CHAPTER 4

FISCAL POLICY AND FISCAL MANAGEMENT

[A well balanced fiscal policy plays a critical rolein maintaining macroeconomic stability and a conduciveenvironment for sustained higher level of growth, poverty reduction and infrastructure development.The trend of revenue collection shows that the revenue-GDP ratio is on the rise, albeit the pace of growth is slow. In FY 2013-14, the total revenue collection by NBRstood at Tk.1,20,512.83croreagainst the revisedtarget of Tk.1,25,000crore which is 10.41percenthigher than the outturnof the previous fiscal year. The mobilisation against income tax witnessed 15.61 percent growth compared to that of previous fiscal year showing the progress of direct tax collection. Government expenditure as percentage of GDP has been on the increase.The utilisation of ADP stood at 95percent in FY 2013-14. Currently, the larger portion of ADP is financed from domestic sources.Aid flow witnessed significant improvement in FY 2013-14, largely due to better implementation of ADP.Though the government expenditure has increased, the budget deficit remained below 5 percent of GDP in FY 2013-14.]

The overall management of Government's revenue and expenditure is fundamentally guided by the fiscal policy.A well balanced fiscal policy plays a very important role in meeting the spending priorities with the available resources, creating congenial environment for achieving faster economic growth and maintaining macroeconomic stability of the country. Currently, the Government is implementing wide ranging reforms to streamline both revenue and expenditure management. These reforms have a direct bearing on creation of employment opportunities, increasing productivity and poverty reduction.

Government Revenues

Tax revenue is the principal source of Government revenue.The rest of the revenue comes from non-tax sources like fees, charges, tolls etc.The trend of revenue mobilisationand the tax/ revenue-GDP ratio for the periodfrom FY2005-06 to FY2013-14 is presented in Table 4.1.

Table 4.1: Revenue Receipts

(In Crore Tk.)

Particulars	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Total Revenue	44868	49472	60539	69180	79484	95188	114885	139670	156671
Tax Revenue	36175	39247	48012	55526	63956	79052	94754	116824	130178
Non-tax Revenue	8693	10225	12527	13654	15528	16135	22279	22846	26493
As percent of GDP (GDP base year:2005-06)									
Total Revenue	9.30	9.00	9.63	9.81	9.97	10.39	10.89	11.65	11.60
Tax Revenue	7.50	7.14	7.64	7.88	8.02	8.63	9.12	9.74	9.64
Non-tax Revenue	1.80	1.86	1.99	1.94	1.95	1.76	1.76	1.91	1.96

Source: Various issues of Budget in Brief, Finance Division. Figures are based on revised budget.

The tax-GDP ratio is one of the recognised criteria for judging the level of development of a country. Table 4.1 shows that in FY 2005-06, revenue-GDP ratio was 9.30 percent, which rose to 11.60 percent in FY 2013-14. It is evident from the trend that the revenue-GDP ratio is on the rise although the pace of growth is slow.

Revenue Management

Formulation of tax policy and its execution responsibilities are performed by the National Board of Revenue (NBR) under the Internal Resource Division. The major steps taken by the government during FY 2013-14 for enhancing collection of direct and indirect taxes with a view to achieving the social and economic goal at a faster pace is shown in the Box 4.1.

