Independent Review of Bangladesh's Development (IRBD)

বাংলাদেশের উন্নয়নের স্বাধীন পর্যালোচনা

An Analysis of the National Budget for FY2015-16

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CENTRE FOR POLICY DIALOGUE (CPD)
BANGLADESH
a civil society think tank

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The CPD IRBD 2015 Team alone remains responsible for the analyses, interpretations and conclusions presented in this report

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I. CONTEXT OF THE BUDGET

I. CONTEXT OF THE BUDGET

- **The national budget FY16 has been prepared in the backdrop of the following advantages in national economy:**
  - ✓ Low inflationary pressure
  - ✓ Declining interest rates
  - ✓ Stable exchange rates
  - ✓ Manageable fiscal deficit
  - ✓ Upward trend in remittance flows
  - ✓ Favourable balance of payments
  - ✓ Augmented foreign exchange reserves

- **However the economy has to confront the following challenges**:
  - ✓ Poor fiscal planning creating credibility gap
  - ✓ Domestic borrowing biased financing mix of the budget deficit
  - ✓ Sluggish private investments and poor job creation
  - ✓ Unachieved tax revenue target and overall poor revenue generation
  - ✓ Poor utilisation of concessional financial including project aid
  - ✓ Depressed export growth , particularly in the US market
  - ✓ Inability to take advantage of current macroeconomic stability for growth-friendly expansionary economic reforms.

I. CONTEXT OF THE BUDGET

- **Drawing strengths from global economy**
  - ✓Low level of global commodity prices
  - ✓Falling price of crude oil
  - ✓Strong US Dollar
  - ✓Upward trend in job creation in the US economy
- **Confronting challenges originating in global economy**
  - ✓A weakened Euro
  - ✓Risk of deflation in Euro area
  - ✓Weak investment demand in oil-exporting economies
  - ✓Weakened global trade

I. CONTEXT OF THE BUDGET

❑ The objectives of the budget for FY16 appear to be:

- ➢ High growth of revenue targetted for underwriting overreaching expenditure
- ➢ Harmonisation of taxes and tariff to support certain domestic activities and sectors
- ➢ Incremental allocations for building physical infrastructures to enhance capacities

❑ Also Budget FY16 is being presented at a time when:

- ❖ The Sixth Five Year Plan is reaching its finishing line
- ❖ The Seventh Five Year Plan is commencing with the FY16 budget
- ❖ Coinciding with the launch of post-MDG international development goals

I. CONTEXT OF THE BUDGET

- **CPD analyses on the budget have been undertaken in view of:**

- ✓ Soundness of fiscal framework
- ✓ Sustainability of the current macroeconomic model
- ✓ Alignment of the FY16 budget with upcoming mid-term plan
- ✓ Appropriateness of revealed allocations in different sectors
- ✓ Sensitivity to social groups (e.g. gender, child, poor and senior citizens)
- ✓ Regional economic balance (particularly in local governments through district budgets)
- ✓ Emphasises on major economic reform agenda to generate the “big push” from current growth trap

- **Concludes with a set of summary observations**

I. CONTEXT OF THE BUDGET

- Five criteria for assessing the budget has been deployed to assess the efficacy of the recent budget experiences:

1. **Clearance and credibility** - Were the budgets designed within clear and credible limits for fiscal policy?
2. **Alliance with medium-term priorities**- Were the budgets closely aligned with the medium-term strategic priorities of government?
3. **Effectiveness of capital budgeting framework-** Does the capital budgeting framework meet the national development needs in a cost-effective and coherent manner?
4. **Justifying the allocations-** Did the budgets present a comprehensive, accurate and reliable account of the public finances?
5. **Quality of prospective management and monitoring plan-** Is there a concrete plan to manage and monitor the commitments made in the budgets?

II. MEDIUM TERM OUTLOOK

II. MEDIUM TERM OUTLOOK

- The GDP growth target for FY16 is set at 7.0% (6.5% in FY15, provisional)
- Moderate improvement in GDP growth and investment (both private and public) forecasted – Modest expectation regarding investment scenario
  - In FY16, 70% of incremental investment to come from private sector, remaining 30% from the growth
- An additional (approx.) Tk. 57,000 crore private investment will be required in FY16
- ICOR is expected to decline (improve in productivity) in FY16 and stabilise
- Inflation is also expected to stabilize around 6%

Growth and Investment

Indicator	FY14 (A)	FY15 (B)	FY15 (R)	FY16 (B)	FY17 (T)	FY18 (T)
GDP growth (%)	6.1	7.3	6.5	7.0	7.2	7.4
Investment (as % of GDP)	28.6	29.7	29.0	30.1	31.0	31.8
Private (as % of GDP)	22.0	22.2	22.1	22.8	23.4	24.0
Public (as % of GDP)	6.5	7.5	6.9	7.3	7.5	7.8
ICOR	4.7	4.1	4.5	4.3	4.3	4.3
CPI inflation (%)	7.4	6.5	6.5	6.2	6.0	6.0

- It has been mentioned in the budget speech that annually 1.3 million jobs in the domestic market and 0.5 million abroad were generated during 2010-2013
- However, it has not been mentioned that between 2005-06 and 2010, the corresponding figures were 1.7 million and 0.6 million respectively - a slowdown in employment generation!
- This implies a slowdown in annual employment generation after 2010 (in both home and abroad) in comparison to previous four years

II. MEDIUM TERM OUTLOOK

- Fiscal framework is planned based on an ideal framework!
- Both revenue and expenditure is expected to improve (as % of GDP) – while budget deficit will reduce
- Both revenue and total expenditure to grow in FY16 by 1.3% and 1.4% of GDP respectively
- Reliance on domestic sources – led by bank borrowing in financing budget deficit has been maintained

Fiscal Framework (as % of GDP)

Indicator	FY14 (A)	FY15 (B)	FY15 (R)	FY16 (B)	FY17 (T)	FY18 (T)
Revenue	10.4	12.0	10.8	12.1	12.7	13.1
NBR Revenue	8.3	9.8	8.9	10.3	10.7	11.0
Non-NBR Revenue	0.3	0.4	0.4	0.3	0.4	0.4
Non-tax Revenue	1.8	1.8	1.5	1.5	1.7	1.7
Expenditure	14.0	16.4	15.8	17.2	17.4	17.6
of which, ADP	4.1	5.2	5.0	5.7	5.8	5.9
Budget Deficit	-3.6	-4.4	-5.0	-5.0	-4.7	-4.6
Domestic Financing	2.8	2.8	3.6	3.2	2.9	2.8
of which, Banking	1.4	2.0	2.1	2.2	2.1	2.0
Foreign Financing	0.7	1.6	1.4	1.8	1.7	1.7

II. MEDIUM TERM OUTLOOK

- Public debt as % GDP is at a reasonable state for Bangladesh – May increase a bit in FY16
- Expected decline from 35.8% in FY14 by 34.9% in FY18
  - Currently about 57% of the public debt is attributable to domestic source and 43% to foreign finance
- Much will depend on government being able to use low-cost borrowings – which is not observed in recent years

Public Debt (as % of GDP)

Indicators	Actual		Budget	Revised	Proposed	Projection	
	FY13	FY14	FY15	FY15	FY16	FY17	FY18
Total Debt	36.6	35.8	35.1	34.3	35.0	35.0	34.9
Domestic	20.0	20.2	21.0	19.2	20.2	20.8	21.2
External	16.6	15.6	14.1	15.1	14.8	14.2	13.7

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II. MEDIUM TERM OUTLOOK

- A stable monetary and external outlook is expected over the nest three years
- Under the circumstances, export growth target for FY16 looks ambitious
- Domestic credit growth is expected to increase slightly next fiscal year from 17.3% (FY15) to 17.3% in FY16
- Export growth projected at 12% for the next three years (faster than imports)
- Remittance to grow at 10% in FY16 and 11% for the next two years

Monetary and External Sector (% growth)

Indicator	FY14 (A)	FY15 (B)	FY15 (R)	FY16 (B)	FY17 (T)	FY18 (T)
Money Supply (M2)	16.0	16.5	16.2	16.5	16.6	16.7
Domestic Credit	11.6	17.3	17.3	17.9	17.2	16.6
Private Sector Credit	12.3	15.5	15.5	16.0	16.0	16.0
Export (growth in %)	12.0	10.0	5.0	12.0	12.0	12.0
Import (growth in %)	8.9	10.0	12.0	11.5	11.5	11.0
Remittances (growth in %)	-1.6	10.0	7.0	10.0	11.0	11.0

III. PUBLIC FINANCE FRAMEWORK

III. PUBLIC FINANCE FRAMEWORK

- **Revenue** (27.6%) projected to grow **faster** than **public expenditure** (23.1%)-
  - Total budget expenditure is set at 17.2% of GDP
  - Revenue income will be 12.1% of GDP
- **Development expenditure** (27.4%) programmed to **grow slower** than non-development revenue expenditure (29.2%) – impact of new pay scale!
- **ADP**: 32.9% of total public expenditure (31.3% in the RBFY15)
- **Budget deficit** has been projected at **5.0%** of GDP (same in RBFY15)
- Balance in financing budget deficit will be restored, if implemented –
  - **High foreign financing** target (39.6% growth over the RBFY15) has been set with anticipated **gross foreign aid flow** of **USD 4.9 billion (highest USD 2.9 billion in FY14)**
  - Government's **net bank borrowing** will **increase** by only 4.1**%**
- **Quality of fiscal framework is questionable!**
- **The budget does not provide any monitorable transparent plan for its implementation.**

III. PUBLIC FINANCE FRAMEWORK

- According to CPD projections, all major parameters of fiscal framework will need to register higher growth rates to attain the targets compared to those planned in the budget FY16. Because the budget targets take revised budget figures for FY15 as its base which in reality will lesser.

Growth Rates Budget and Reality (%)

Description	FY16B over FY15R	FY16B over FY15 Proj_CPD	FY15 Proj_CPD over FY14A	FY14A over FY13A
Revenues	**27.6**	**36.3**	**9.0**	**9.6**
NBR Tax Revenue	30.6	37.0	15.5	7.8
Non-NBR	13.2	32.3	-16.3	16.8
Total Expenditure	**23.1**	**42.6**	**10.0**	**8.2**
Annual Development Programme	29.3	42.6	22.9	11.8
Non-ADP	20.3	42.5	4.6	6.7
Deficit	**13.6**	**60.3**	**13.0**	**4.2**
Net Foreign Borrowing and Grant	39.6	151.1	23.6	-23.5
Domestic Borrowing	3.3	34.4	10.3	14.9

III. PUBLIC FINANCE FRAMEWORK

- The quality of fiscal planning is deteriorating over the last four years which is likely to continue in FY15
- The weakest link among all the indicators is net foreign borrowing

Fiscal gap as percentage of budget (%)

Indicators	FY11	FY12	FY13	FY14	FY15
Total Expenditure	**3.0**	**6.8**	**9.2**	**15.4**	**17.4**
ADP	14.7	17.3	9.0	13.9	15.3
Total Revenue	**-0.2**	**3.1**	**8.3**	**16.2**	**16.4**
NBR Revenue	-5.0	0.3	8.0	18.1	14.0
Deficit	**10.3**	**16.4**	**11.9**	**13.1**	**20.0**
Net Foreign Borrowing	75.7	72.2	50.4	76.7	50.6
Net Domestic Borrowing	-29.2	-12.3	4.4	-12.3	2.8

III. PUBLIC FINANCE FRAMEWORK

- As share of GDP, between FY12 and FY15 -
  - Revenue-GDP ratio also declined !
  - Public expenditure did not increase!
  - ADP increased

