

- VAT exemption on heart rings and intraocular lenses
- AIT exemption on kidney dialysis filters
- AIT on **15 essential imported products** for persons with disabilities reduced from 2% to 1%
- Improve affordability and access.

Observation 6

A comprehensive roadmap is absent to support LDC graduation

Tariff Rationalisation and LDC Graduation

Deferral Request Submitted

The government formally requested a **3-year deferral** of LDC graduation in February 2026 in view of export sector vulnerability.

Trade Agreement Push

Efforts are underway to conclude Free Trade Agreements (FTAs), Preferential Trade Agreement (PTAs and Economic Partnership Agreements (EPAs) with key partners to offset preference erosion after graduation.

Missing Medium Term Roadmap

These are positive steps. But no medium-term roadmap to rationalise para-tariffs or reduce anti-export bias was suggested to face preferred erosion.

LDC-Relevant Measures Proposed

69

Products

Import duty reductions

9

Products

Supplementary duty reduction or withdrawal

113

Products

Full withdrawal of regulatory duty (RD); RD tiers restructured from 9 to 6

Observation 7

Prioritised social sectors lack implementation capacity

□ Budget Share (Total Budget)

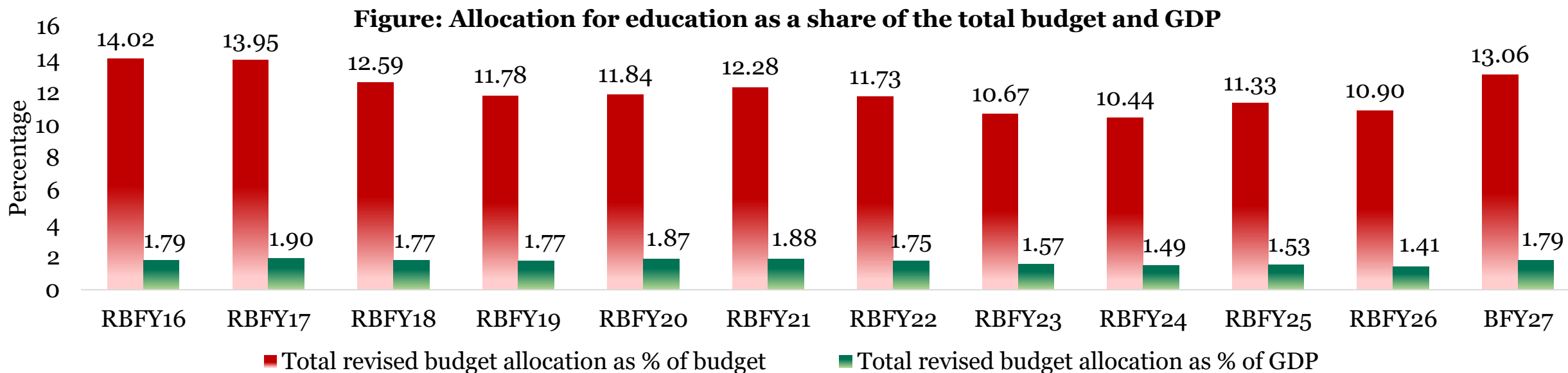
- ↓ from 11.33 % (RBFY25) → 10.90% (RBFY26)
- ↑ from 12.11 % (BFY26) → 13.06% (BFY27)

□ Budget Share (GDP)

- ↑ from 1.53% (BFY26) → 1.79% (BFY27)
(source: Statement II of Budget Summary)
- Notable increase; can be improved further

□ Global Comparison (source: WDI)

