

# Star BUSINESS



Prime Bank

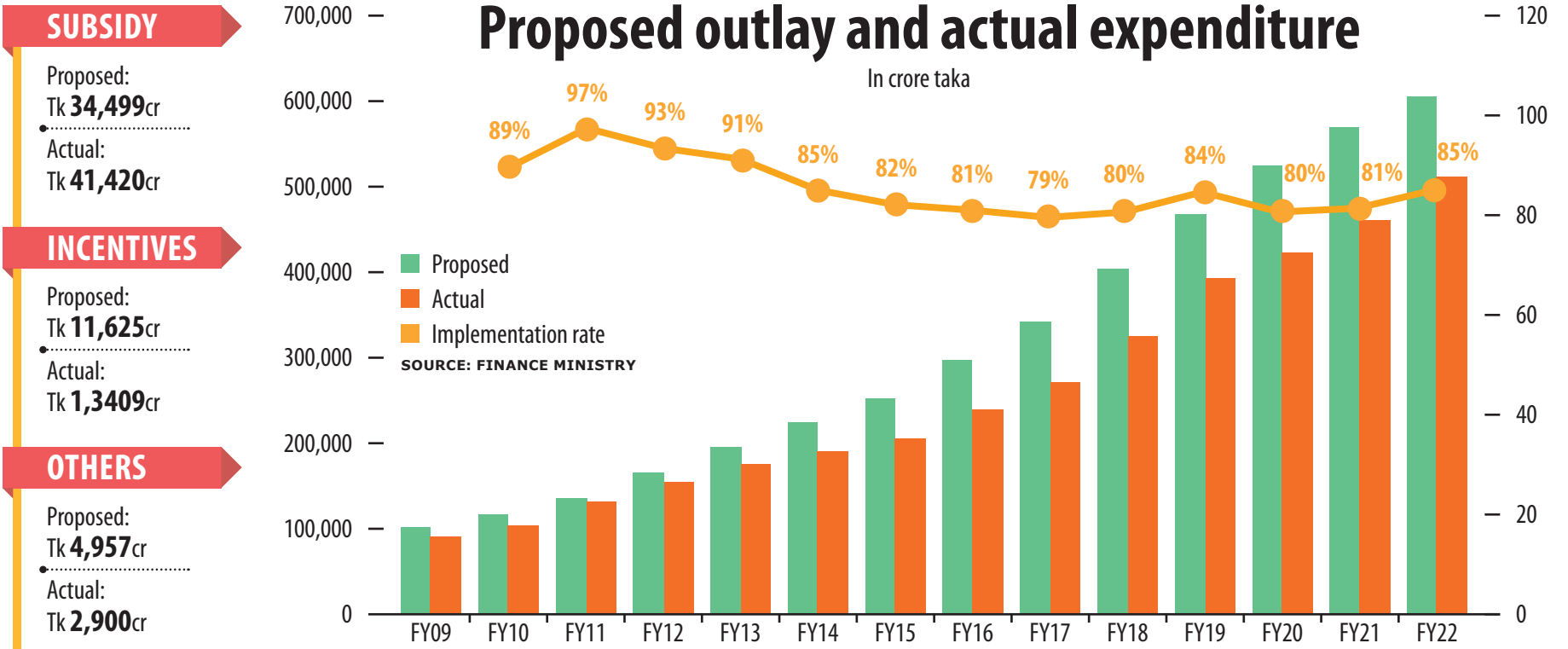
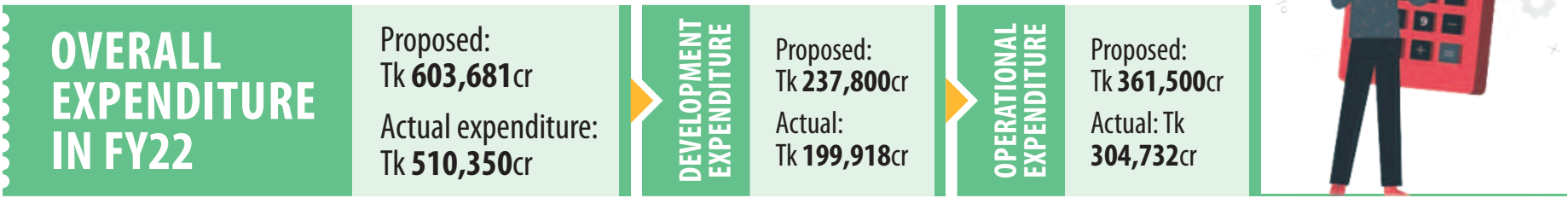