Fiscal Framework as % of GDP

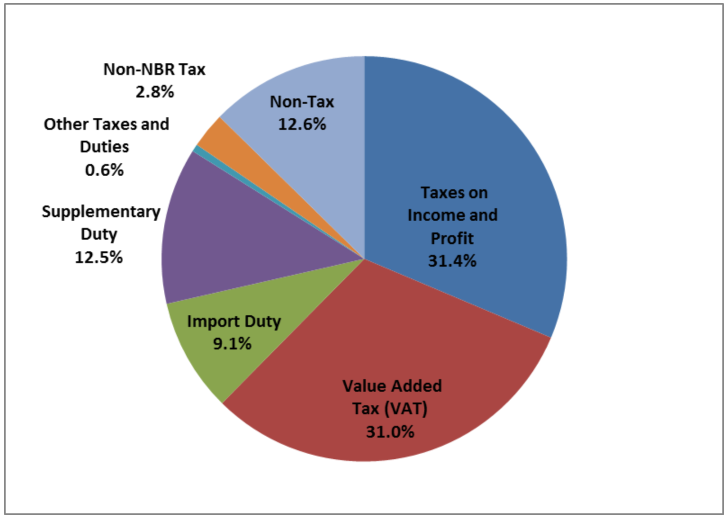
Actual % share of GDP	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15 CPD_P	FY16B
Total Expenditure	**13.5**	**12.7**	**12.7**	**14.0**	**14.4**	**14.5**	**14.0**	**13.7**	**17.2**
ADP	2.9	2.8	3.2	3.6	3.6	4.2	4.2	4.5	5.7
Non-ADP	10.6	9.9	9.5	10.4	10.8	10.3	9.8	9.2	11.5
Total Revenue	**9.3**	**9.1**	**9.5**	**10.2**	**10.9**	**10.7**	**10.4**	**10.1**	**12.1**
Deficit	-4.2	-3.6	-3.3	-3.9	-3.6	-3.8	-3.6	3.6	5.0
Net Foreign Borrowing and Grant	**1.2**	**0.7**	**1.2**	**0.4**	**0.7**	**1.1**	**0.7**	**0.8**	**1.8**
Domestic Borrowing	3.0	2.8	2.0	3.3	2.9	2.7	2.8	2.8	3.3

III. PUBLIC FINANCE FRAMEWORK

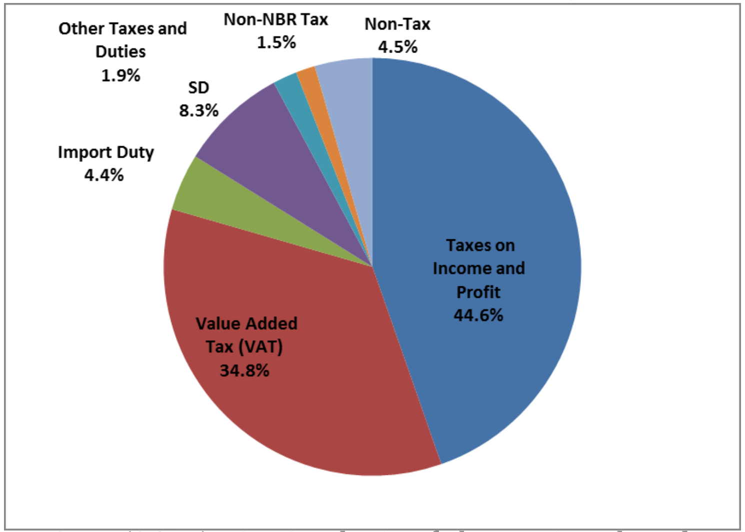
Winning sectors in ADP (FY08-FY13)

Sector	Incremental Share FY08-FY13	Share FY13
Transport	**19.3**	**16.4**
Power	**18.8**	**16.9**
Rural Development & Institutions	11.7	12.9
Physical Planning, Water Supply &Housing	**11.0**	**9.6**
Education & Religious Affairs	10.5	12.3
Oil, Gas and Natural Resources	**7.9**	**5.6**
Industries	**4.3**	**3.3**
Agriculture	4.3	5.1
Health, Nutrition, Population & Family Welfare	4.2	6.7
Water Resources	2.7	3.0
Communication	1.3	1.4
Development Assistance	1.0	2.9
Public Administration	0.8	1.7
Social Welfare, Women Affairs & Youth Development	0.8	0.7
Labour & Employment	0.7	0.6
Science, Information & communication Technology	0.4	0.5
Sports and Culture	0.3	0.3
Mass Media	0.0	0.1
Total	100.0	100.0

Share of Revenue FY16



Incremental Share of Revenue FY16



Revenue Mobilisation

- FY16 budget targets an additional Tk. 45,072 crore revenue with a 27.6% growth over RBFY15
  - CPD Projection: (approx. Tk. 55,500 crore)
- NBR to take the lead role (accounting for 91.7% of incremental revenue) with 30.6% growth
  - LTU is expected to account for 30.9% of incremental NBR revenue
- 36.3% of incremental revenue from income tax; while 29.6% from VAT
  - Two-third of total income tax will be collected from companies
- Import duty collection growth target is set at 24.2%

III. PUBLIC FINANCE FRAMEWORK

Revenue Mobilisation

- Non-NBR revenue (non-tax plus non-NBR tax) growth for FY16 remain at a reasonable level (13.2%)
    - Much will depend on mobile spectrum fee
    - Actual required growth could be as high as 32.3%
- Overall revenue collection may fall short of Tk. 10,500 crore from the target of
    - **CPD projected Tk. 30,000 crore shortfall on 1 June 2015, during the State of the Bangladesh Economy in FY15 report**
- Under such a scenario required growth rate for revenue in FY16 may shoot up to around **36.3%,** while for NBR the actual target may stand around **37.0%**
- Earlier experience - only in FY08 (27.4% - CTG and international price effect) and FY11 (28.0% - international price effect) a higher growth was attained – two outlier years!

III. PUBLIC FINANCE FRAMEWORK

Total Public Expenditure

Sector	Share in BFY16	Share in RBFY15	Change in FY16B over FY15R	
	%		Crore Tk	%
Public Service	**19.2**	**13.6**	**24208.0**	**74.5**
Interest Payments	11.9	12.5	5244.0	17.6
Education and Technology	11.6	14.0	871.0	2.6
Transport and Communication	**9.7**	**8.3**	**8834.0**	**44.5**
LGRD	7.1	8.0	1708.0	8.9
Agriculture	6.8	7.6	1860.0	10.3
Fuel and Energy	**6.3**	**3.9**	**9202.0**	**98.5**
Defence Services	6.2	7.4	613.0	3.4
Social Security and Welfare	5.7	5.8	2770.0	19.8
Public Order and Safety	4.6	5.8	-253.0	-1.8
Health	4.3	4.8	1158.0	10.0
Housing	**1.0**	**0.8**	**898.0**	**44.5**
Industrial and Economic Services	0.9	1.2	-119.0	-4.1
Recreation, Culture and Religious Affairs	0.8	0.9	227.0	11.0
Others(Memorandum Item)	3.8	5.5	-1789.0	-13.6
Total Expenditure	100.0	100.0	55432.0	23.1

III. PUBLIC FINANCE FRAMEWORK

- Allocation for Public Services is set to be 74.5% higher of RBFY15 (Tk. 24,208 crore)
    - Tk. 24,711 crore additional allocation for Finance Division! - Mostly to be paid for salaries
    - Tk. 5,500 crore have been allocated for funding PPP and export incentives
    - Additional Tk. 6,925 crore allocation for Investments in Shares and Equities
    - Tk. 5,000 crore has been for Investment for Recapitalisation – (for State-owned banks!)

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III. PUBLIC FINANCE FRAMEWORK

Economic Analysis of Non-Development Revenue Expenditure

Indicators	Growth FY16/RBFY15	Share B FY16	Share RB FY15	Incremental Share FY16B	Change FY16/RBFY15
Pay and Allowances	**53.8**	**26.2**	**21.6**	**42.7**	**15803**
Goods and Services	2.6	10.3	12.8	1.2	449
Interest Payments	**17.6**	**20.3**	**22.0**	**14.2**	**5244**
Domestic	**18.5**	**19.3**	**20.8**	**14.1**	**5209**
Foreign	2.1	1.0	1.2	0.1	35
Subsidies and Current Transfers	**27.2**	**37.2**	**37.2**	**37.1**	**13723**
Block Allocation	685.5	1.3	0.2	5.4	1981
Acquisition of Assets and Works	-2.3	4.7	6.1	-0.5	-193
Total Augmented Non-Development Revenue Expenditure	27.3	100.0	100.0	100.0	37007

- Highest incremental share to Pay and Allowances, followed by Subsidies and Current Transfers
- Interest payment remains the sector with third highest allocation
  - Domestic Interest Payments will increase by 18.5% in FY16– about 19.3% of total augmented non-development revenue expenditure – effect of deficit financing.

III. PUBLIC FINANCE FRAMEWORK

Subsidy (loans, subsidies and fiscal incentives)

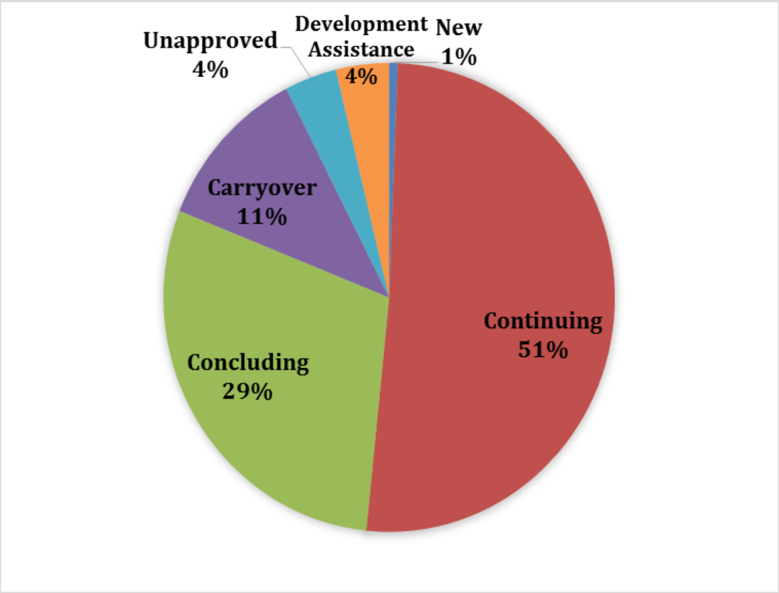
- No clear mention of the total demand proposed for FY16
- Total subsidy allocation is reduced by (-) 10.2%
- About 8.3% of total public expenditure
- Total subsidy in BFY14 is 1.4% of GDP which was 1.8% in RBFY14
    - BPC subsidy is expected to be Tk. 800 crore
    - PDB subsidy for power is expected to be (-) 11.1% lower
- These are reflected in loans and advances ((-) 19.5% reduction)
- Agriculture subsidy will be Tk. 9,000 crore – same as the previous year
    - Should be adequate in view of lower global prices
- For export sector, allocation is reduced by (-) 24.2%
- A comprehensive subsidy policy for Bangladesh is important!