Box 4.1: Measures under Direct and Indirect Tax System for FY 2013-14

Measures under Direct Tax system

- *Tax exemption limit for individual taxpayerhas been raised to Tk2,20,000 from Tk. 2,00,000*
- *The exemption limit for female taxpayers and senior citizens of 65 years and above has been enhanced to Tk2,50,000 from Tk. 2,25,000 and for the retarded persons it has been enhanced to Tk.3,00,000 from Tk. 2,75,000*
- *For individual tax payers, 10 percent surcharge will be applicable if the taxpayer shows net wealth more than 2 crore but less than 10 crore. Accordingly 15 percent surcharge will be applicable if the taxpayer shows net wealth more 10 crore.*
- *Corporate tax rate was unchanged at 37.5 percent for non-publicly traded company and private limited company. Similarly corporate tax rate was unchanged at 27.5 percent for publicly traded company. For bank, insurance and financial company (except merchant bank) corporate tax rate was unchanged at 42.5 percent.*
- *For individual tax payer, allowable investment for investment tax credit has been increased from Tk. 1 crore to Tk. 1.5 crore and the rate of rebate has been refixed from 10 percent to 15 percent.*
- *Minimum tax for any individual assessee living in city corporation area is Tk. 3,000, assessee living in district headquarter is Tk. 2,000 and assessee living in other areas is Tk. 1,000.*
- *Minimum tax payment liability also imposed on partnership firm along with company. A partnership firm has to pay minimum tax at the rate of 0.50 percent on its turnover if the firm shows its yearly turnover more than Tk. 50 lakh.*
- *An assessee will not be questioned at the time of purchase/construction of any house or apartment if the assessee pays tax at prescribed rate.*
- *Tax holiday period has been extended from June 30, 2013 to June 30,2015 for industrial undertaking and infrastructural facility.*
- *For oil marketing company, withholding tax rate has been reduced from 0.75 percent to 0.60 percent on supply of oil more than Tk. 2 lakh.*
- *Paying more attention to the public health, rate of tax deduction at source on banderole of cigarette and biri has increased from 6 percent to 10 percent.*
- *Exemption limit on dividend income has been increased from Tk.5,000 to Tk.10,000.*
- *Tax exemption period has been extended from June 30, 2013 to June 30, 2015 for poultry income and export of handicrafts.*
- *For SME, yearly turnover limit for the purpose of tax exemption has been increased from Tk. 24 lakh to Tk.*

30 lakh.

- *Tax rate has been reduced from 5 percent to 3 percent for some specialsed sector including fish farm, cattle farm etc.*
- *Income of all business association and trade body except interest income or business income has been declared as tax free.*

Measures under Indirect Tax System

Customs duty

- *Existing import duty rates of 0%, 5%, 12% and 25% have been rationalized to 0%, 5%, 10% and 25%. That means duty rate for the import of intermediate goods has been reduced from 12% to 10%. Keeping the highest duty rate of 25 % unchanged import tariff for the import of capital machinery and ICT related equipment have been reduced from 3% to 2%.*
- *Supplementary duty rates have been re-organised to10 different slabs. They are 10%. 20%, 30%, 45%, 60%, 100%, 150%, 250%, 350% and 500%. That means a new slab of 10% supplementary duty has been introduced. It is to be mentioned here that the highest three slabs of supplementary duty structure (ie. 250%, 350% and 500%) are applicable for the import of luxurious and health hazard commodities like tobacco products, alcohol and luxurious cars.*
- *Existing specific duty at the rate of 1500 and 3000 taka per MT remain unchanged for the import of raw sugar and refined sugar.*
- *Specific duty of billet/ingot has been increased to Tk. 3500/MT from Tk. 2500/MT, whereas the that of metable scrap at the rate of Tk.1500/MT remains unchanged. On the other hand, the specific duty of gold bullion and silver bullion remain unchanged at Tk.150 and Tk.6 per 11.664gm.*
- *Regulatory duty at the rate of 5% on finished and luxurious items are decided to be continued for further one year.*
- *In order to promote the use of renewable energy customs duty on the import of equipment for biogas plant and solar lamp has been reduced.*
- *Notification regarding capital machinery has been amended to make it more rational and more industry friendly.*
- *Measures have taken to determine the minimum value of new as well as used car.*
- *The notification regarding the depreciation for the import of used car has been amended to make it more rational.*
- *Import duty of more than 50 commodities that include raw materials of glass, ceramic, steel melting, printing, optical fibre has been reduced to lower duty rates.*
- *Supplementary duty rate of a good number of commodities has been reduced to prevent smuggling and discourage misdeclaration.*
- *Concessionary benefit for the import of input of shipbuilding industry has been expanded significantly. Moreover duty rate for the import of vessel up to 5000 DWT has been increased to ensure the tariff protection of local manufacturer.*
- *Concessionary benefit for the import of input of poultry and dairy has been expanded significantly.*
- *In order to enhance the capacity of Bangladesh Customs, mandatory pre-shipment arrangement has been abolished.*
- *Baggage rule for passengers and non-tourists has been further simplified.*
- *Rules related to Alternative Dispute Resolution has been amended to make it more effective*

Value Added Tax (VAT)

01. Liberalisation of Value Added Tax (VAT) System:

- *Definition of export has been expanded which allows supply against foreign currency under international tender within the territory of Bangladesh be treated as export.*
- *A new provision has been inserted into section 9(1) which entitles to input tax credit without price declaration. If the increase in the input price remains within 7.5 percent of the total price of inputs.*
- *The provision of further depositing 10percent of the demanded amount before filing appeal to the Appellate Tribunal against the verdict of the Commissioner (Appeal) has been withdrawn by amending section 42.*
- *The time limit of 5 years for issuance of demand notice has been waived in case of tax evasion or avoidance through committing fraudulent practices.*
- *To boost up the SME sector yearly turnover limit has been raised to Tk. 80 lakh from Tk. 70 lakh.*
- *To simplify the procedure on VAT deduction at source, a new order has been issued.*