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



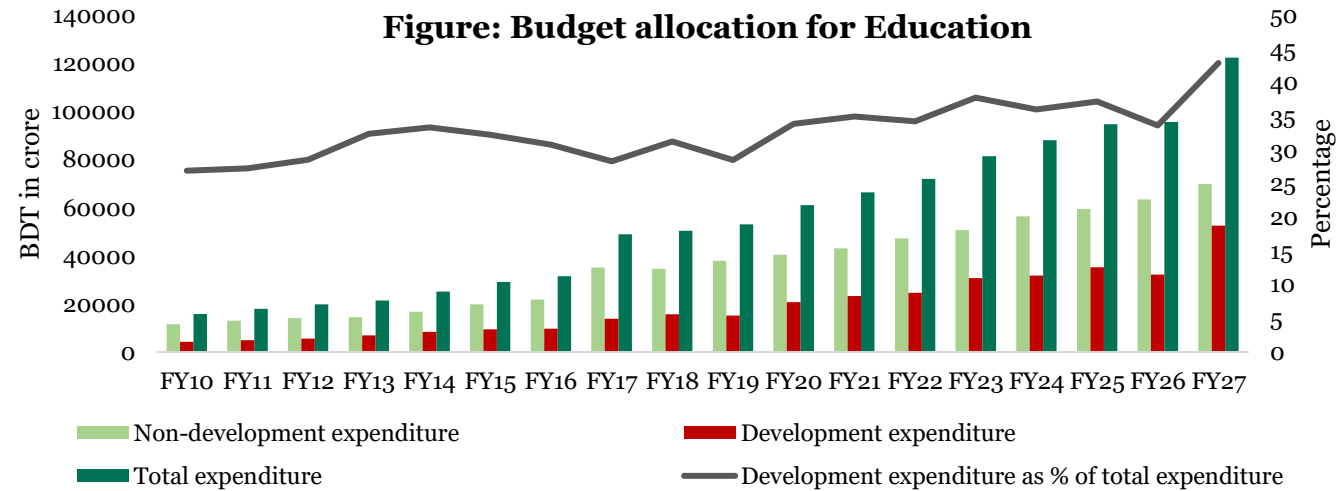
Source: Author's illustration using data from the Budget Summary, MoF

EDUCATION: PROPOSED AND REVISED BUDGET ALLOCATION TREND

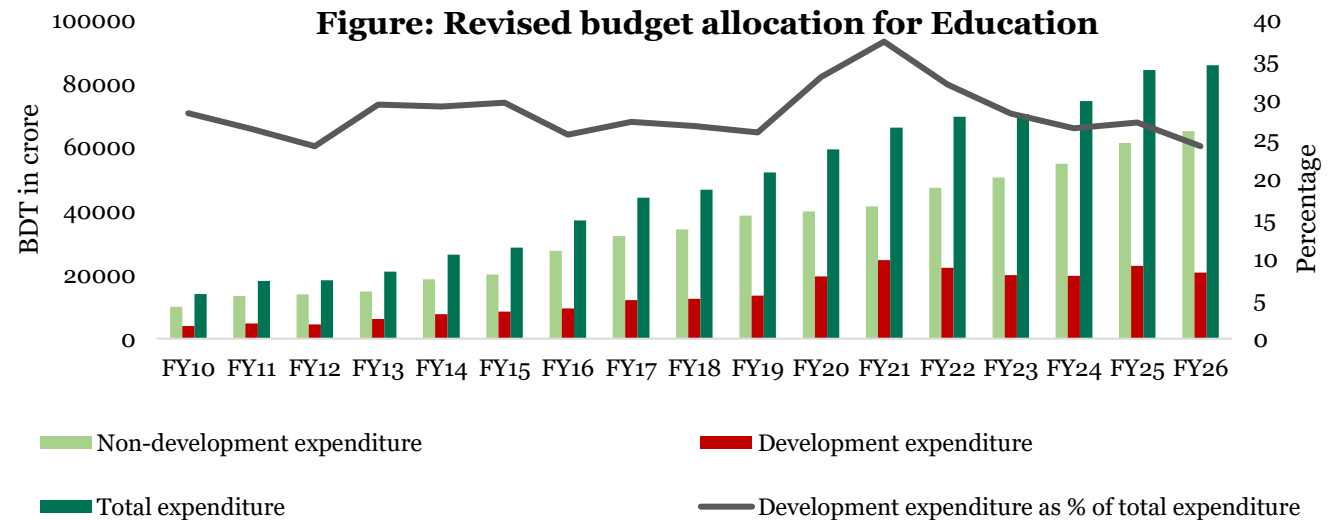
❑ In FY27, the education budget increased substantially by 28%

❑ From BDT 95,644 crore in FY26 to BDT 1,22,495 crore in FY27 (Source: Statement II of Budget Summary)