III. PUBLIC FINANCE FRAMEWORK

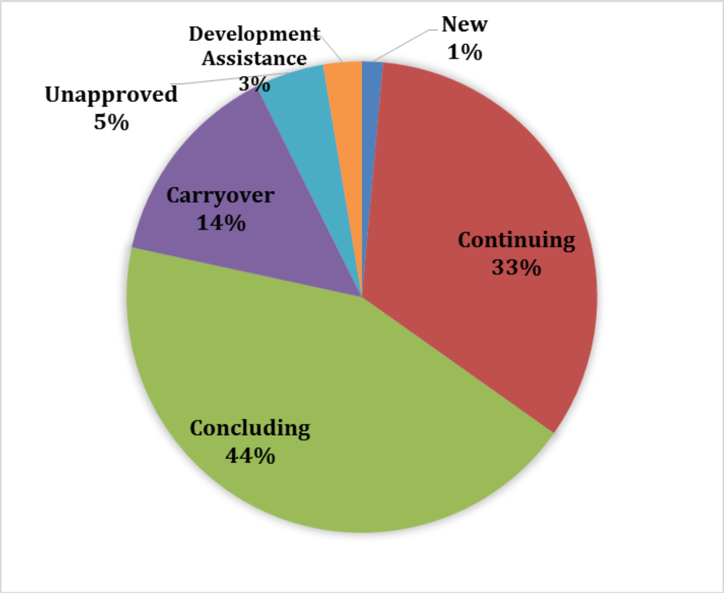
Annual Development Programme

- ADP of Tk. 97,000 crore has been proposed for FY16
  - 41,594 crore (55% of original ADP FY15) was implemented upto April 2015 (last year it was 49.8%)
- 29.3% higher than RADP for FY15 and 20.8% higher than ADP for FY15
  - In reality it will be 42.6% higher (CPD projection)
  - Project Aid component is 35.6% of total ADP (33.2% in RADP of FY15 and 34.5% % in original ADP of FY15)
  - **Tk. 2,560.8 crore has been provided to development assistance programmes**
- Self-financed development budget is reported for the third time
  - Allocation for autonomous bodies and corporations has been reduced to 3,997 crore (Tk. 5,686 crore for FY15) – less ambitious!
  - Only 1,739 crore has been implemented upto April 2015 – poor performance record!

- The ADP for FY15 contains **999 projects** (1034 for ADP of FY15)
- **Another 860 unapproved** projects have also listed in the ADP FY16



FY15 Number of Projects: 1034



FY16 Number of Projects: 999

- Almost similar trend in the structure of ADP continues apart from more allocation for concluding projects for FY16 compared to FY15 – a welcome change; will it be implemented?
- Only **41 new projects** are included (in FY15: 29) – 1.4% of total ADP allocation;
  - ✓ 159 new projects were included in the RADP for FY15

III. PUBLIC FINANCE FRAMEWORK

- 33.4% of allocation is provided to 330 projects which are suppose to continue to the next ADP (for FY17)
- However, highest number of projects (376 projects) are scheduled to be concluded in FY16, according to project completion timeline
- **249 carryover projects** consist of **14.2%** of the total allocation
  - Transportation sector has 61 of these projects, while 'Physical Planning, Water Supply &Housing' Sector also has 40 number of similar projects
- Thus total number of projects which should be concluded: **625**
- Planning Commission identified **324** projects which may be **completed in FY16**
- Highest number of unapproved projects – 860!

Project Status	FY10	FY11	FY12	FY13	FY14	FY15	FY16
Unapproved projects without Allocation	492	800	702	720	662	624	860
Projects listed to seek Foreign Funds	227	292	259	327	346	338	382
Total Number of Projects in the ADP	886	916	1039	1037	1046	1034	999

III. PUBLIC FINANCE FRAMEWORK

Top Five Sectors in ADP FY16

Sector	No of Projects ADP FY16	Share (%) ADP FY16	Share (%) RADP FY15	Share (%) ADP FY15	Growth (%) ADP FY16 over RADP FY15
Total Five Sectors	**552**	**70.6**	**66.2**	**66.5**	**37.9**
Transport	157	22.4	23.1	23.4	25.4
Power	66	17.0	11.0	11.6	100.5
Physical Planning, Water Supply &Housing	128	11.5	9.6	10.0	55.2
Education & Religious Affairs	105	10.7	12.0	12.2	14.5
Rural Development & Institutions	96	8.9	10.5	9.3	10.7
Other 12 Sectors	**447**	**29.4**	**33.8**	**33.5**	**12.6**
Development Assistance	**NA**	**2.6**	**3.5**	**3.8**	**-3.4**
Total	**999**	**100.0**	**100.0**	**100.0**	**29.3**

- The **top 5 sectors** have received **70.6%** of total ADP allocation – concentration ratio increased
  - Transport Sector once again has received both highest number of projects and amount of allocation (22.4% of total allocation) – 25.4% growth over RADP FY15
  - Allocation for power sector has doubled in FY16 over RADP FY15

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III. PUBLIC FINANCE FRAMEWORK

- CPD has selected a set of 26 projects under the ADP for FY15 for close scrutiny (share of these projects in total ADP in FY16 is 17.6%)
- Actual spending on these 26 were 34.3% during Jul-Mar FY15 (actual spending on all ADP projects were 43.8%)

❑ 14 of the 26 projects were supposed to be completed in FY15

  - ‘Construction of Haripur 412 MW Combined Cycle Power Plan and Associated Substation’ was not reported in the ADP for FY16 (its cumulative progress was 73.6 per cent till Nov FY15)

- Apart from Haripur project, all of the remaining 13 projects were not completed in FY15 and were carried forward to the ADP for FY16
- Only Joydebpur-Mymensingh Road Development Project received adequate allocation for completion in FY16 – which was supposed to be completed by FY13

III. PUBLIC FINANCE FRAMEWORK

Status of (remaining) 24 priority projects (identified by CPD)

Possible implementation rate (%) if total FY16 allocation is spent

1-30% (3 projects)

- Construction of Bibiana-3, 400 MW Combined Cycle Power Plant, Veramara Combined Cycle Plant (360 MW), Construction of Nagarpur-Mirzapur Bridge

31-60% (10 projects)

- Dhaka-Chittagong 4-Lane, Dhaka Elevated Expressway PPP Project, Ashuganj 450MW PP, Ghorashal 365 MW Combined Cycle Power Plant, Shahjibazar 330 MW Combined Cycle Power Plant, Shikalbaha Duel Fuel 225 MW Combined Cycle Power Plant, Power Production and North Bengal Sugar Mill, Leather Industrial City, Dhaka (Second Revised), Construction of 950m long Dharla Bridge in Kurigram District

61-99% (11 projects)

- Padma Multipurpose Bridge Project, Third Karnaphuli Bridge, Dhaka-Chittagong Railway Development Project, Bhomra Land Port, Bhola 225 MW Combined Cycle Power Plant, Chapainawabganj 100 MW HFO Based Power Plant, Providing Electricity Connection to 18 lakh clients through Rural Electricity extension, Shahjalal Fertilizer Project, Mubarakpur Oil/Gas Well Exploration Project, Augmentation of Gas Production under Fast Track Program, Establishment of Gas Compressor Station in Ashuganj and Elenga

III. PUBLIC FINANCE FRAMEWORK

- It appears that, number of new projects in ADP FY16 was limited - however, the practice of **allocating symbolic allocation** (the minimum to keep the project in the ADP list) is still **pervasive**
- **14 projects under ADP received only Tk. 1 lakh for FY16;** 13 projects received such allocation in FY15
  - 12 of those are investment projects (10 in FY15)
  - All of those are carryover from ADP FY15
  - 9 of the 14 projects are from Transport sector (7 projects were in transport sector in FY15)
- 32 'investment' projects under ADP received only Tk. 1 crore or less (besides those 12 investment projects with 1 lakh allocation) for FY16; 26 'investment' projects received such allocation in FY15
  - 21 of the projects are carryover (16 of those were carryover in FY15)
  - As a whole these 32 projects received only Tk. 12.0 crore allocation in ADP FY16 (averaged Tk. 37.6 lakh per project)
  - Projects from 11 different sectors shared this allocation

III. PUBLIC FINANCE FRAMEWORK

- The business as usual as regards ADP continues -
  - Challenges of concluding and carry-over projects
  - Cost and time-overrun continue
  - Large number of projects with stagnating implementation capacity
  - Rising number of unfunded projects
  - No reform or policy mentioned to bring discipline in the ADP
  - Absence of prioritisation framework
  - No result-based monitoring

- Revenue surplus helped to finance ADP since FY12 – a positive trend

ADP Financing Structure by Source (Share, %)

Sources	FY08	FY09	FY10	FY11	FY12	FY13	FY14
Revenue Surplus	-44.4	-27.7	-0.5	-7.6	0.6	8.5	15.7
Foreign Grants	10.9	11.0	12.9	3.1	9.4	13.2	11.2
Foreign Borrowing Net	31.3	13.4	24.2	8.3	9.5	12.8	5.9
Domestic Borrowing	102.3	103.2	63.4	96.3	80.4	65.6	67.2
Total ADP Financing	100	100	100	100	100	100	100

III. PUBLIC FINANCE FRAMEWORK

Budget Deficit and Financing

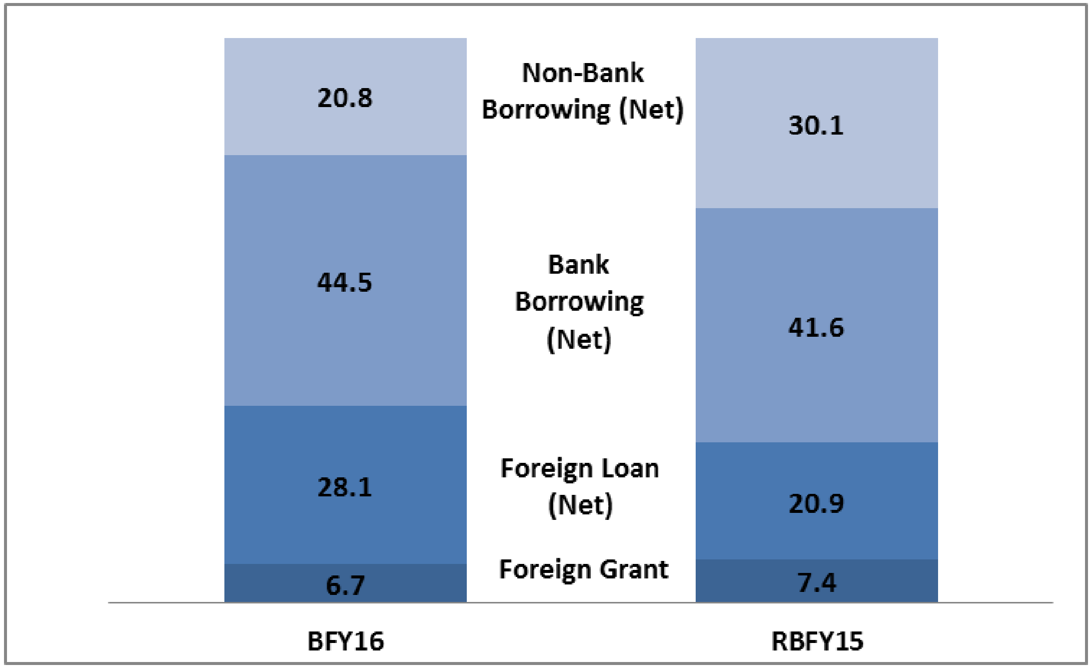
Description	BFY16		RBFY15		Growth
	Crore Tk	% of GDP	Crore Tk	% of GDP	FY16 over RB FY15
Revenue Collection	208,443	12.1	163,371	10.8	27.6
Total Expenditure	295,100	17.2	239,668	15.8	23.1
ADP	97,000	5.7	75,000	5.0	29.3
Non-ADP	198,100	11.5	164,668	10.9	20.3
Overall Deficit (Excl Grants):	86,657	5.0	76,297	5.0	13.6
Financing					
Foreign Grants	5,800	0.3	5,674	0.4	2.2
Foreign Loan-Net	24,334	1.4	15,909	1.1	53.0
Foreign Loan	32,239	1.9	23,872	1.6	35.0
Amortization	7,905	0.5	7,963	0.5	(0.7)
Domestic Borrowing	56,523	3.3	54,714	3.6	3.3
Bank Borrowing (Net)	38,523	2.2	31,714	2.1	21.5
Non-Bank Borrowing (Net)	18,000	1.0	23,000	1.5	(21.7)
Net Aid	30,134	1.8	21,583	1.4	39.6
Net Aid (bln US$)	*3.9*	*1.8*	*2.8*	*1.4*	*39.6*
Gross Aid	38,039	2.2	29,546	2.0	28.7
Gross Aid (bln US$)	*4.9*	*2.2*	*3.8*	*2.0*	*28.7*