02. VAT Exemption:

- *Capital machineries and parts thereof at production stage*
- *Welding fluxes for LPG at import stage*
- *Ocean going vessel exceeding 5000DWT at import and production stage*
- *Poultry/Dairy/Fish feed, magnesium sulphate (fertilizer), zinc sulphate (fertilizer), ferrous sulphate, disodium tetra borate (fertilizer), pro-vitamins and vitamin, insulin and its salt, streptokinase, cotton waste, Haemodiliser artificial kidney, wheel chair and carriages for disabled persons, dairy machineries, insulin pen/cartridge, artificial joints, watches for blind, hospital bed at production stage, plastic sandal up to Tk.120 per pair at production stage, aviation insurance paid in foreign currency at service stage, cullet and plastic wastage at service provider stage.*

03. Reducing Tax Incidence:

- *The non-tax benefit for cottage industries has been expanded by increasing investment limit in capital mechineries to Tk. 40 lakh to Tk. 25 lakh and raises annual turnover at Tk. 60 lakh from Tk.40 lakh.*
- *The supplementary duty of lip and eye makeup preparations, manicure or predicure preparations, powder, preparation for hair and toiletries has been reduced from 20 percent to 10 percent*

04. IncreasingTax Incidence:

- *Tariff value of bidi and cigarette has been increased*
- *The definition of meditation service and sponsorship service has been included in the service list.*
- *Area based fixed VAT (package VAT) has been increased*

Source:NBR

Revenue Mobilisation Programmes

The revised revenue targets of FY 2013-14 were set atTk.1,25,000crore which was 11.35percent higher than that of the previous year.Analysis of revenue collection for FY2013-14 by categories shows that income tax generates most revenues as a single category, although the bulk collection of VAT (import and local) registered highest amount. Indeed import duty and VAT are predominant in theoverall revenue collection traditionally, there is a clear directional shift in the last couple of years.

The collection of revenue by NBR in FY 2013-14remained below target by 3.59 percent with actual collection amounting to Tk.1,20,512.83crore against target of Tk.1,25,000crore. Achievement of primary targets of revenue collection in FY2013-14 faced challenges in the backdrop of global economic slowdown due to the impact of Euro areas sovereign debt crisis. Although, revenue collection fell short of its target,it was 10.41 percent higher than the collection of FY 2012-13. Item-wise tax collection from FY2009-10 to FY 2013-14 is presented in Table 4.2.

Table 4.2: Item wise Revenue Collection

(In Crore Taka)

Items of Revenue Collection	**2009-10**	**2010-11**	**2011-12**	**2012-13**	**2013-14**
Import Duty	8997.12	11556.05	13268.07	13227.55	13540.82
VAT (at import level)	10651.22	12375.81	13769.64	14846.48	15318.90
Supplementary Duty (at import level)	3203.13	3998.71	4368.90	4205.01	4344.43
Export Duty	0.00	28.71	38.95	33.47	26.46
Sub Total	**22851.47**	**27959.28**	**31445.56**	**32312.51**	**33230.61**
Excise Duty	347.49	486.18	660.36	772.53	822.39
VAT (Local)	13816.85	17832.98	21988.72	26367.26	29252.11
Supplementary Duty (Local)	7593.34	9701.19	11920.19	11985.29	13647.19
Turn Over Tax	4.64	3.63	3.45	3.68	4.72
Sub Total	**21762.35**	**28023.98**	**34572.72**	**39128.76**	**43726.41**
Total of Indirect Tax	**44613.82**	**55983.26**	**66018.28**	**71441.27**	**76957.02**
Income Tax	17042.28	23007.53	28261.87	37120.65	42915.50
Other taxes and duties	386.06	412.04	473.96	589.81	640.31
Total of Direct Tax	**17428.34**	**23419.57**	**28735.83**	**37710.46**	**43555.81**
Grand Total	**62042.16**	**79402.83**	**94754.11**	**109151.73**	**120512.83**
Share of Direct Tax (%)	71.91	70.51	69.67	65.45	63.86
Share of Indirect Tax (%)	28.09	29.49	30.33	34.55	36.14