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



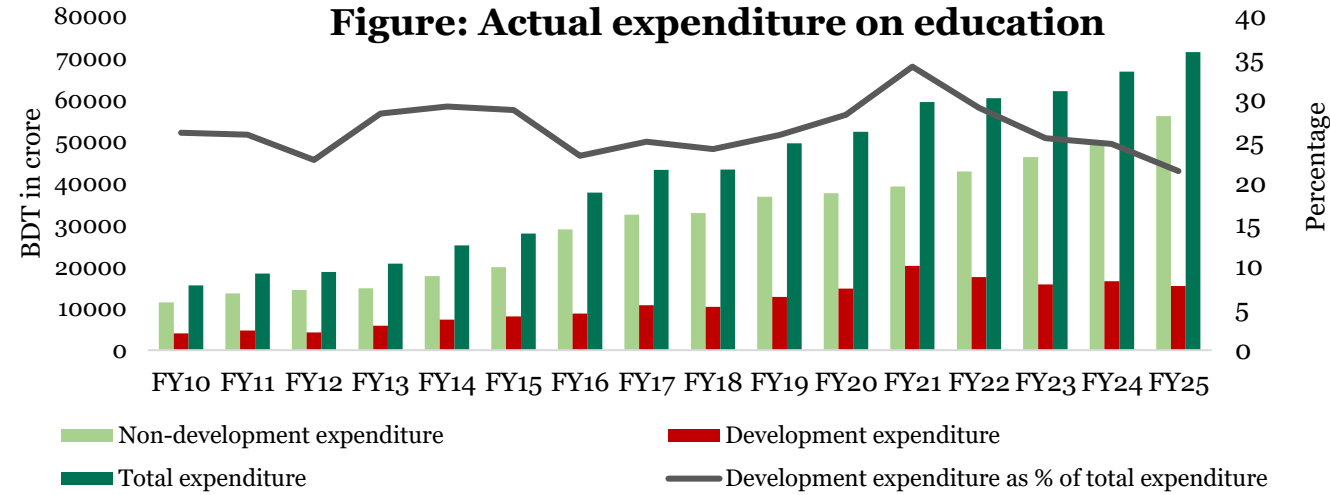
Source: Author's illustration using data from the Budget Summary, MoF



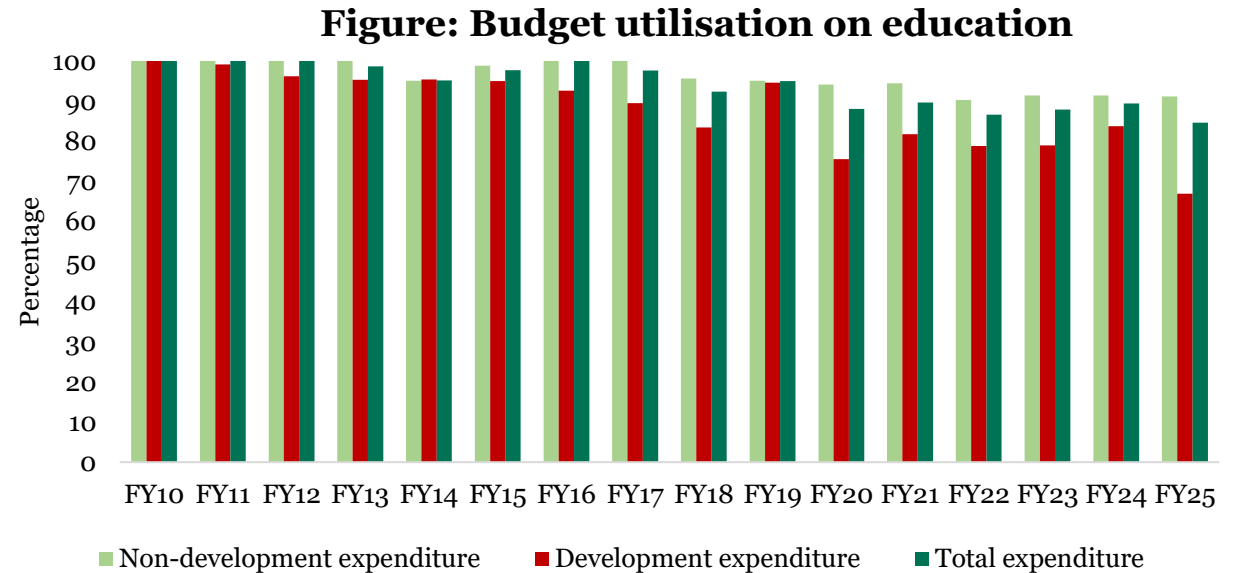
Source: Author's illustration using data from the Budget Summary, MoF