- 82.5% of incremental deficit is programmed to be financed by foreign sources

III. PUBLIC FINANCE FRAMEWORK

- Share of **domestic financing 65.2%** (71.7% in RBFY15)
- **Tk 38,523 crore** (44.5%) will come from the **bank borrowing** (41.6% in RBFY15)
- Tk 18,000 crore (20.8%) will come from non-bank sources (30.1% in RBFY15)
- Share of foreign financing will be 34.8% in FY16 (28.3% in RB of FY14)
- **Gross foreign aid** requirement will be around **USD 4.9 bln (USD 3.8 bln in RBFY14)** – an almost impossible target in view of **only USD 2.3 billion** being received during **Jul-Mar FY15**
- **Much will depend on project aid utilization of ADP – 90.7% of total foreign resources are for ADP projects**

Sources of Deficit Financing



IV. FISCAL MEASURES

IV. FISCAL MEASURES

Personal Income Tax

- Personal income tax threshold has been raised by Tk. 30,000 to Tk. 2,50,000
  - *Good move* considering the inflation adjustment - remained unchanged since FY2014 when it was Tk. 2,20,000
  - Taxable threshold in Bangladesh is lower than in India - IRs. 2,50,000 (equivalent to Tk. 315,000)
  - Tax threshold to per capita income ratio in Bangladesh (2.7:1) is lower compared to that of India (3.1:1)
- Threshold for women and senior citizens has been revised upward to Tk.3,00,000 from Tk. 2,75,000
  - For physically challenged, it has been raised to Tk. 3,75,000 from Tk. 3,50,000
  - Threshold for war-wounded freedom fighters has also been revised upwards to Tk. 4,25,000 from TK 4,00,000
- Allowances of the Government officials will be taxed – *will remove discrimination between government and non-government employees*
- Personal income tax imposed on gratuity income over Tk. 2.50 crore – *gratuity income should not be taxed in principle*

IV. FISCAL MEASURES

- Uniform minimum amount of tax of Tk. 4,000 for all taxpayers regardless of their geographical locations –*this is not fair*
- Perquisites ceiling has been raised to Tk. 4.5 lakh from Tk. 3.5 lakh – *will give benefits to salaried employees*
- Three slabs in personal income tax have been changed – *will benefit the middle and high income group taxpayers more*
- Tax will be applicable to income earners with monthly basic salary of over Tk. 21,000

Proposed Individual Tax Rates

Income Threshold (Yearly)	Tax Rate	Taxable Income (Monthly)
On first Tk. 2,50,000 of taxable income	Nill	1 to 20,833
On next Tk.4,00,000 of taxable income	10%	20,834 to 54,167
On next Tk.5,00,000 of taxable income	15%	54,168 to 95,833
On next Tk.6,00,000 of taxable income	20%	95,834 to 145,833
On next Tk.30,00,000 of taxable income	25%	145,834 to 395,833
Balance of Income above Tk. 47.5 Lakh	30%	395,834 to above

IV. FISCAL MEASURES

Wealth Surcharge

- Minimum net wealth exemption limit has been raised to Tk. 2.25 crore from Tk. 2 crore - *inflation accounting plies*
- Tax on net wealth above Tk. 30 crore has been slashed down to 25% from 30% - *a benefit to the very rich*
- The amount of minimum surcharge is Tk. 3000
  - *Need to think of an inheritance tax to unify both gift and property transfer taxes into one*

Corporate Tax

- Tax for **Publicly Traded Companies** has been reduced to 25% from 27.5%
  - 10% tax rebate has now been abolished for issuing dividend of 30% and over. At the same time, companies don't need to pay income tax at the rate of 35% if less than 10% dividend is given – *will undermine the interest of share holders*
  - Penalty of 5% additional tax will be imposed if the dividend is less than 15%
  - *Overall, the changes will benefit companies*
- Tax for **Publicly Traded Bank, Insurance and Financial Institution** has been brought down to 40% from 42.5% - *increased difference between traded and non-traded companies*
- Tax on **Publicly Traded Cigarette Manufacturer increased from** 40 % to 45% - *welcome move*. However, the 45% rate for **Non-Publicly Traded Cigarette Manufacturer** remained unchanged
- Other corporate taxes (non-publicly traded company, mobile phone company, merchant bank) remain unchanged

IV. FISCAL MEASURES

New Sources of Tax

- ❑ Tax has been imposed on income from Poultry & Hatchery in three progressive slabs – *expected to discourage misuse of zero-tax but could be a disincentive for genuine entrepreneurs*
- ❑ Compulsory submission of guardian's TIN certificate during admission of children in English medium school – *welcome move*

Tax at Source

- ❑ Existing 5% upfront source tax on interest income from Treasury bonds and Treasury bills has been withdrawn
- ❑ Existing provision of 10% deduction of tax at source on income from share market by any company or partnership firm has been removed
  - ➢ *Some adverse affect on revenue collection*
- ❑ Tax at source on print, electronic media and online advertisement has been increased from 3% to 4%
- ❑ Tax at source on commission of buying houses is revised upward from 7.5% to 10%
  - ➢ *Will enhance revenue collection*

IV. FISCAL MEASURES

Undisclosed Money

- The Finance Minister did not say anything about black money in this speech. However, silence means continuation of earlier facilities to whiten black money
- *Special tax treatment (19c):* Opportunity continues for invest in government Treasury bond by paying only 10% tax
- *Voluntary disclosure of income (19e):* Scope continues for legalising undisclosed money in productive and income-generating sectors through payment of 10% penalty alongside the regular tax (Provision includes capital market investment)
- *Special tax treatment* (19BBBBB): Tax per square metre is reduced from FY15 for investing undisclosed money in real estate sectors (residential building and apartments) outside of Dhaka and Chittagong cities.
  - *CPD estimates that the effective tax rate ranged between 1.49% and 3.72% depending on location and size of the apartment- the provision will discourage honest tax payers*
  - *Unethical considering social justice*
  - *Could be considered as an 'opportunity lost' as far as investment in other productive sectors was concerned*
- Need for a predictable legal framework including a new law on undisclosed money and benami property

IV. FISCAL MEASURES

Tax Holiday

- Information Technology Enabled Services (ITES) and Nationwide Telecommunication Transmission Network (NTTN) sector tax holiday period has been extended up to 30 June, 2024 (from 30 June, 2019)
- Tax holiday has been given for automobile manufacturing sector and tyre manufacturing industry
- Tax rebate at 15% on income earned in textile and jute goods sector has been extended up to 30 June, 2019
  - *All these moves will help expansion of the relevant sectors. However, vigilance against misuse needed*

Change in Legal Measure

- Provision of 'scrutiny assessment' has been introduced in case of universal self assessment. However, *not clear what this means*

Rate of Duty at Import Stage

- Major changes in Rate of Duties in FY16

Types of Duty	Increased	Decreased	Waived	Imposed	Total
Customs Duty	64	723	17	8	812
Supplementary Duty	401	366	7	21	795
Regulatory Duty	0	0	43	25	68
VAT on Import	0	0	14	0	14

- In FY16, the duty structure has been significantly revised.
- Both CD and SD have been changed for a large number of products.
- Unlike previous year, SD has been increased for more products than it has been reduced.
- On the other hand, CD has been reduced for a significant number of products (723 items) while it has been decreased for only 64 items.
- These changes indicate that there has been a move towards para-tariff measures as against tariff measures for protection of domestic industries.
- IMF-ECF obligated Bangladesh to rationalize para-tariff measures. The signal in FY16 Budget is rather contradictory.

Customs Duty (CD)

- ❑ Number of slabs of customs duty increased: a new slab of "1%" has been introduced
  - ➢ Capital machinery both for export-oriented and domestic industries is now same at 1%.
- ❑ Major Changes in CD include:

Major Sectors	Type of Duty: Change	FY2015	FY2016	Implications
Raw and Refined Sugar	CD: Increase	TK 2000/M. Ton & TK 4500/M. Ton	TK 4000/M. Ton & TK 8000/M. Ton	Local inefficient mills will be benefitted at the cost of consumers
Silk Items	CD: Increase	10%	25%	Increased protection to local silk industry
Iron & Steel (semi-finished)	CD: Increase	TK 5000/M. Ton	TK 7000/M. Ton	Cost of construction will increase
Capital Machinery	CD: Decrease	2%	1%	Not likely to have significant impact
Plastic Products	CD & SD: Decrease	CD: 10-25% SD: 20-60%	CD: 5-10% SD: 0-10%	Reduction of both CD & SD will hurt local industry
Optical Fibre Cable	CD: Increase	5%	10%	Access to internet will be costlier
Onion	CD: Withdrawn	0%	5%	Consumers will be benefited
Renewable Energy Items	CD: Reduced	5-10%	0-5%	Reduced demand for energy
Disaster Management Items	CD	NA	0-5%	Good Initiative to ensure structural integrity of the buildings

Supplementary Duty (SD)

- SD has been changed for 755 products (8 Digit HS)
    - Increased for 401 products: newly imposed on 21 items
        - 5-10% increase on Frozen Food (255 out of 397): burden on consumers
        - Increased to 20% from 15% on Vegetables and Tea: *high end consumers will be affected*
        - SD increased to 20% Engines for Auto Rickshaw/Three Wheelers: *Cost escalation*
        - 20% SD imposed on Battery: *Increased protection*
        - SD increased from 30% to 45% CKD Motor Cycle: *Local manufacturers will be benefited but the assembling industries will suffer*
        - SD has also increased for: SIM Card, some Chemical Items, few Leather Articles, Glass and Glass wares, Few Iron/Steel Articles etc.
    - Decreased for 366 products: withdrawn from 7 items
        - SD reduced from 60% to 45% on 188 RMG products (96 Knit Items, 92 Woven): *Consumers will benefit*
        - 10-15% Reduction on Some Prepared Food Products: *Local Industry will be affected*
        - 15% Reduction on Plastic Products: *Local Industry will be affected*
        - 5% Reduction on Wood Products & 5-15% Reduction on paper Articles: *environment friendly move*
        - 10% reduction on some Glass and Glass wares

SRO Rate Concerning Import

- 5 new products will enjoy reduced SRO rate of 2% duty(existing 5%): fire extinguishers, Busbar Truncated System (imported for Text. Ind.), Transformers (exceeding capacity 120MVA), and Fan motors: *Will help RMG and some other industries*.
- The following items will also enjoy SRO Rate of import duty in FY16:

Type of Products	Number of Items	SRO Rate of Duty
CDs Decreased or Withdrawn		
Pharma. Raw Materials	21	5%
Raw Materials of Toy Industry	7	5%
Raw Materials of Weaving Industry	9	5%
Computer Accessories	3	5%
Ship Building Equipment	4	5%
Raw Materials of Poultry/Dairy Feed	7	0%
Machineries used in Poultry/Dairy sector	2	0%
Communication, lighting and sign products imported for export oriented RMG industry	3	5%
CDs Increased		
Raw Materials of Poultry/Dairy Sector	3	25%

- Good initiative considering the fact that, these are emerging sectors in the economy and some of these have potential as export oriented industries.
- *Benefits granted to RMG may be granted to other export sectors as well.*

IV. FISCAL MEASURES

Regulatory Duty (RD)

- ❑ In the speech, RD has been proposed to be reduced to 4% from 5% as part of tariff liberalization; however, these changes are not reflected in the tariff schedules for FY2016
- ❑ Previously exempted goods from RD will enjoy the facility in the next year too.
- ❑ 17 items, on which 25% CD is imposed, have been proposed to be exempted from the associated RD
  - ➢ Praiseworthy move since the products are used as raw materials by local industries
- ❑ For 34 items, on which 10% CD is imposed, 5% RD has been imposed
  - ➢ *The purpose of this new imposition is not clear as it covers a wide variety of products.*

Tax at Source

- ❑ Flat rate of Tax at Source for all Export items: to be considered as final tax liability of the exporters.
  - ➢ RMG Products: 0.3% to 1.0%
  - ➢ Non-RMG Products: 0.6% to 1.0%
- ❑ *A praiseworthy move from the perspective of revenue generation. A part of this additional revenue may be used for supporting the ongoing restructuring in the RMG sector.*

Value Added Tax (VAT)

- On Import stage, VAT has been exempted for 14 items.
- VAT exempted threshold for sample export by Pharmaceutical companies has been increased to TK 1,00,000 from TK 30,000
- In the budget for FY2016, coverage of VAT has been significantly revised:
  - Quite a few sectors have been exempted from VAT: Electricity bill of cold storages, IDCOL registered solar panel batteries, VAT on sales of jute goods etc.
    - VAT on iron scrap exempted: *price of construction material may fall.*
  - On the other hand, VAT has been newly imposed or increased on several sectors:
    - 10% VAT has been imposed on private universities: *likely to be paned on to students*
    - 20% VAT imposed on locally produced Bidi paper: *cost of Bidi will increase*
    - VAT on Super Shops increased to 4% from 2%: *Consumers will bear the burden*
    - 20% SD on Ceramic Bathroom Fittings (Bathtub, Jacuzzi etc): *general consumers will not be affected as the items are not widely used.*
    - 4% VAT imposed on online transaction of goods and services: *praiseworthy move to widen the tax net.*
    - VAT on bigger flats (above 1600 sq.ft) to be increased to 4.5% from 3%.

Value Added Tax (VAT)

- SIM Tax reduced to TK 100 from TK 300 for issuance and replacement
- 5% SD imposed on the services provided through SIM and RUIM card: *rate of talk-time may increase*
- VAT to be deducted at source for enterprises having annual turnover over TK 1 crore
- If traders do not want to pay 3% on their annual turnover then they will have to pay higher amount of tax than before (increased by TK 600-3000)

Tobacco Tax

- Price slabs of high end cigarettes have been revised downward while only the lowest slab has been increased. *Will discourage consumption of lower-end cigarettes and also has revenue implications*.

Existing Price slab (for 10 sticks) Tk.	Existing Tax rate (SD Rate)	Proposed Value (for 10 sticks) Tk.	Proposed Tax rate (SD rate)
15.00-16.50	43%	Lowest: Tk. 19.00	48%
32.50-35.00	60%	Low: Tk. 20.00-39.00	60%
50.00-54.00	61%	Medium: Tk. 40.00-69.00	61%
90 and above	61%	High: Tk. 70 and above	63%

Tobacco Tax

- Price structure of Bidi has been revised as well:

Type of Bidi	Existing Price	Proposed Price	Growth
25 sticks non-filter	TK 6.14	TK 7.06	15.0%
20 sticks filter	TK 6.92	TK 7.98	15.3%

- Price of Bidi has been increased by 15%: *likely to reduce consumption*.

Advance Income Tax (AIT)

- AIT has increased by 5% for semi-manufactured gold and silver: *good move to generate revenue from luxury items.*
- For car batteries, AIT increased by 1%: *local manufacturers to enjoy some advantage.*

Motor Vehicle

- 20% SD imposed on Hybrid Cars: *a new type of car included in the tariff schedule but the 20% SD may discourage its use.*

Tax Incidence

- At the import stage, collection of revenue (import duty, VAT, SD, RD) during July-March FY15 was Tk. 26942 crore (29.1% of NBR's total collection)
- CPD has analyzed the import duty structure for FY16 considering the actual import value for the first nine months of FY15.
- According to the budget documents, the growth of CD, SD (import) and VAT (import) has been planned to be about 24% (for all the three)

Duties/taxes at import stage	BFY16 growth over RBFY15	Growth estimated from duty structure for FY16
Customs Duty	24.2	26.2
SD (Import stage)	24.1	6.3
VAT (Import Stage)	24.4	11.3

- CPD analysis found that, changes in the proposed duty structure is commensurate only with the targeted growth envisaged for Customs Duty collection. The estimated growth based on the changes in the duty structure diverges significantly from the budgetary plans for SD and VAT

Fiscal Measures

Tax Administration

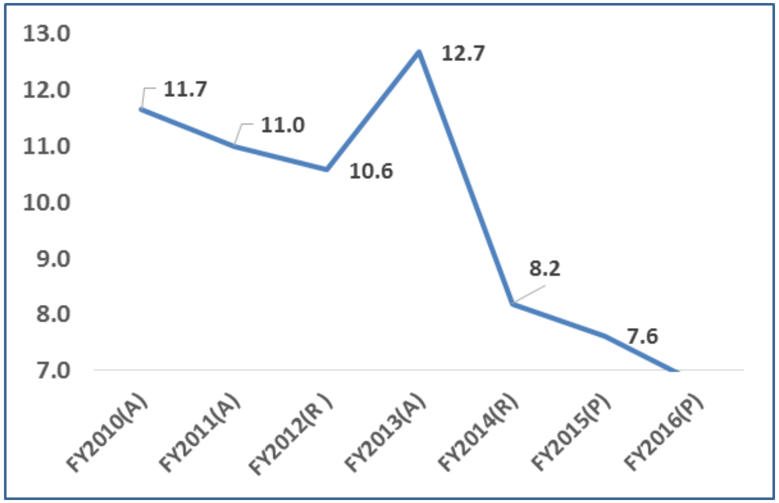
- Significant improvement of tax administration's capacity will be required to attain revenue mobilisation targets – however, it did not get any notable mention!
- Expansion of tax administration upto Upazilla level was planned earlier – no actual progress has been mentioned
- Transfer pricing cell needs to be strengthened
  - Will require adequate budgetary allocation for the needed soft infrastructure and human resources
  - It can also help combat trade mispricing (i.e. misinvoicing and misdeclaration)
  - Collaboration among relevant agencies (i.e. central bank, commercial banks)
- VAT and SD Act implementation plan needs to be finalized
  - Disputed issues need to be resolved (single rate vs multiple rates, reduced rate etc.)
- No mention about rationalization of incentive structure!
- More effective utilization of ADR window is needed

V. SECTORAL MEASURES

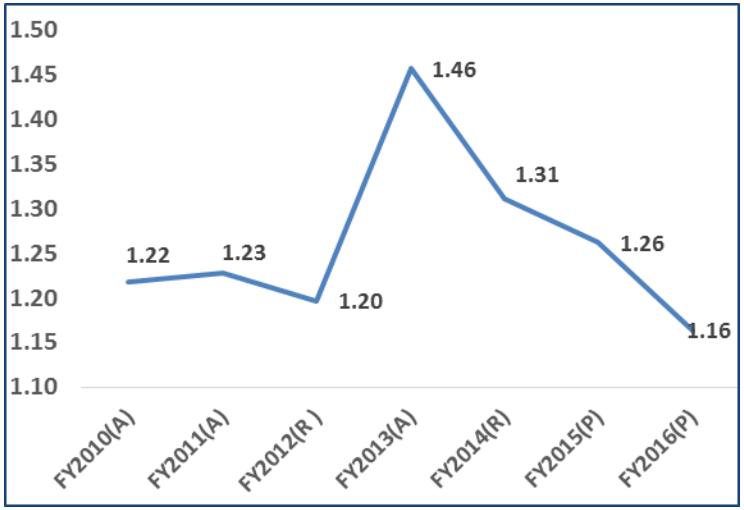
a. AGRICULTURE

- Total allocation for agricultural & allied sectors (AAS) is decreasing

Share of AAS in Total Budget



Share of AAS in Total GDP



- Average share of AAS in total budget was 10.3% during FY10-FY15, but reduced to 6.8% in FY16
- Average share of AAS in total GDP was 1.28% during FY10-FY15, but reduced to 1.16% in FY16
- Allocation for the Ministry of Agriculture in FY16 budget increased by only 2% (less than inflation rate; decline in real terms).

Agriculture

- Agricultural subsidy remains constant at Tk. 9,000 crore
    - About 70.9% of total Agriculture ministry's allocation is for subsidy
    - ➢ It was 3.6 % of total budget in FY15 but declined to 3.0% in FY16
    - ➢ It still constitutes 45% of total budget allocation for agriculture in FY16
- To ensure fair prices for agricultural commodities, CPD proposes setting up of a **Permanent Agricultural Price Commission** on an urgent basis to ensure incentive price for the producers while maintaining market stability
- No initiative on ensuring fair price of rice, effective public procurement of rice and crop insurance.

Agriculture

Government Initiatives

- Although good progress has been made in the field of poultry, progress in livestock is lackluster
  - a credit programme for development of livestock is expected to be initiated by Bangladesh Bank under which loan will be provided at 5 percent interest rate for purchasing and raising livestock
- Introduction of Authoritative Land Records will help to reduce land litigation. Use of PPP to implement the project is also a good move.

b. INDUSTRY

Industry

- Various fiscal and budgetary measures of the national budget FY16 would reduce production costs, increase operative profit and thereby facilitate businesses
  - Changes in CD/SD/VAT, reduction of corporate tax rates and income taxes and budgetary allocation
- Infrastructure deficit is likely to remain a major concerning factor underpinning lack of adequate private investment
  - Only a few projects is expected to be completed in FY16 which will leave the demand mostly unmet
- Fast track projects may not be implemented as 'fast' as hoped for.
  - Significant progress has been made only in one project: Padma bridge

Fast Track Projects: How 'Fast' They are?

