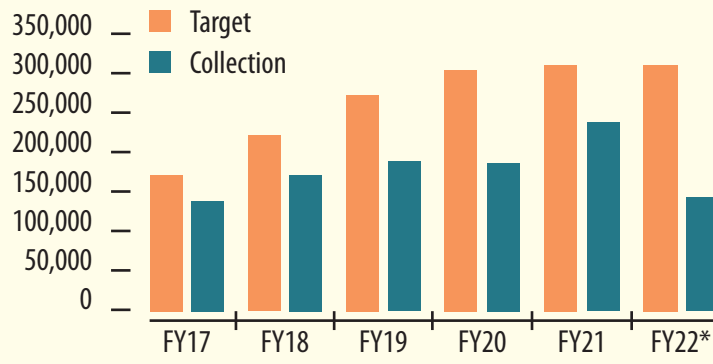


TAX TARGET AND ACTUAL COLLECTION

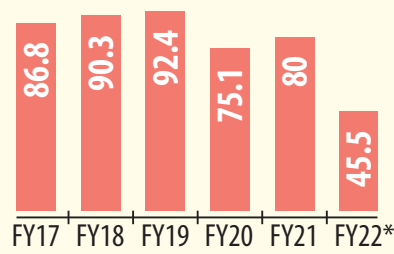
In crore taka; *Jul-Mar
SOURCE: FINANCE MINISTRY AND NBR



“Budget credibility remains a challenge. The gap between the original and executed budgets has grown substantially in recent years,” said the World Bank recently

ADP IMPLEMENTATION AGAINST ALLOCATION

Rate in %; * Jul-Mar
SOURCE: PLANNING MINISTRY



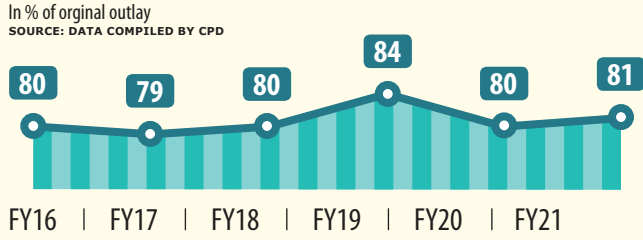
POINTS TO PONDER

- Since 2008-09, govt has not been able to implement the budget fully
- Implementation rate was 97pc in FY11
- Execution hovered around 80pc in recent years
- Sluggish implementation forced govt to cut allocation to Tk 593,500cr in FY22
- NBR achieved 80pc tax collection target in FY21
- ADP implementation falling below the goal for the past decade

BUDGET IMPLEMENTATION: CHALLENGES

- Lower revenue collection
- Weak implementation capacity of state agencies
- Lower spending
- Higher targets than execution capability
- Fierce opposition to tax reforms
- Longer implementation period

BUDGET IMPLEMENTATION RATE



REMEDIES

- Accurate revenue and expenditure forecasts
- Fiscal targets should be set in a realistic manner
- Cycle of low revenue and low implementation needs to be broken
- Higher tax collection necessary to raise budget size
- Tax reforms

Budget can't get rid of implementation challenges

Experts blame lower revenue collection, poor execution capacity

SOHEL PARVEZ

Anyone who follows the national budget of Bangladesh is familiar with some expressions such as 'ambitious budget' and 'implementation will be challenging'.

These views usually come from analysts and businesses after the finance minister places his annual income and expenditure plans at the parliament for a new fiscal year.

The underlying reason for such assertions is clear: the consistent failure of the government to achieve its revenue target and spend as much as it wants under its development programmes.

As a result, since the fiscal year of 2008-09, the government has not been able to implement the budget fully.

The execution rate, which was as high as 97 per cent in 2010-11, has hovered around 80 per cent in recent years, leading local think-tanks and international development partners to raise questions about the credibility of the budget targets.

"Over the last decade, the

budgetary target setting in Bangladesh has emerged primarily as a numbers game, with each year's targets surpassing the previous year's - notwithstanding the extent of actual attainment," said the Centre for Policy Dialogue (CPD) in its recommendations for the budget for the upcoming fiscal year, starting on July 1.

According to the think-tank, the targets for public expenditure have remained consistently unmet and hovered around 80-85 per cent as a share of the allocation.

The weak implementation has already forced the government to revise the allocation downwards to Tk 593,500 crore, a decrease of 1.69 per cent from the original plan of Tk 603,681 crore.

For the next fiscal year, the government plans to unveil a Tk 677,874 crore budget, which is 12 per cent bigger than the current budget.

Last month, the World Bank, in its Bangladesh Development Update, also raised the question of credibility.

"Budget credibility remains a

challenge. The gap between the original and executed budgets has grown substantially in recent years," it said, citing the fiscal year of 2019-20, for example.

In FY20, only 70.3 per cent of revenue and 80.3 per cent of expenditure in the original

managed to collect 53 per cent of the goal in the first six months of the current fiscal year, according to the finance ministry data.

In the case of the Annual Development Programme (ADP), the actual implementation has fallen

Amid the sluggish pace of development work, the government has cut the ADP budget by 9 per cent to Tk 217,175 crore for the current fiscal year.