EDUCATION: ACTUAL 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**
- ❑ **Development expenditure will constitute 43% of total expenditure in FY27,**
 - ❑ reflecting a significant strengthening of proposed development spending relative to FY26



Source: Author's illustration using data from the Budget Summary, MoF



Source: Author's illustration using data from the Budget Summary, MoF

Positive Reform



- *Reduction of corporate tax on private educational institutions from **15% in FY26 to 10%** in FY27 (CPD also made this recommendation) (Source: Finance Bill FY27)*
- This partially **aligns with** the targets outlined in the *election manifesto* (suggested for full exemption)
- *Stipend* under the Technical and Madrasa Education Division was **introduced**

Tax Inequity



- *English medium schools: **VAT remains at 5%** → burdens middle-income families (Finance Act 2019)*
 - *CPD had recommended exempting VAT on English medium schools*

Book Import Taxes



- ***10% SD + 25% CD** on imported textbooks for primary/secondary levels (Source: Tariff schedule FY27)*
 - *CPD had recommended exempting all taxes on imported educational books for better access to these books by students*

CPD had recommended:



- *Reinstating discontinued stipend programmes*
- *Increasing overall stipend allocation*

❑ Budget Share (Total Budget) (Source: Statement II of Budget Summary)

- ↓ from 3.75% (RBFY25) → 3.56% (RBFY26)
- ↑ **from 5.30% (BFY26) → 6.70% (BFY27)**

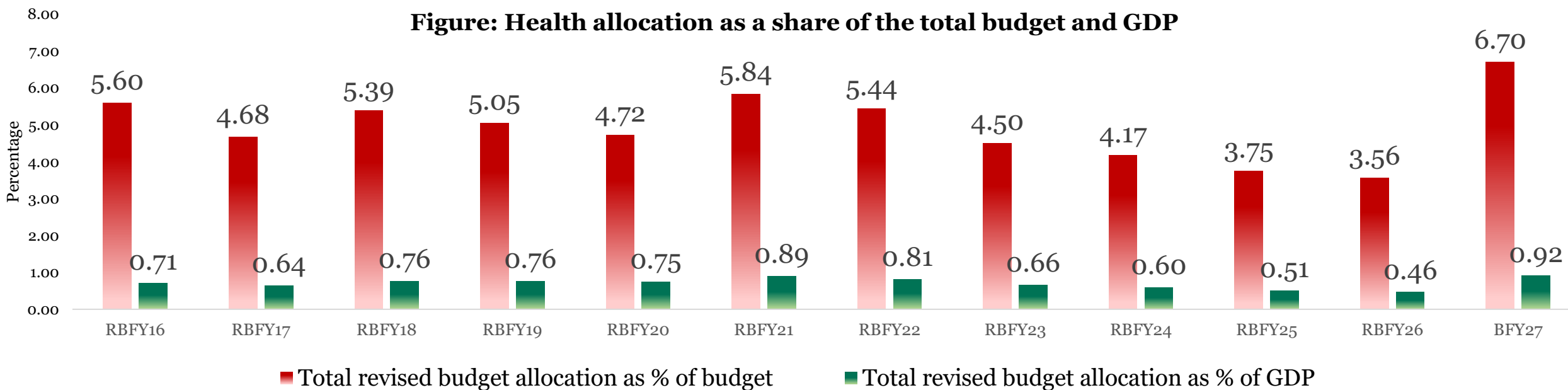
❑ Budget Share (GDP) (Source: Statement II of Budget Summary)

- ↑ **from 0.67% (BFY26) → 0.92% (BFY27)**

Even though budget allocation in the health sector increased compared to FY26,

- **79% of Bangladesh's total health expenditure is out-of-pocket, which is the highest in South Asia.**