Project Name	Finance modality	Deadline	Total cost (crore Tk.)	Allocation for FY16 Tk. Cr.)	To be completed by FY16
Padma Multipurpose Bridge (Revised)	BDG	2018	28790	7400	32.0
Dhaka MRT	JICA and BDG	2019 (early commissioning)	21985	385.6	1.80
Deep Sea Port at Sonadia	G-G	2055 (first phase 2015)	55000 (223 crore)	NA	NA
Paira Sea Port	G-G	2023	N/A	Two unapproved-unallocated projects in FY16	
Matarbari Power Project	JICA and BDG	2018 and 2021	35984	234	0.10
Rampal Power Project	JV	2019	14510	-	
LNG Terminal	BOOT	2016	N/A	-	
Rooppur Nuclear P. Plant	Russia and BDG	2017	5242	NA	

Allocation for the Industrial Sector

- Allocation for the industrial sector has declined by 9.1% (BFY16 overRBFY15)
  - Reduction on allocation both in non-development (44.7%) and development budgets (-9.1%)
- Out of 13 ADP projects likely to be completed by FY16, only 7 projects will be completed by the end of the year; most of these are in BSCIC industrial estates
  - Progress is not up to the mark in case of Comilla Industrial Estate-2 (1.7%, FY15), SCIC industrial park, Shirajgonj (22.5%, FY15).
- SEZs: Five out of 30 approved projects are in early stage; 1:procurement stage, 3: feasibility stage; and 1: CCEA approved
  - 6 to be established by the private sector; selected SEZs for investors of key FDI sourcing countries (China, India and Japan)
  - Incentives for industries in the SEZs should not create adverse incentive for industries in the DTAs
- Proposed increase in SDs on various intermediate products (from 15% to 20%) used in local industries is likely to raise effective rate of protection for domestic industries (steel, tubes, pipes)

- A number of fiscal measures was likely to have positive/mixed impact on respective sectors (TTI:-30.1 to025.6)
  - Exemption of CD in excess of 5% and of VAT on essential imports of handloom weavers is likely to reduce input cost
  - Reduction of tax rate of 3% on income from poultry feed, dairy will have positive impact
- Reduction of SD for a number of finished products may undermine competitive advantage of local products
  - Chocolate, pasta, sweet biscuits, waffles, bread
- Introduction of three slabs for income tax (3%, 10% and 15%) for firms operating in three phases in the poultry sector supply chain (i.e. poultry feed, dairy) will rationalize income tax levels.
- Proposed upward revision of tax (by 20%) on annual turnover of small retailers, wholesalers and shopkeepers may raise tax payments by small businesses

Changes in TTI for Selected Products

Sector	HS Code	TTI Change
Plastic	39202010	-21.6
	39206910	-21.6
	39269099	-29.9
	39232100	-30.1
	39239090	-30.1
	39241000	-30.1
RMG	73083000	-5.6
	94054049	5.0
	84242030	-1.0
	94054090	-30.1
Pharma	29339900	-1.0
	29343000	-1.0
	29350000	-1.0
	30049099	-1.0

Sector	HS Code	TTI Change
Processed Food	3061600	1.9
	21069090	25.6
	9023000	1.9
	17024000	-6.0
	18063100	-21.8
	18069000	-21.8
	20079100	-21.8
	19021100	-29.9
	19022000	-29.9
	19024000	-29.9
	19042000	-29.9
	19049000	-29.9
	19053100	-30.1
	19053200	-30.1
	19054000	-30.1

Export Promotion

- Given the sluggish growth in export of major export products during FY15, rise in source tax (as final settlement) in FY16 is likely to reduce operational profit of exporters.
  - RMG, Terri towel, cartoon, accessories, jute/jute goods, frozen fish and others: from 0.3/0.6 to 1%
- **RMG:** Reduction of 5% CD and VAT on electrical and electronic accessories will reduce import cost of fire and electrical safety instruments required for retrofitting of RMG factories
  - Fire resistant door; sprinkler system and equipment, video conference devices, LED panel, LED tube light, emergency lights
- Exemption of duties on flax fibre (from 5% to 0%) will likely reduce import cost of fabric which would be helpful for apparel manufacturers
  - Reduction of SD on import of woven, tulles, crocheted knitted fabrics as well as various consumable items will likely reduce revenue earnings
- Timely implementation of RMG industry park at Munshigonj needs to be ensured

Industry

- ❑ **Leather:** Slow progress of tannery industrial estate project; raises doubt as regards full implementation by the second revised deadline (2016)
  - ➢ 16.2% completed till March, FY15, maximum possible completion by FY16 will be 59.1%
- ❑ Proposed rise of SD on selected inputs of leather and footwear products is likely to increase production cost
  - ➢ Prepared water pigments, polishes, creams and similar preparations for footwear or leather : from 15%-20%)
- ❑ **Plastic:** SD rates lowered for various raw materials and intermediate products (plastic made self adhesive plate, film, foil, polymides etc.): positive for local firms as operation costs are likely to be reduced
- ✓ Reduction of SD on finished plastic products (box, case, crate, sacks, flusk, bottle, table ware, kitchen ware, door, window, frame, statuettes): could undermine reduce the comparative advantage of local products vis-a-vis imported ones
- ✓ A number of plastic items (tissue holder, ice tray, ice scoop, and hanger) removed from VAT exemption lists: imposing VAT on those items will have insignificant impact on sales of those products
- ✓ Withdrawal of existing 15% tax on industries manufacturing plastic crystals by recycling plastic waste: Likely to positively contribute to firms' income

Industry

- **Ceramic:** Imposition of 20% supplementary duty on bathtub, jacuzzi, shower and shower tray made of ceramics will positively contribute to revenue generation as well as provide protection to domestic ceramic industry
- **Furniture:** Increase of CD from 10% to 25% on particle board used by furniture exporters will provide protection to domestic particle board industry
- **Pharmaceuticals:** Progress as regards establishment of an Active Pharmaceutical Ingredients (API) in Munshigonj is not satisfactory (completion year: June, 2015)
  - 37.8% by FY15 and maximum possible completion in FY16 will be 74.2%
- Reduction of customs duty on various inputs for pharmaceutical industry is likely to reduce input cost and will contribute to competitiveness of local pharmaceutical products competitive
  - ✓ Propofol, Eribulin Mesylate INN, Sucralose USNF, Phenytoin Sodium etc
  - ✓ Extension of VAT exemption threshold on the export of sample medicines from Tk. 30000 to Tk. 1 lakh will reduce shipment cost of exporters
- **Jute:** Increase of source tax rate from 0.6% to 1% on jute and jute goods will further aggravate the situation facing jute goods manufacturers and exporters
- Exemption of trade VAT on local sales of jute products and on license issuance and renewal fee of jute and jute products: likely to raise sales of jute products
- The road map for BMRE of BJMC mills with the support of China needs to be made public.
- There is no mention about enforcement of Mandatory Packaging Act which is essential for survival of the local jute industry
  - Necessary allocation is required in the revenue budget for operating mobile courts

Industry

- **ICT**
- Total budget for FY16 (Tk.1073 cr.) has increased by 33.5% mainly thanks to rise in ADP expenditure
- No reflection as regards allocation for establishment of Kaliakoir High-tech-Park in Gazipur in FM's budget speech
  - No allocation has been made in ADP 16; only 1.9% of total works completed till FY15
- Establishment of Mohakhali IT village in Dhaka under PPP: only in the procurement stage
- Allocation of Tk.3000 crore for lunching Bangladesh Satellite-1 into space by 2016: No allocation is traced under the ICT Division
- Allocation of Tk. 1550 crore for expansion of science–based education: positive step to achieve long term targets in ITC sector.
- Rise of CD on computer accessories (from 2 to 5%) will increase price at retail level
  - Other computer software (8523.29.13) ; Other computer software (8523.49.29)
- Downward revision of SIM tax for issuance of cards (from 300 to Tk.100) would reduce the burden on mobile companies; however, this will be partly outweighed by imposition of 5% SD on services provided through SIM card of mobile phone

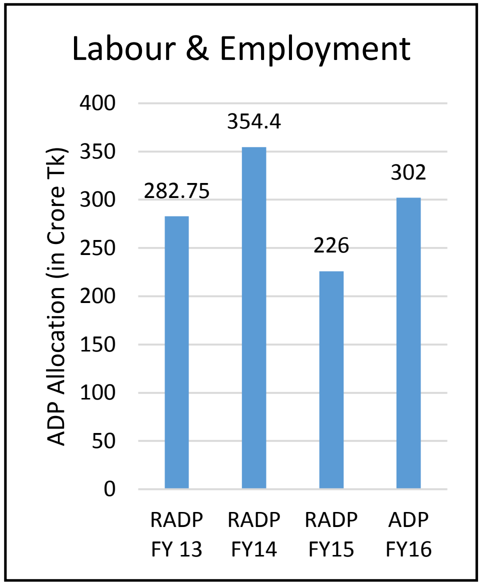
Tourism

- Budegt FY2016 was announced on the eve of ‘Tourism Year 2016’
  - A 153% rise in total budget allocation for theMinistry of Civil Aviation and Tourism from Tk. 146 crore in RB FY15 to Tk. 372 crore in Budget FY16
  - However, a large part of fund is allocated for development of Cox’s Bazar airport (Tk.200 cr.)
- Six unapproved unallocated projects for tourism development need ADP allocation.
  - Development of tourism facilities at Parki and Potenga, establishment of training centre in Khulna, upgradation of NHTTI
- PPP initiative for developing exclusive tourist zones is still in project development stage: four projects approved in principle.
- The Sundarban Tourism Policy has been approved: quick implementation is needed.
- Needed effective infrastructure related facilities in tourist areas.
- In view of growing demand and to help develop the needed infrastructure, a separate ministry for tourism sector is needed.

Industry

- **Labour:** Higher allocation for MoL (33.6%) is mainly due to rise in ADP allocation (38%)
- Different labour related projects are found at different stages of progress.
  - 3 projects are likely to be completed in FY16 (renovation and modernization of 22 labour welfare centres and 3 labour relations institutes; establishment of 30 TTI centres)
- Slow progress in establishment of 5 Zonal and 4 Regional Offices and Modernization and Stregthening of Institute Inspection Directorate
  - Projects on changing gender norms and garment employees
  - Institutional support for the migrant workers' remittance

Ministry of Labour



Projects supposed to be completed by June, FY16

Project cost	Number of projects	Number of projects to be completed by June, FY2016	Maximum possible completion by June FY16
Less than 10 crore	2	2	67%
50-100 crore	4	1	44.1%
Total projects under the MoL	13	3	

Industry

- **Labour:** Positive impact on worker's skill development activities
  - Tk. 100 crore allocation for the National Human Resource Development Fund (NHRDF) for FY16; initiative to form a separate authority for skill development
  - "Skills for Employment Investment Programme" to enhance skills of 15 lakh people in three phases
  - Adoption of the plan to establish 30 Centres of Excellence (CoE) in 15 industries to impart quality training.
- Skill Development Projects which are supposed to be completed by FY17 is going relatively slow.
  - Poor progress in establishment of hostel for female garment workers at Ashulia, Savar & Dhaka (completion period: June 2017)
  - 1.2% by FY16, maximum possible completion in FY16 is 9.30%.

c. POWER & ENERGY

Power and Energy

- Total allocation for the power sector in FY2016 is Tk.18540 crore – substantially for power sector development projects; 98.5% higher than RADP FY15
    - Only 11% of total budget allocated for energy sub-sector
- Out of 24 projects the following projects are likely to be completed in FY16

    1.Construction of Khulna coal based power plant connecting road;

    2. Land Acquisition, Land Development and Protection for Paira;

    3. 1320 MW Thermal Power Plant;

    4. Upgradation of Khulna 150 MW Peaking Power Plant to 225 MW combined Cycle Power Plant;

    5. 21 Town Power Distribution Project and Development of New 132/133 KV and 33/11 KV Sub-station under DESA project
- Upon completion of these projects an additional 1955 MW of electricity to be added in the national grid