INDULGE INTO SERENITY

DuSai Resort & Spa offers up to 40% discount



SCAN FOR DETAILS



### Proposed outlay and actual expenditure

In crore taka



Fiscal Year	Proposed (Cr)	Actual (Cr)	Implementation Rate (%)
FY09	100,000	90,000	89%
FY10	120,000	110,000	91%
FY11	140,000	130,000	93%
FY12	160,000	150,000	91%
FY13	180,000	170,000	85%
FY14	200,000	190,000	82%
FY15	220,000	210,000	81%
FY16	240,000	230,000	79%
FY17	260,000	250,000	80%
FY18	280,000	270,000	84%
FY19	300,000	290,000	80%
FY20	320,000	310,000	81%
FY21	340,000	330,000	85%
FY22	361,500	304,732	85%

SOURCE: FINANCE MINISTRY

## Budget implementation stays low despite surging allocation

**REJAUL KARIM BYRON and JAMIL MAHMUD**

The government managed to implement 85 per cent of the budget in the last fiscal year despite spending a huge amount as subsidies and incentives, raising questions about the trend of unveiling bigger budgets year after year.

The shortfall in the national budget execution is common since the development expenditure target set by the government has remained ambitious amid the lower spending capacity, according to economists.

Since the fiscal year of 2008-09, the government has not been able to implement the budget fully. The execution rate was 97 per cent in 2010-11 and 90 per cent in 2012-13. Since then, it has ranged between 80 per cent and 85 per cent.

For the last fiscal year that ended in June, the government projected that the budget spending would increase significantly as it eyed economic recovery from the Covid-19 pandemic and the Russia-Ukraine war. But the recovery has been hampered for the dragging war.

Zahid Hussain, a former lead economist of the World Bank's Dhaka office, said: "The government has set an ambitious

development expenditure target in every national budget. However, it is apparent that such targets are not implemented fully."

"In the last fiscal year, budget implementation fell short of the target as development expenditure was less than projected."

**The shortfall in the national budget execution is common since the development expenditure target set by the government has remained ambitious amid the lower spending capacity, according to economists**

According to a finance division's report, budget implementation stood at Tk 5,10,350 crore in FY22 against the revised goal of Tk 5,93,500 crore.

In FY22, the government spent Tk 1,99,918 crore as the development budget, which included Tk 1,64,963 crore under the annual development programme (ADP).

The revised development allocation was Tk 2,21,948 crore and Tk 2,09,977 crore was set

aside for the ADP, meaning the government had implemented 78 per cent of the programme.

Apart from the ADP, the government's development expenditures also include expenses under the revenue budget, said an official of the finance ministry.

In FY22, Tk 3,66,627 crore was allocated in the revenue budget. Of the sum, ministries and divisions managed to spend Tk 3,04,732 crore, accounting for 83 per cent of the allocation.

The allocation in the revised budget increased significantly in the last fiscal year due to a price hike of energy and fertiliser in the international market, driven by the war, the global energy crisis and supply disruption.

In the original budget for FY22, the government's subsidy allocation was Tk 34,499 crore. It went up by 34 per cent to Tk 46,150 crore in the

revised budget. However, the government could spend Tk 41,420 crore in the end.

It set aside Tk 11,625 crore as incentives in the original budget and it was later hiked to Tk 14,625 crore. Finally, Tk 13,409 crore was spent.

In FY22, the government kept aside a significant amount to purchase coronavirus vaccines and manage Covid-19 patients as well.

But a large portion of the special allocation remained unspent because the government received vaccines as donations from various countries and international agencies, said officials of the finance ministry.

"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 earlier.

The government also failed to collect revenues as per the target.

It raised Tk 3,37,263 crore as revenue in FY22 whereas the target was Tk 3,89,000 crore. As a result, Bangladesh has continued to be a country with one of the lowest tax-to-GDP ratios in the world, narrowing the government's fiscal capacity.

According to the World Bank, the large gap between budget and execution limits the ability to enforce accountability in public finances, weakens the credibility of the budget and reduces effective implementation of public investment and service delivery, affecting the overall development outcomes of government programmes.

The revised budget for FY22 set a 5.1 per cent budget deficit goal in relative to GDP. It stood at 4.33 per cent finally, putting the government in a comfortable position in meeting the conditions set by the International Monetary Fund (IMF) as the country seeks \$4.5 billion in loans from the global lender.

Sources say the IMF may make it mandatory for the government to keep the budget deficit below 5 per cent.

## LC FOR ESSENTIALS BB to open crisis management cell

**STAR BUSINESS REPORT**

The Bangladesh Bank is going to form a crisis management cell to facilitate the opening of letters of credit for essential commodities imports, according to a decision of a meeting at the commerce ministry yesterday.

The central bank will form the cell within two to three days, said Commerce Minister Tipu Munshi at a press briefing after the meeting at his office.