"Accurate revenue and expenditure forecasts are a key input to the preparation of a credible budget. In Bangladesh, overly optimistic expenditure allocations are presented with aspirational revenue targets," said the World Bank.

Zahid Hussain, a former lead economist of the global lender's Dhaka office, said budgetary targets can be over-achieved.

"In the case of Bangladesh, it is always under-achieved. The problem lies in the target setting both in terms of revenue and expenditure. These two continue to be under-achieved."

In Bangladesh, the development spending usually goes up towards the end of a fiscal year. Cheques are issued hurriedly to release funds.

"As a result, the quality of development expenditure suffers. This encourages mismanagement," Hussain said.

Setting bigger budgets



budget was executed. The National Board of Revenue (NBR) achieved 80 per cent of its tax collection target of Tk 330,000 crore in the last fiscal year, marginally higher than the original target of Tk 325,600 crore the previous year.

The tax generation target for the NBR has remained unchanged at Tk 330,000 crore for 2021-22. Taxmen

below the goal in the past decade: the implementation rate averaged 85 per cent between FY11 and FY21.

State-run agencies were able to lift ADP implementation by 5 percentage points at 80 per cent in FY21 and executed 45.5 per cent of the original allocation of Tk 237,693 crore in the July-March period of FY22, planning ministry data showed.

Import containers pile up at Ctg port

Poor delivery during Eid causes congestion

DWAIPAYAN BARUA, Ctg

Import load containers have piled up at the Chattogram port as importers did not secure their consignments due to the Eid holidays when factories were closed and vehicular movement was thin.

Therefore, both the port authorities and users fear that congestion might create inside the port yards if the daily delivery of goods does not return to the pre-festival level within a few days since a good number of vessels with inbound containers are already waiting at the sea.

Shipping agents say if the situation does not improve soon, it may slow down the unloading of containers from the vessels.

In a bid to avert any acute container congestion, the Chattogram Port Authority (CPA) yesterday wrote to importers and trade bodies, urging them to expedite obtaining goods.

The letters were sent to the leaders of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), the Bangladesh Knitwear Manufacturers and Exporters Association, the Chittagong Customs Clearing and Forwarding Agents Association, and the Chittagong Chamber of Commerce and Industries.

The CPA said if the delivery did not pick up immediately, there would be congestion inside the port yards, which will hamper the operational activities of the country's premier seaport, which handles more than 90 per cent of Bangladesh's seaborne trade.

The release of import containers began slowing a few days before Eid day, which was celebrated on Tuesday.

A total of 5,156 TEUs (twenty-foot equivalent units) of import containers were handed over to importers on April 28.

On April 29, the delivery of goods dropped to 3,305 TEUs. It was 2,972 TEUs on April 30, 1,068 TEUs on May 1 and 227 TEUs on May 2.

Not a single container was released from the port on Eid day.

The port delivered 705 TEUs of containers on May 4, some 1,092 TEUs on May 5, and 1,512 TEUs

READ MORE ON B3

STOCKS	
DSEX ▲	CASPI ▲
0.39% 6,669.41	0.53% 19,594.82

COMMODITIES		AS OF FRIDAY
Gold ▲	Oil ▲	
\$1,883.86 (per ounce)	\$110.56 (per barrel)	

ASIAN MARKETS				FRIDAY CLOSINGS
MUMBAI	TOKYO	SINGAPORE	SHANGHAI	
▼ 1.56% 54,835.58	▲ 0.69% 27,003.56	▼ 1.55% 3,291.89	▼ 2.16% 3,001.56	

Drawing large investors to stocks still a tall order

BSEC should address perennial issues for that

AHSAN HABIB

When a sector offers opportunities to make a good profit and there is a conducive climate to invest, investors - large and small and local and foreign - don't need to be told to channel investments there. Money flows in automatically. It is common when it comes to investment in the free market economy.



But this is not the case in the stock market of Bangladesh where manipulation is rampant, good stocks are scarce, regulatory oversight is weak, and unscrupulous traders often get off scot-free - enough to frighten big investors sitting on a huge amount of funds away.

Therefore, retail investors dominate the market, controlling 80 per cent of the market capitalisation. This has deepened the volatility of the market since many individuals lack adequate knowledge about the market, behave like day traders, and are reactive to local and global developments and panic-driven.

Institutional investors account for 20 per cent of the

READ MORE ON B3



As the government has banned fishing in the sea for 65 days starting from May 20, fishermen are getting ready for their last sea voyage in the hope of a good catch before the restriction kicks in. The photo was taken from the Fishery Ghat area in the port city yesterday.

PHOTO: RAJIB RAHMAN

REFINANCE SCHEME

Time extended for cinema owners

STAR BUSINESS REPORT

The country's cinema owners will now get time until December 31 this year to apply for loans from the Tk 1,000 crore refinance scheme formed by Bangladesh Bank.

Yesterday through a notice, the banking regulator extended the deadline, which was supposed to end on March 31.

The refinance scheme was formed to help the owners set up new halls or renovate the existing ones.

In February last year, the Bangladesh Bank had asked hall owners to apply for soft loans within March, but many of them did not get the message in time.

Against the backdrop, the BB extended the

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