

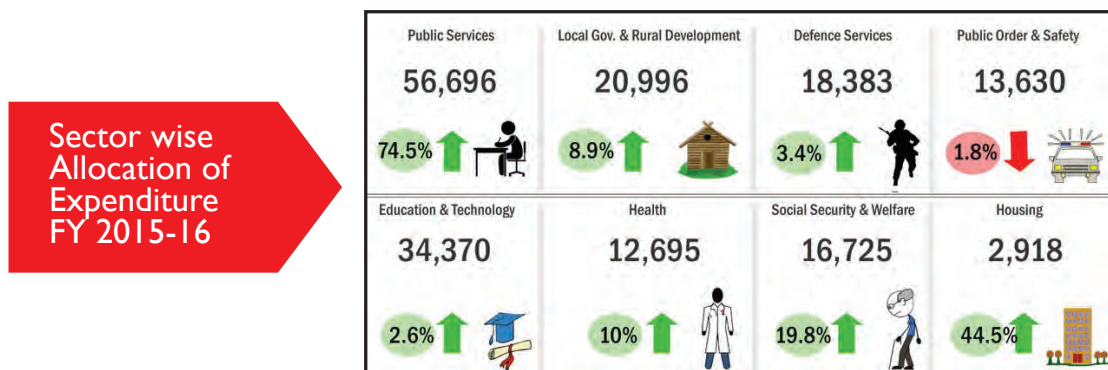
National Budget 2015-2016

Where It Comes and Where It Goes

Shawkat Hossain FCMA
has been serving with BD Venture Limited as its Managing Director.

The parliament passed the National Budget of Taka 295,100 crore for the fiscal year 2015-2016 and it was approved with majority votes. The National Budget has a link with the 7th Five Year Plan of Bangladesh. Let's see the objectives of the 7th 5 year plan what is mentioned below:

- Technically and technologically knowledgeable man power development
- Reduce the infrastructural gap in case of power and energy
- Develop strategy to grow agro based industry and sme sector
- Develop policy to support export of ICT, education and health related services
- Bring momentum in public and private investment
- Product diversification and bring momentum in export



Budget brings new taxes. It also allows new expenses of government, which is a receipt or a benefit of someone. Budget is also a distribution, it takes resource or wealth from someone and gives to another one. Most of the Government try to label their budget as levelizer that means it reduces gap between rich and poor. Unfortunately, it works in other way round, that is, siphon resources from the poor and transfer it to high net worth individuals or corporates. It's as usual. Rich has power, connection and intelligence to influence the policies of the Government. Poor are fragmented and scarred. They are far from the power base. Government has planned to realize Tk 45,000 crore additional revenues in 2015-2016 in comparison to revised budget of 2014- 2015 which is around 28% rise from that period. If economy grows at a rate of 6% and inflation is around 6% then around 12% rise is natural. Above that should be termed as abnormal or ambitious. Out of that Tk 41,300 crore will come from NBR tax. VAT will contribute Tk. 15,000 crore, Import duty and supplementary duty will contribute Tk. 9,000 crore. These two are indirect taxes which will bring Tk. 24,000 crore and Income tax which is direct tax will bring Tk. 16,000 crore. In total, NBR will contribute 176,370 crore taka out of that only 64,971 crore taka from Income tax which is around 37% and indirect tax is 63%. We don't know that these indirect taxes are regressive? That means, in proportion to income, poor has to pay more than the rich.

So, our budget collects proportionately more money from the poor than the rich. But where this money goes? Or why government needs so much more money? Let's see that:

Salary and benefit of government officials:

Government needs around 15,000 crore taka to finance enhanced salary and benefit of government officials. As per revised budget of 2014-15 salary benefit was Tk30,605 crore which is enhanced to Tk46,578 crore in the budget of 2015-16. That means raise is more than 50%. Globally countries are heading for smaller government. Because government means inefficiency and corruption. Whereas we are heading towards bigger government. In many cases government machineries are not the facilitator rather stumbling block for private initiative. In the 'ease of doing business' ranking of World Bank Bangladesh positioned 130th out of 189 countries in 2014. Pakistan is 20 step and Nepal is 25 step ahead of us. Pakistan ranked 110th and Nepal ranked 105th. Bangladesh performed poorly in 'getting electricity' and 'property registration' parameter. In getting electricity' parameter- Bangladesh is the last among 189 countries. It needs 404 days to get electricity connection. It takes 245 days and 6.7% of property cost to register property - in which Bangladesh ranked 177th. These are the few indicators to realize how people are served by the bureaucracy.

Reverse Robinhood:

Robinhood used to rob the rich and distribute that bounty among poor. Here we also find a Robinhood but working in a reverse mode. He or she pickpockets poor and transfers the bounty to the rich. Timing also worked reverse way. Bounty is transferred before the pick pocketing done. An example is acquisition of asset, which is increased by Tk6,835 crore. In the budget speech it was not mentioned - which asset is going to be acquired? On inquisitiveness one can find trace in the financial statement of different banks. It was revealed in the financial statement of Basic and Sonali bank that government acquired share of ofTk 1500 crore in the year 2015 and Tk 2205 crore in the year 2013.

Cannibalism:

Interest on loan is Tk 35,109 crore, which is 12% of the budget. It is in increasing trend such as increased by Tk 5,244 crore from revised budget of 2014-15. This year again there is deficit of Tk 86,657 crore which is 5% of GDP. So, Government need more loan to pay the prior loan. In the year 2001-02 deficit was Tk 1,050 crore which was 3.3% of GDP.

Construction works increased by Tk10,848 crore:

A major portion of this expenditure is for Padma bridge. In the budget, it was not mentioned, how much additional budget is allocated. However project cost is escalated several times- this shows lack of efficiency.

Quality of expenditure:

Government has right to tax people in order to spend for public goods. Normally people spend for private goods. Because benefit is derived to them immediately. Public goods are those whose benefit received by many. So, no private persons are interested to spend for those goods such as roads, parks, lakes. Government is the custodian of people's money. Government has to ensure that money is spent properly and efficiently. In Non-Development revenue expenditure Tk 75,116 crore spent in 9 months of 2014-15, that means Tk 25,039 crore in each quarter, whereas revised budget is targeted Tk127,371 crore, that means Tk 52,255 will be spent in last quarter. In Development expenditure Tk 28,956 crore is spent in 9 months of 2014-15, that means Tk 9652 crore per quarter. Revised budget is targeted Tk 80,476 crore that means Tk 51,952 crore will be spent in 3 months which is double of 9 month's expenditure. Undoubtedly a major portion of this money will be misused and misappropriated.

Total expenditure allocated for education sector encompassing both primary and mass education and education ministry is Tk 31,605 crore which is spent for around 3.5 crore students. For health and Family planning Tk 12,695 crore is allocated for 16 crore people, that means Tk 793 per person per year. Though sector wise education is third largest receiver of fund, but if calculated per capita, it will be far behind. Will it be possible to achieve the objective 'to develop technically and technologically sound manpower' with such a meager budget? Or we are not putting our money where our mouth is? 