The decision comes at a time when businesses, including commodities importers and processors, complained that they cannot open LCs for the import owing to the reluctance of banks on US dollar shortage.

The cell will work on aiding business people to import essential commodities and consumers to purchase them at affordable prices ahead of upcoming Ramadan, which is scheduled to begin from March, said Munshi after a long closed-door "business consultative meeting" with leaders of major business chambers and trade bodies, including the president of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI).

**The cell will work to aid businesspeople to import essential commodities and help consumers to purchase them at affordable prices ahead of upcoming Ramadan, the minister said**

He said a section of unscrupulous traders again manipulated the prices of some basic commodities, especially imported goods like sugar.

A section of business people is selling loose sugar at over Tk 120 per kilogramme ignoring government-fixed rates of Tk 95 for packaged sugar and Tk 90 for loose sugar.

Replying to queries from journalists, the minister said the government may consider jailing market manipulators, if necessary.

In one of his shortest briefings, Munshi hinted that the government wants to ensure smooth supplies of basic commodities during Ramadan rather than check the skyrocketing of prices.

He said he had already talked with major commodity importers like City Group which assured him of maintaining a smooth supply of goods during Ramadan.

The month of fasting also triggers a rise in demand, prompting a section of traders to rake in hefty profits.

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STOCKS			
	DSEX ▼	CASPI ▼	
	0.33%	0.13%	
	6,224.56	18,394.22	

COMMODITIES			
	Gold ▼	Oil ▼	AS OF FRIDAY
	\$1,798.03	\$80.40	
	(per ounce)	(per barrel)	

ASIAN MARKETS				
	MUMBAI	TOKYO	SINGAPORE	SHANGHAI
	▼ 0.66%	▼ 1.59%	▼ 1.02%	▼ 0.29%
	62,868.50	27,777.90	3,259.14	3,156.14

## AMAR BARI, AMAR KHAMAR BIDS study finds flaws in beneficiary selection process

**MD ASADUZ ZAMAN**

A new study has unearthed flaws in the beneficiary selection under the "Amar Bari, Amar Khamar (My house, My farm)" project as it found the inclusion of ineligible households in the much-hyped scheme.

Non-deserving members, especially the influential or their close ones joined the village development organisations (VDOs) and received assets distributed initially, said the Bangladesh Institute of Development Studies (BIDS) study.

SM Zulfikar Ali, senior research fellow of the BIDS, and Badrun Nessa Ahmed and Jayed Bin Satter, respectively, a research fellow and a research associate of the autonomous think-tank, conducted the study on the Tk 7,885 crore project.


The beneficiary selection process was not robust and was not done based on any objective criteria and no quantitative data was collected about the potential members, said Ali in a presentation.

"No baseline data is, therefore, available about the beneficiary and the other households in the village."


Ali made a presentation on the findings of the study at the Annual BIDS Conference on Development 2022, which took place in the capital recently.

The selection process was carried out through village-level meetings with villagers, used criteria such as poverty status and land ownership, and priority was given to women, he told The Daily Star.


### PROJECT DETAILS




**Approval:**  
Ecne approved it on May 11, 2009




**Tenure:**  
July 2009 to June 2014




**Revision:**  
Fourth revision was in June 2021



**Time overrun:**  
140% [Five-year project turns into 12-year one]



**Cost scale-up:**  
559% [from Tk 1,197cr to Tk 7,885cr]




**Coverage area:**  
Divisions: 8, Districts: 64, Upazilas: 492, Unions: 4,550

### OBJECTIVES OF THE PROJECT

- Reducing poverty from 21.8% to 10%
- Ensuring sustainable poverty alleviation
- Using small savings model in rural areas
- Skills development of rural people
- Enhancing agricultural farms
- Developing livelihood

### ACTIVITIES

- Forming village development organisation
- Creating beneficiary members
- Disbursing and receiving loans
- Establishing agricultural farms
- Providing income-enhancing job training
- Creating online market channels



## NBR names top VAT payers

**STAR BUSINESS REPORT**

The National Board of Revenue (NBR) yesterday unveiled names of nine firms that paid the highest amounts in value added tax to the state coffers nationally in fiscal year 2020-21.

Two mobile financial service providers, bKash and Nagad, topped the list, according to a notification.

IFIC Bank is another entity that was one of the top three highest VAT paying entities.

In manufacturing sector, Olympic Industries, one of the biggest biscuit makers, topped the list followed by drug maker The Ibne Sina and Social Marketing Company Enterprise, which is well known for its oral saline.

In trading category, the NBR said electronics giant Walton and supermarket chains Agora and Unimart were the highest VAT depositors.

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