Figure: Health allocation as a share of the total budget and GDP



Source: Author's illustration using data from the Budget Summary, MoF

HEALTH: PROPOSED AND REVISED BUDGET ALLOCATION TREND

❑ Total Budget Allocation

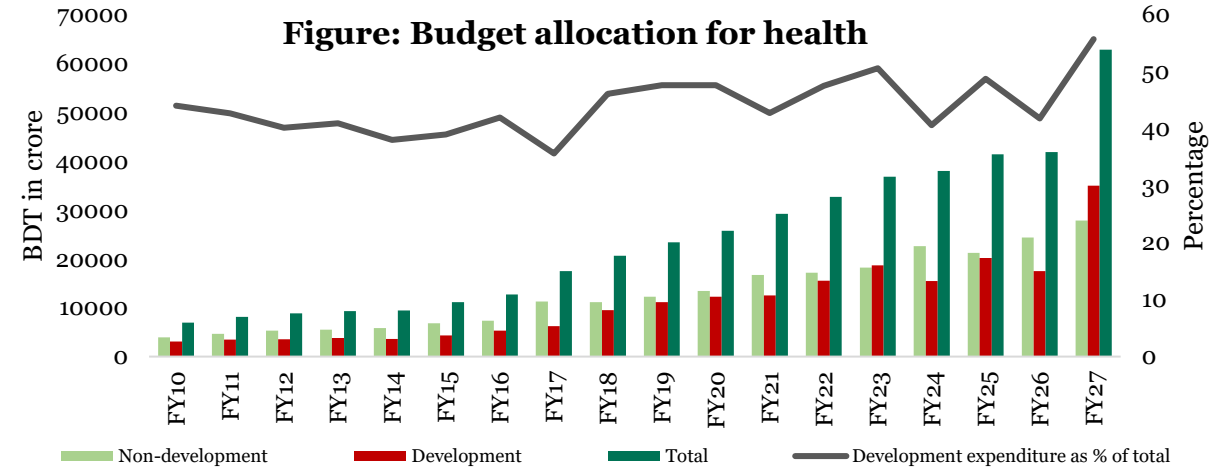
- **↑ 50% in FY27:** BDT 41,908 crore in FY26 → BDT 62,852 crore in FY27 (source: Statement II of Budget Summary)

❑ Development Budget

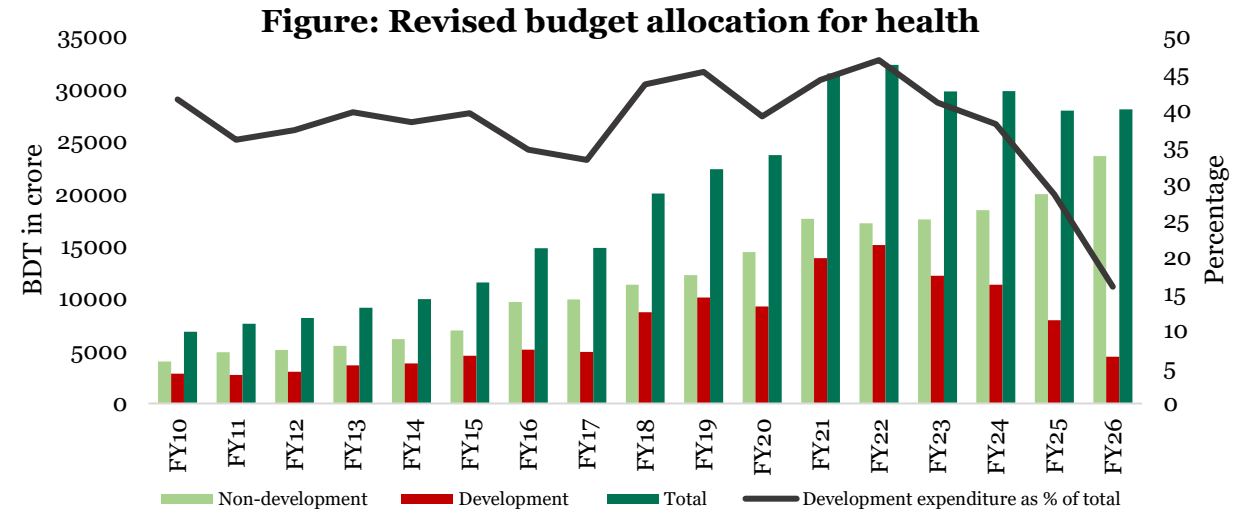
- **↑ 100% in FY27:** BDT 17,519 crore in FY26 → BDT 35,026 crore in FY27
- **Share in the total health budget**
 - 42% in FY26 → 56% in FY27 (allocated)
 - 28% in FY25 → 16% in FY26 (revised)