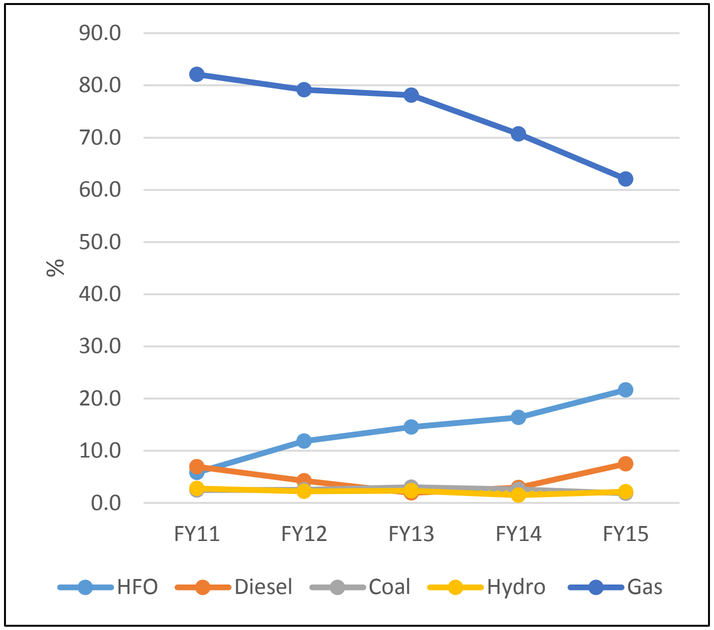
Projects supposed to be completed by June, FY16

	Total	0-25%	25-50%	50-75%	75-100%
Percentage of Maximum possible completion	4.5-100	4.5-16.4	25.5 -49.9	54.6-71.2	77.9-100
Number of Projects	32	5	8	7	12

Power and Energy

- Under the existing composition of fuel-mix for generation of power, there is little possibility for coal to be the main source in the coming years.
  - Use of HFO and Diesel is increasing; gas is decreasing.
- Total allocation for the energy and mineral resource division in FY2016 is Tk.2037 crore: a rise of 100%
- Out of 36 projects listed as " projected to be completed by FY16
  - 16 projects likely to be completed
- 6 Projects cost over Tk100 crore; are supposed to be completed by June FY16.
  - 3 projects likely to be completed
- More allocation and quick implementation is needed for gas sector related projects

Composition of fuel Use(%)



d. ENVIRONMENT

Environment

- FY 15 budget proposed to introduce 1% 'Environment Protection Surcharge' or **"Green Tax"** on ad-valorem basis on all types of products manufactured in Bangladesh by industries which pollute the environment.

- FY 15 budget proposed imposition of "**Eco-tax"** on the polluters who pollute Buriganga, Shitalakshya, Balu and Turag river.

- Similarly in FY 15 tax holiday facility was announced for installing **Hybrid Hoffman Kiln (HHK)** technology for brickfields to reduce air pollution.

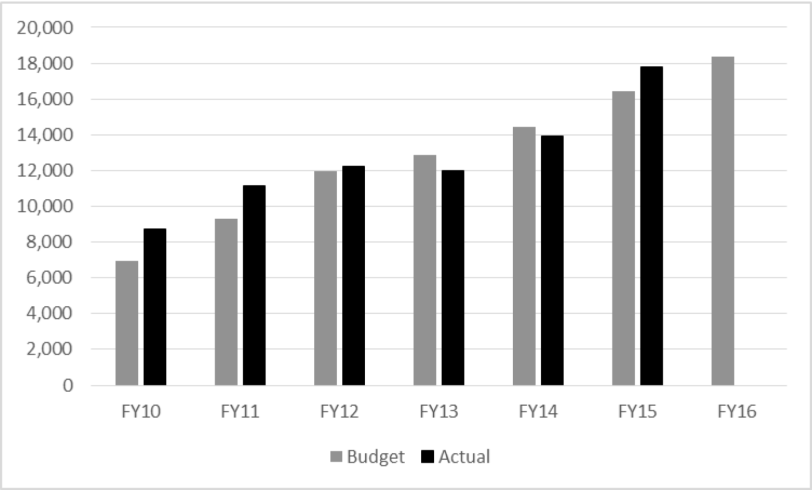
  - The FY 16 budget does not mention what has been the experience in implementing these welcome initiatives or what was the actual collection from the aforesaid taxes or how many brickfields have adopted the HHK technology. (However, on the website of Department of Environment (DoE) it is mentioned that 18 factories have been charged for noncompliance as regards of Effluent Treatment Plants (ETPs) to the tune of 3.23 Crore Tk. between December 2014 to April 2015.)

- In the FY 16 budget the following has been proposed;
  - **Withdrawal** of existing 15 percent VAT on the manufacturing of plastic crystals through recycling of plastic waste, in recognition of positive impact on environment.
  - **Exemption** of VAT on producing and supplying batteries up to the capacity of 60 ampere to the IDCOL registered solar panel manufacturers by battery manufacturing industries.
  - **To promote** the case of jute as an environment friendly product, withdrawal of four percent VAT previously levied on buying of raw jute and 15 percent VAT levied on license issuance and renewal fee of jute and jute products.
  - There should be an assessment of the implementation experience of these measures, and their impact on safeguarding environment in subsequent budgets.

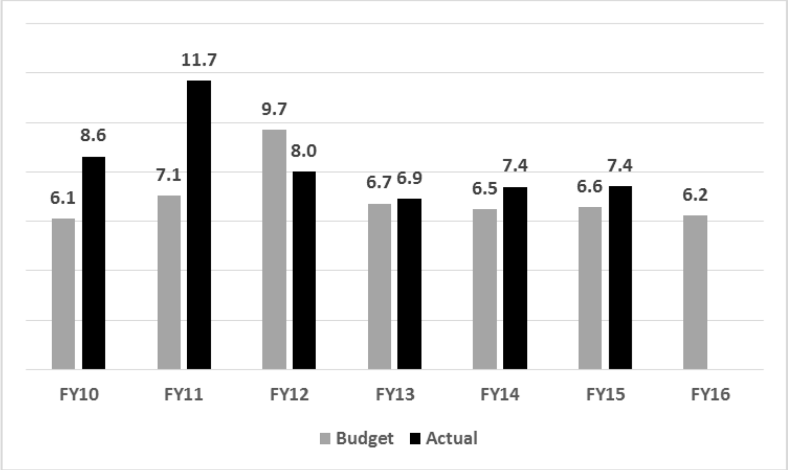
e. DEFENSE

Defense

Explicit Defense Budget (Tk. Crore)

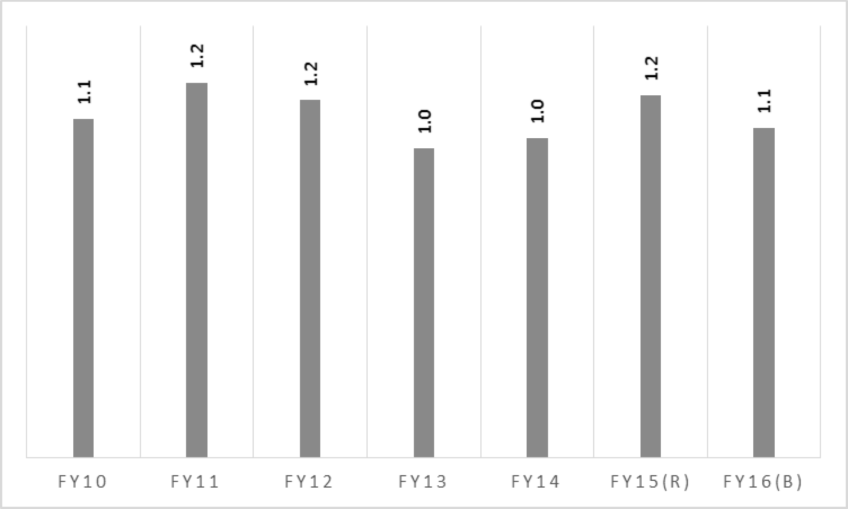


Explicit Defense Budget as % of Total Budget



- Explicit allocation for Defense services is 6.2% of total expenditure (7.4% in RBFY15)
- One may expect this allocation to increase at the end of the year as per past trend

Explicit Defense Budget as % of GDP



VI. SOCIAL SECTOR

a. EDUCATION

Education

- Total allocation for the education sector in BFY2016 is Tk.17103 cr. which is 5.6% higher than that of RBFY2015.
- Allocation for the education sector is 13.7% of total budget in FY2016
  - Allocation is lower than the UNESCO suggested limit (20% of total budget)
- Education budget (allocation and expenditure) has been hovering around 2% of GDP over the years. UNESCO stipulates allocation of 6% of GDP
  - Rise in expenditure-GDP ratio indicates better utilisation of resources
- Per capita allocation and expenditure both in nominal and real term has increased
- Education sector seems to get lower budget with the announcement of education policy 2010!

Allocation and Expenditure for Education Sector

FY	Total Allocation as % of GDP	Total Expenditure as % of GDP	Expenditure as % of total allocation	Allocation as % of total budget	Nominal		Real	
					Allocation	Expenditure	Allocation	Expenditure
FY2003	1.72	1.40	82	13.81	449	367	520	424
FY2005	1.84	1.63	89	15.12	574	509	607	538
FY2007	2.02	1.83	90	17.23	789	714	741	670
FY2009	1.95	1.72	88	17.31	956	839	779	684
FY2010	1.80	1.99	110	14.39	985	1084	750	825
FY2011	2.01	2.04	101	16.15	1228	1246	866	879
FY2013	1.85	1.78	96	13.54	1441	1385	877	843
FY2014	1.94	1.98	102	13.61	1675	1709	965	985
FY2015	2.16	2.21	102*	14.73	2066	2113*	1126	1151*
FY2016	2.00			13.72	2104		1083	

Education

- Of selected large ADP projects currently being implemented, possible maximum completion by 2017 will be within the range of 34% - 97%.
  - A number of projects are behind targeted timeline

Completion status of selected projects

Ministry	Name of the project	**Tenure**	ADP Allocation for 2015-16	Maximum possible completion in FY-16 (%)
Directorate of primary education	EC assisted school feeding programme (1st revise)	1/7/2006-30/6/2016	1786	97.36
Directorate of primary education	School feeding programme in poverty ridden area (1st revise)	01/07/2010-31/12/2017	56000	69.76
Directorate of primary education	Reaching out of school children (RoSC) project (2nd phase)	01/01/2013-31/12/2017	17000	42.05
Directorate of primary education	Secondary education quality and access enhancement project (SEAQEP)	01/07/2008-31/12/2017	49000	71.87
Directorate of secondary and higher education	Secondary education investment programme (SECIP)	01/01/2014-31/12/2017	30185	34.20

b. HEALTH

Health

- Allocation for the health sector in BFY16 is Tk.12695 which is 10% higher than RBFY15
- Over the period since 2003, share of health both as percent of GDP and total budget has been decreased
  - From 0.90% of GDP in FY2010 to 0.74% in FY2016
  - From 6.13% of total budget in FY2010 to 4.31 in FY2016
- Historically, health sector is neglected both in terms of allocation and expenditure
  - Per capita expenditure of health budget in real terms is less than Tk.400