Source: National Board of Revenue (NBR),

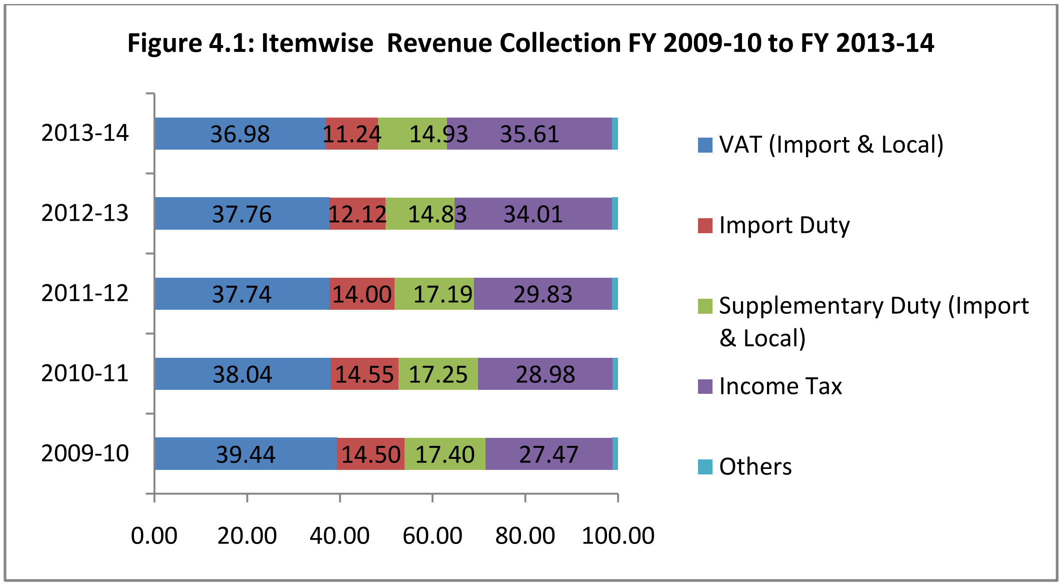


Table 4.2 and the Figure 4.1 clearly show that income tax and VAT play a vital role in our revenue generation. The contribution of income tax is increasing gradually which stood at 35.61 percent in FY 2013-14 from 27.47 percent of FY 2009-10. But the shares of all other categories are decreasing.Despite gradual increase in contribution of direct tax, more than around 64 percent of tax revenue is mobilisedfrom indirect sources.

Public Expenditure

Public expenditure management is an integral part of fiscal management. Total public expenditure including non-development, development and other expenditure with respectiveexpenditure-GDP ratios from FY 2005-06 to FY 2013-14are presented in Table4.3.

Table 4.3: Public Expenditure (Revised Budget, Crore Taka)

Particulars	**2005-06**	**2006-07**	**2007-08**	**2008-09**	**2009-10**	**2010-11**	**2011-12**	**2012-13**	**2013-14**
Total Expenditure (a+b+c)	61058	66836	93608	94140	110523	130011	161213	189326	216622
(a) Non-development expenditure	37057	44412	57425	67125	77,127	83177	100986	110627	134907
(b)Development expenditure	23626	23462	24350	25702	31816	39615	45650	57751	65145
(c) Other expenditure	375	-1038	11833	1313	1580	7219	14577	20948	16170
As percent of GDP (GDP base year: 2005-06)									
Total Expenditure	12.66	12.16	14.89	13.35	13.86	14.20	15.28	15.79	16.01
(a) Non-development expenditure	7.68	8.08	9.13	9.52	9.67	9.08	9.57	9.23	9.99
(b) Development expenditure	4.90	4.27	3.87	3.65	3.99	4.33	4.33	4.82	4.82
(c) Other expenditure	0.08	-0.19	1.88	0.19	0.20	0.79	1.38	1.75	1.20

Source: Budget in Brief, Finance Division, M/O Finance.
Note: ‘Development Expenditure’ includes ADP, Non-ADP FFW and Projects and Development Programme under Revenue Budget,
* ‘Other Expenditure’ includes net outlay for food account operation, Loans and advances.

From Table 4.3 it is evident that barring a few exceptions there is an increasing trend of public expenditure not only in nominal term but also as percent of GDP. In FY2013-14, expenditure-GDP ratio was 16.01 up from 12.66 in FY2005-06. Of this, development expenditure-GDP ratio is 4.82.