❑ Non-Development Budget

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



Source: Author's illustration using data from the Budget Summary, MoF



Source: Author's illustration using data from the Budget Summary, MoF

HEALTH: ACTUAL EXPENDITURE AND UTILISATION TREND

Expenditure

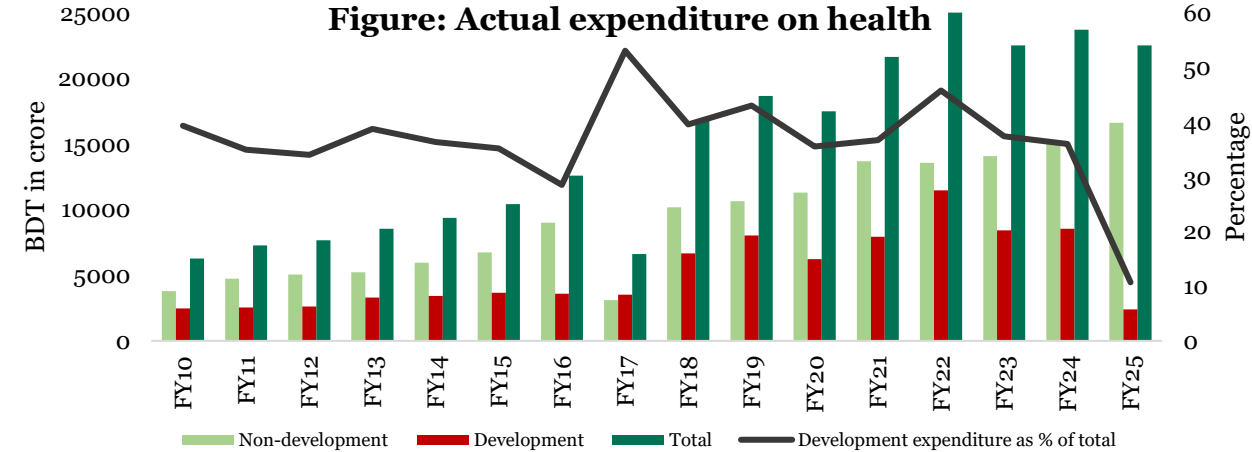
- Actual spending ↓ 5% in FY25
- BDT 23,726 crore (FY24) → BDT 22,572 crore (FY25)

Declining Budget Utilisation

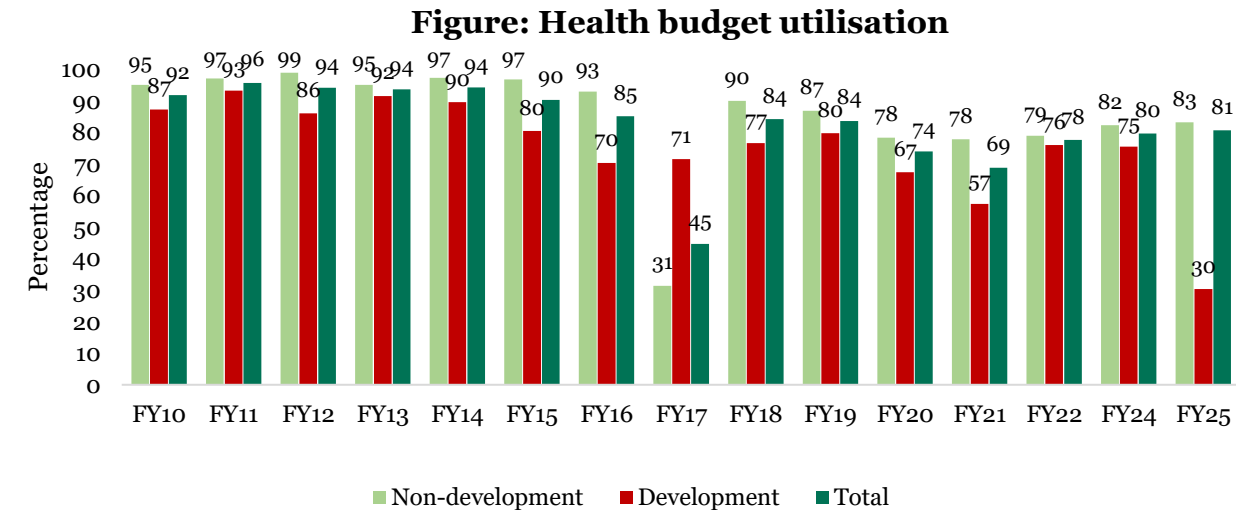
- Total utilisation decreased: 90% (FY15) → 81% (FY25)
- Non-development: 97% in FY15 → 83% in FY25
- Development: 80% in FY15 → 30% in FY25