Allocation and Expenditure for Health Sector

FY	Total Allocation as % of GDP	Total Expenditure as % of GDP	Expenditure as % of total allocation	Allocation as percent of total budget	Nominal per capita		Real per capita	
					Allocation	Expenditure	Allocation	Expenditure
FY2003	0.87	0.67	77	6.75	227	176	263	204
FY2005	0.77	0.80	103	5.77	241	249	255	263
FY2007	0.87	0.73	83	6.86	340	284	320	267
FY2009	0.90	0.71	79	6.35	440	347	359	283
FY2010	0.88	0.78	89	6.13	478	423	364	322
FY2011	0.89	0.80	90	6.15	543	487	383	344
FY2013	0.78	0.71	92	4.87	607	556	370	338
FY2014	0.70	0.70	99	4.26	608	602	350	347
FY2015	0.74	0.76*	104*	4.45	703	729*	383	397*
FY2016	0.74			4.31	779		401	

c. GENDER

Gender

- Gender budget was introduced in FY2010 with 4 ministries/divisions which is 40 since FY2014
  - Allocation has increased over the last five years: from 24.7% in FY10 to 26.8% in FY16
  - Allocation as % of total GDP has slightly improved: from 3.95% in FY2010 to 4.61% in FY2016
- Allocation related to gender budget has increased for 26 ministries and decreased for 14 ministries during FY2016
  - Ministry wise highest share of allocation for women is in Ministry of Women and Children Affairs (82%) and lowest for Ministry of Science and Technology

Ministries	Allocation Proposed FY 2015	% of Total	Allocation for Proposed FY 2016	% of Total women budget	% of Total ministry
Ministry of Women and Children Affairs	1,254	2.14	1,379	1.74	82.13
Ministry of Disaster Management and Relief	4,926	8.42	5,104	6.45	68.59
Ministry of Chittagong Hill Tracts Affairs	545	0.93	530	0.67	68.04
Rural Development and Co-operatives Division	1,028	1.76	801	1.01	59.29
Ministry of Labour and Employment	28	0.05	175	0.22	57.95
Ministry of Agriculture	6,438	11.00	6,521	8.25	51.33
Ministry of Religious Affairs	87	0.15	198	0.25	46.26
Ministry of Water Resources	1,733	2.96	1,787	2.26	45.99
Ministry of Primary and Mass Education	6,875	11.75	6,394	8.08	44.08
Ministry of Food	4,828	8.25	4,877	6.17	43.47

d. CHILD

Child

- ❑ The much awaited child budget has been introduced in FY2016!
  - ➢ Appreciate government's initiative
- ❑ Child budget shows allocation of 5 ministries; however, no new allocation is made

Ministry of Health and Family Welfare's					
Type of Expenditure	2015-16	2014-15	2013-14	2012-13	2011-12
Total allocation as % of total budget	4.13	4.74	5	4.87	5.13
Total expenditure as % of GDP	0.71	0.75	0.7	0.71	0.73
Ministry of Education and Ministry of Primary and Mass Education					
Total allocation as % of total budget	10.72	11.91	13.33	11.81	12.51
Total expenditure as % of GDP	1.84	1.89	1.87	1.73	1.78
Ministry of Social Welfare and Ministry of Women and Children Affairs					
Total allocation as % of total budget	1.67	1.8	1.84	1.87	2.01
Total expenditure as % of GDP	0.28	0.27	0.26	0.28	0.27

e. SOCIAL SAFETY NET PROGRAMMES

SOCIAL SAFETY NET PROGRAMMES

- There is no comprehensive list of safety net programmes for FY16 as yet.
- Allowances for major programmes under social safety net programmes (SSNP) have remain either unchanged or only changed insignificantly since FY10. As a result the real value of allowance has reduced over the years
- Thus the real value of 300 Tk given as old age allowance would be 183 Tk if price level of April 2015 is compared with price level of July 2010 (CPI in July 2010 and April 2015 was 147.1 and 211.5 respectively)
- Honorarium for freedom fighters (above 65 years of age) has been increased from Tk. 5,000 in FY2015 to Tk. 10,000 in FY 2016.
  - This is a positive move as many freedom fighters live in abject poverty without having a reliable source of income.

SOCIAL SAFETY NET PROGRAMMES

- Proposal to establish a "Pension Fund Management Authority" to manage government employees' pension.
- A draft National Social Security Strategy has been formulated.
  - Government had planned to increase the share of SSP spending to 3 percent of GDP by the end of the Sixth Plan (FY14-15)
  - The share of SSP spending was only 2% of GDP in FY15.
- Government to implement a project titled "Strengthening Public Financial Management for Social Protection" shortly to increase the effectiveness and accountability of the social safety net programmes.

SOCIAL SAFETY NET PROGRAMMES

Proposed changes in the major SSNPs

- Enhancing the number of beneficiaries for
  - old age allowance to 30 lakh in FY16 from 27.23 lakh in FY15;
  - widow, abandoned and destitute women allowance to 11.13 lakh in FY16 from 10.12 lakh in FY15;
  - insolvent disabled persons allowance to 6 lakh in FY16 from 4 lakh in FY15.
  - disabled students receiving stipends to 60 thousand in FY16 from 50 thousand in FY15. Side by side, the rate of stipend will also be increased.
  - maternity allowance for poor mothers and those of working lactating mother assistance fund to 2.6 lakh in FY16 from 2.2 lakh in FY15 (20 percent increase).

The above five programmes to increase the number of beneficiaries from 44 lakh to 50 lakh in FY16.

Poverty Database

- Bangladesh Bureau of Statistics (BBS) in cooperation with the World Bank is developing a digital poverty database for the poorer sections of the population and social safety net coverage. This is to be implemented within four years (2013 to 2017) involving a total cost of 328.8 crore Tk.
  - Planning Commission approved the project in October 2013.
  - The project got an allocation of 130.2 crore Tk in FY2016 ADP. The allocation was 25.7 crore Tk in revised ADP of FY2015.
  - Only 3.3 crore Tk was spent in July-March of FY2015 while the cumulative financial progress up to March FY2015 was only one per cent as the main work on data collection has not started yet.
- A field test commenced on 8 November, 2014 in Narsinghdi. Following the field test one pilot survey was conducted in Rangapur and another one in Nilfamari.
- The main project is expected to start from end of December 2015 or January 2016. The title of the project has been changed to “National Household Database” as the survey include over 35 million household.

VII. LOCAL GOVERNMENT & DISTRICT BUDGET

Local Government Financing

- Allocation for LGD and Ministry of Chittagong Hill Tracts Affairs in FY16 has increased (growth in FY16 over RB15 is 10.98% and 13.89% respectively)
- Allocation for **rural development and cooperatives** in FY16 has decreased (growth in FY16 over RB15 is -15.78%)

- **Ministry of Chittagong Hill Tracts Affairs is lagging in terms of budgetary expenditure**

Table: Probability estimation of FY15 budgetary expenditure

Ministry/Division	Probability of FY15 budgetary expenditure (%)	FY14 budgetary expenditure (%)	FY13 budgetary expenditure (%)
Local government division	Green	95.7	99.0
Rural development and co-operatives division	Green	137.7	112.9
Ministry of Chittagong Hill Tracts Affairs	Orange	75.9	86.1

*Coding: Probability of budgetary expenditure (91-100)% = Green; 81-90%= Orange

- ADP allocation for LGD is about Tk. 16650 Crore. **The share has decreased** from 19.8% in RB15 to 17.2% in FY16

Independent Review of Bangladesh's Development

Local Government Financing

- An analysis of the status of budgetary expenditure of important 27 Projects by 2016 according to the project tenure in ADP under 'LGD' and 'LGED' in *Rural development and rural institutions* sector reveals that:

- Budgetary expenditure for Agricultural infrastructure development project shows only 2.7% completion upto March 2015 and a maximum of 23.1% will be spent by FY16
- 8 of the 27 projects were listed in ADP FY16 for 100% possible completion
- Of those 8, 2 projects namely "Construction of 520.60m long RCC Pre-Stressed Girder Bridge on Dhaleshari river of Nagarpur-Mirzapur via Mokna road of Nagarpur Upazila under Tangail District" and Construction of Two Bridges on the river Brahmatutra under Islampur upazila of Jamalpur district (2nd revised) are lagging behind.

Level of possible budgetary expenditure for 27 projects by the end of FY16

Level of spending (%)	% of projects
0-20	0.00
21-40	22.22
41-60	18.52
61-80	11.11
81-100	48.15

- These two projects will possibly be able to spend only 32.5% and 95.2% of the allocated budget by the end of FY16 respectively

Whither District Budget?

- It appears that 'District Budget' has been abandoned after two years following its introduction- the first district budget, for Tangail, was included in FY14 budget and another six divisional districts namely Khulna, Chittagong, Rajshahi, Rangpur, and Sylhet including Tangail were included in FY15 budget

- The budget FY16 mentions about preparation of a **strategy paper** to address the issues of revenue distribution formula, procedure of decentralisation of power to the LGIs and areas of administrative reform. This needs to be prepared with due urgency

- In the budget speech FY16, proposal to allocate a lump sum amount for each district has been mentioned, but **no amount has been earmarked**

- Can it be done just through discussion between Finance and Local Government Ministry as the budget states?
  - A **Local government Finance commission** should be constituted for comprehensively dealing with attendant issues.

VIII. CONCLUDING REMARKS

Good Initiatives, But What About The Follow-Up?

One significant weakness as regards the way the FY 16 Budget has been designed is that it does not mention about progress, scaling up and plans concerning a number of good initiatives that were flagged in the FY 15 Budget. In absence of this, it is difficult to ascertain what has been the fate of these initiatives.

- An Audit Act for Budget Implementation was first mentioned in the FY 14 Budget. In the FY 15 Budget it was mentioned that the Act was underway. The FY 16 Budget does not mention what is the status of the Act.
- FY 15 Budget mentioned about installation of a state of the art debt database to enhance the capacity of public debt management. There is no mention as to what has been the progress and how the data base is being used.
- Following up on the first District Budget for Tangail in the FY 14 budget, the FY 15 Budget presented 7 District Budgets. It was mentioned that gradually all districts will be brought under the purview of the District Budget. FY16 Budget does not mention what is the plan and progress in this regard.
- A special allocation of Tk. 50 crore was proposed in FY 15 budget for construction of houses in divisional and district towns for neglected segments of the society. There is no mention about progress and follow-up in this regard.

Good Initiatives, But What About The Follow-Up?

- It was announced in the FY 15 Budget that there will be a “stimulus package” for leather (including some others). However, the FY16 Budget does not mention any comprehensive stimulus package for this promising sector.
- FY 15 Budget stated that “Genuine” fishermen across the country were to be given an identity card and be registered in a database. FY 16 Budget does not mention whether such a database has been created.
- Proposal was made for digitized land surveys which would make zoning information and land ownership easy to digitally archive. Digital surveys and updated record keeping was said to be underway in parts of Dhaka. It is not known whether this work has been completed and whether, and how, this work is being scaled up.

<u>A suggestion</u>: Future budgets may contain a matrix articulating key initiatives in the preceding budget, progress made in this context and a plan and timeline for key milestones to be achieved during the burget period.

Good Initiatives, But What About The Follow-Up?

In its third reading of "State of the Bangladesh Economy in FY 15", CPD has suggested a number of reforms and had proposed setting up a number of independent commissions.

Reform initiatives that need to be prioritized

- Reform agenda has stalled
  - Public Services Act
  - PPP Act
  - Privatisation
  - Financial Reporting Act
  - Implementation of VAT and SD Act 2012
- Five independent commissions
  - An independent statistical commission to validate the macroeconomic correlates
  - A permanent agriculture price commission
  - A permanent local government financing commission
  - An independent public expenditure review commission
  - An independent financial sector reform commission

FY 16 Budget only mentions about placement of PPP Act in Jatiyo Sangshad, implementation of VAT and SD ACT 2012 from July 2016, merger of Privatisation Commission with BOI and setting up of Financial Sector Reform Commission.

Thank You