Annual Development Programme (ADP)

Full implementation of Annual Development Programme (ADP) is critical for the planned development of the national economy. The implementation status of ADP from FY 2005-06 to FY 2013-14 is presented in the Table 4.4.

Table 4.4: Implementation of Annual Development Programme (ADP)

(In CroreTk)

Year	Original Allocation	Revised Allocation	Actual Expenditure	Expenditure as % of Revised Allocation
2005-06	24500	21500	19473	91%
2006-07	26000	21600	17916	83%
2007-08	26500	22500	18455	82%
2008-09	25600	23000	19668	86%
2009-10	30500	28500	25917	91%
2010-11	38500	35880	33007	92%
2011-12	46000	41080	38020	93%
2012-13	55000	52366	50035	96%
2013-14	65870	60000	56747	95%

Source: IMED, Ministry of Planning.

The average rate of actual ADP expenditure compared to the revised allocation during the period from FY 2005-06 to FY 2008-09 lagged behind and hovered around 88 percent on average. However, ADP implementation has started showing improvement from FY 2009-10 with implementation rate over 90 percent of revised allocation. The rate of implementation continues to rise and it reached to 95 percent in FY 2013-14. It is to be noted that the size of the revised ADP in FY 2013-14 was much (around 15%) larger compared to the previous years.

Composition of Annual Development Programme (ADP) by Major Sectors

The increasing trend of allocation to physical infrastructure and socio-economic infrastructure sectors through ADP is consistent with the policy and strategy of the Government.ADP expenditure and its composition by major sectors are presented in Table 4.5.

Table 4.5: ADP Expenditure and its Composition by Major Sectors (%)

Sector	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Agriculture	5.20	5.86	6.64	6.27	6.0	6.6	6.37	5.39	5.73
Rural Development	15.83	17.14	15.06	16.63	14.0	12.95	12.90	13.53	11.94
Water Resources	3.22	2.29	3.73	4.09	4.0	3.51	3.34	3.18	3.22
Industries	1.64	1.24	1.34	2.09	2.0	1.23	2.45	3.42	3.97
Power	16.22	13.87	13.27	11.67	8.0	14.28	18.88	17.72	13.11
Gas, Oil & Natural Resources	1.62	0.74	1.40	1.07	5.0	3.05	1.96	3.26	3.32
Transport	14.30	14.40	10.89	10.14	12.0	14.92	14.11	16.40	17.05
Communication	2.82	2.72	1.58	0.93	1.0	0.8	2.21	1.37	1.05
Physical Planning & Housing	7.56	6.86	7.11	11.5	12.0	9.53	10.52	8.64	8.48
Education & Religion	13.83	15.48	15.56	16.0	17.0	14.39	12.26	12.91	13.33
Health & Population	9.59	9.97	11.34	10.7	8.0	9.01	7.80	7.01	6.24
Others	8.19	9.43	12.02	8.91	11.0	9.74	7.19	7.14	2.44
Total ADP	**100.0**	**100.0**	**100.00**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source: IMED, Ministry of Planning.

Budget Balance and Financing

The trend of budget deficit in Bangladesh clearly shows that deficit remains well below 5 percent of GDP except those years when the economy had been affected by natural calamities. The trend of budget deficit and subsequent sources of deficit financing for the period FY 2005-06 to FY 2013-14 is given in Table 4.6.

Table 4.6: Overall Budget Balance*

(As Percent of GDP)

Budget Deficit/ financing	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Overall budget deficit (excluding foreign grants)	3.36	3.16	5.26	3.54	3.89	3.80	4.39	4.14	4.41
Overall budget deficit (including foreign grants)	2.84	2.77	4.56	2.84	3.42	3.34	3.97	3.70	3.97
Net domestic financing	1.69	1.82	3.17	2.01	2.17	2.71	3.27	2.71	3.03
Net foreign financing(excluding grants)	1.16	0.94	1.39	0.83	1.25	0.63	0.70	0.99	0.93
Net foreign financing(including grants)	1.67	1.33	2.09	1.53	1.72	1.09	1.12	1.43	1.37

Source: Finance Division, M/O Finance and BBS.

*According to actual outturn, from FY 2005-06 to FY 2013-14 the overall budget deficit excluding grantsstood at 2.71, 2.82, 4.97, 3.51, 3.21, 3.85, 3.58, 3.83 and 3.87 percent of GDP respectively.