Key Concern

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



Source: Author's illustration using data from the Budget Summary, MoF



Source: Author's illustration using data from the Budget Summary, MoF

FY27 budget eases tax burden on life-saving medical imports



□ Indirect Tax Exemptions in FY27:

- 5% advance tax on the import of kidney dialysis filters- **exempted**
- 10% VAT at the supplier level on imported heart rings and intraocular lenses- **exempted**

□ Indirect Tax Withdrawal in FY27:

- 15% VAT and 5% AIT on the import of **dialysis filters**- **withdrawn**

□ New Indirect Tax Imposition in FY27:

- Maximum retail price of **Nicotine Pouch** at BDT 500 per 10 grams with an SD rate of 40%
- **Heated Tobacco** at BDT 210 per 10 bars with an SD rate of 67%

- ❑ **SSNP allocation increased by 13.9%**,
 - from BDT 126 thousand crore in BFY26 to BDT 144 thousand crore in BFY27 (Source: SSNP budget document FY26 & 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.*

Pension for government employees and agriculture subsidy management, which are not strictly for the poor, still dominate the SSNP budget.

- ❑ **SSNP Budget as a share of total budget**
 - ↑ **From 15.27% in RBFY26 to 15.39% in BFY27**
- ❑ **SSNP Budget as a share of total budget (excluding pension)**
 - ↑ **From 10.8% in RBFY26 to 11.6% in BFY27**
- ❑ **SSNP Budget as a share of GDP**
 - ↑ **From 1.98% in RBFY26 to 2.11% in BFY27**
- ❑ **SSNP Budget as a share of GDP (excluding pension)**
 - ↑ **From 1.40% in RBFY26 to 1.60% in BFY27**

Table: Distribution of SSNP budget: Top 10 programmes by allocation share in FY27

Programme	% share in total SSNP budget
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

Source: Author's compilation using data from SSNP budget documents

- 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**.

Table: Benefit amount in BDT per beneficiary of some of the prominent SSNPs

Programme	FY26	FY27
Old Age Allowance	650	700
Allowance for Widow and Deserted Women	650	700
Mother and Child Benefit Programme (MCBP)	850	850
Disability Allowance and Education Stipend Programme		
Allowance for disabled adults	900	1000
Primary Stipend	900	1000
Secondary Stipend	950	1100
Higher Secondary Stipend	1050	1200
Higher Level Stipend	1300	1400

Source: Author's compilation using data from SSNP budget documents

- Disability Allowance and Education Stipend Programme received the largest increases, particularly at the secondary and higher levels, reflecting a stronger emphasis on human capital development. *However, these benefits remain below the NSSS phase-II (2021-206) target of BDT 1,500/month.*
- 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.

Family Card Programme (3rd largest among all social security programmes by allocation 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

Scaling up to the targeted 2 crore families

Leakage of resources

- 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

Observation 8

Allocations for employment generation mark a structural challenge

Ministry Allocations: Ambition vs. Reality

Government's pledge of 1 crore (10 million) new jobs within 18 months, targeting youth

Ministry of Labour & Employment

Budget rose from BDT 389 crore (RFY26) to **BDT 467 crore (FY27)**, but its share of the total budget remained nearly flat at **0.050%**.

Utilisation dropped from 76.6% (FY25) to **48.7% (FY26)** – meaning even smaller budgets went unspent.

Without improved implementation capacity, the modest increase will not translate into real impact.

Ministry of Industries

Total allocation **increased marginally** from BDT 1,582 crore to **BDT 1,692 crore**, but the ministry's **share of the budget fell from 0.201% to 0.180%** – a declining priority signal.

Industrial development spending relative to total government outlay is shrinking even as the government promotes investment-led growth.

Ministry of Expatriates' Welfare and Overseas Employment

Allocation **fell** from **BDT 931 crore (RFY26)** to **BDT 880 crore (FY27)**, with the budget share declining from 0.118% to **0.094%**.

Reduced funding risks limiting overseas job placement – a critical safety valve for Bangladesh's unemployed population.

The government targets 2 million overseas jobs annually; no major programme is announced.

Ministry of Commerce

The sharpest cut of all: allocation slashed from **BDT 909 crore** to just **BDT 329 crore (FY27)**, with the budget share collapsing from 0.115% to **0.035%**.

This is the single largest proportional reduction **among the four key ministries** *and directly undermines trade-led employment and export competitiveness.*

- ⚠ Across all four ministries, **budget shares are declining or stagnant** relative to total expenditure
 - *Signals that employment receives lower effective priority than stated political commitments suggest.*

Budget Incentives vs. Manifesto Targets: The Employment Gap

Manifesto Target	Alignment	Assessment
10 million jobs nationwide	Low	Unlikely. Budget relies on indirect job creation; no dedicated national employment programme exists.
1 million ICT jobs (200K direct + 800K freelancing)	Partial	Insufficient. Tax incentives help, but major manifesto institutions — National Digital Skills Authority, career portal, job-matching platform — are absent.
Formal employment expansion for women	Partial	Partial progress. Entrepreneurship fund includes women but focuses on entrepreneurship rather than large-scale female labour force participation.
Industrial decentralisation & regional jobs	Moderate	Moderately supportive. Accelerated depreciation (60% year 1, 40% year 2) outside Dhaka/Chattogram may encourage regional investment.
2 million overseas jobs annually	None	No visible progress. No major allocation or programme announced; MoEWOE budget was cut.
Large-scale SME & startup-led employment	Moderate	Moderately supportive. BDT 400 crore startup fund and BB factory revival programme are positive but limited in scale relative to the target.

- Structural constraints — *high cost of doing business, energy shortages, slow implementation, skill mismatches, and government borrowing pressure* — remain **largely unresolved**
- *Business incentives alone will not generate transformative employment outcomes in the short run.*

Project Delays and Implementation Deficit

Stalled Projects Freeze Employment Potential

17 of 46 projects under the industry and economic services sector remain in carry-over status, with completion rates ranging from just **3% to 48%** past their deadlines. Key examples:

- **Patuakhali EPZ** (near Payra Port) capable of generating **1 lakh direct jobs** across 306 plots yet stalled at **45.6%** completion.
- **Jamdani Village** offers decentralised, women-led employment at low cost, yet delayed at **48.5%** completion.
- **Panchgarh Tourism Centre**: stalled at just **3%**, forgoing hospitality and services employment in a high-potential winter-tourism corridor.
- **EC4J, RAISE, and Handloom Board** (97–98% complete) deliver the most direct employment outcomes but received insufficient funding to reach completion.

Critical Issues:

- FY27 budget is **broadly aligned** with the manifesto's investment-led employment strategy in its incentive design,
 - but the scale is inadequate, implementation capacity is weak, and structural constraints remain unresolved
- *Without course correction*, the pledge to create 10 million new jobs within 18 months risks remaining a political aspiration rather than a policy outcome.

(Source: CPD (2026), An Analysis of the National Budget for FY27; Bangladesh Bank; Ministry of Finance.)

Concluding remarks

FY27 Budget: Philosophy, Priorities and Way Forward

Core Philosophy

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.

Broad Priorities

Ten (10) priorities identified in the budget reflect Bangladesh's current economic realities

Policy Alignment

Priorities broadly align with the BNP's election manifesto, which stressed employment generation, private investment, business-friendly policies, deregulation, and improvements in the social sector.

Critical Factor

- Budget relies on optimistic assumptions
- Its success will **depend on the quality of its execution**

Institutional Capacity

This will **require strong institutions** that have the capacity to implement the budget efficiently and deliver tangible outcomes.

A Historic Opportunity

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

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