Domestic Resources for ADP

The contribution of domestic resources towards financing of ADP shows an upward trend and accounts for on average over60percent from FY 2011-12. During the period from FY 2005-06 to FY 2013-14, the average contribution of domestic resources towards ADP stood ataround 56 percent despite an exception in FY 2007-08 whereitstood around35percent. It is to be noted that during FY2007-08, there was an increased flow of external resources to carry out rehabilitation work following recurrent floods and devastation of the cyclone *Sidr*. In FY 2013-14 the share of domestic resources went up to 64.66percentfor financing a larger ADP compared to that of the previous year.Table 4.7 below shows the financing of ADP from domestic sources during the period from FY 2005-06 to FY2013-14.

Table 4.7: Quantum of Resources (Domestic and Foreign) in Financing Revised ADP

(In Crore Taka)

	2005-06	**2006-07**	**2007-08**	**2008-09**	**2009-10**	**2010-11**	**2011-12**	**2012-13**	**2013-14**
Total Financing	21500	21600	22500	23000	28500	35,588	41,080	52,366	60000
Domestic Financing	10800	11480	7973	10011	12000	20850	26,080	33,866	38800
Domestic financing as % of ADP	50.23	53.00	35.00	44.00	42.00	58.59	63.48	64.67	64.66

Source: IMED, M/O. Planning,

Public Debt

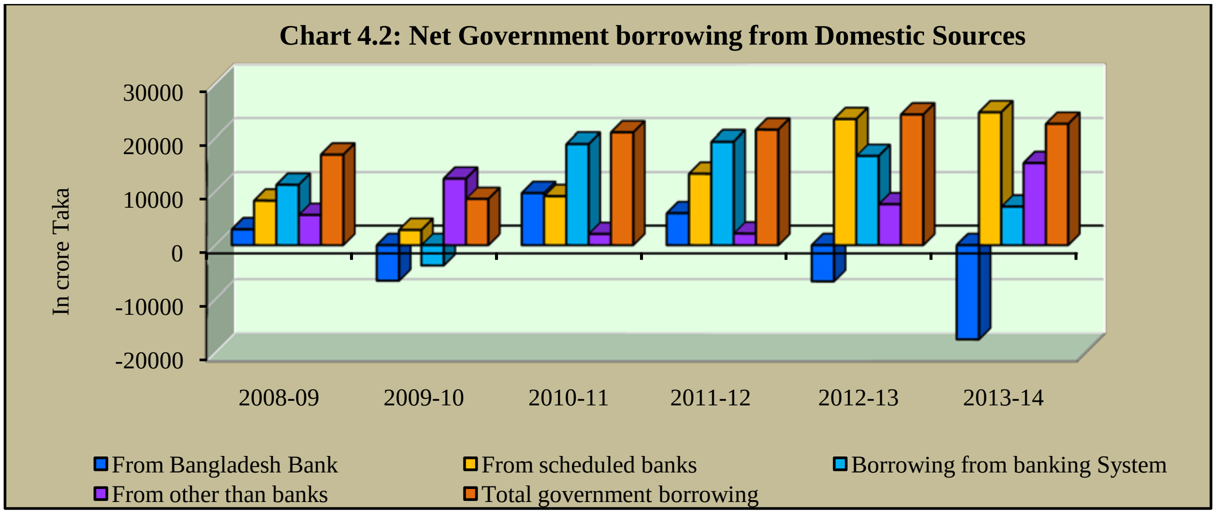
Sector-wise government borrowing from domestic sources from FY2008-09 to FY2013-14 are presented in Table 4.8 and Figure 4.2.

Table 4.8: Government Domestic Borrowing (net) from Different Sources

(In Crore Taka)

Fiscal Year	Net Government borrowing from the banking system			Government borrowing from other than banks	Total government borrowing	Percent of GDP
	Borrowing from Bangladesh Bank	Borrowing from scheduled banks	Total Borrowing from banking System			
2008-09	2958.2	8317.9	11276.1	5643.1	16919.2	2.4
2009-10	-6634.9	2842.0	-3792.9	12419.4	8626.5	1.1
2010-11	9729.2	9151.5	18880.7	2088.1	20968.8	2.3
2011-12	5963.9	13340.9	19304.8	2160.4	21465.2	2.0
2012-13	-6776.6	23443.2	16666.6	7634.8	24301.4	2.0
2013-14^{P}	-17497.7	24704.9	7207.2	15344.3	22551.6	1.7

Sources: National Savings Directorate (NSD) and Bangladesh Bank (BB) P=Provisional



Source: Bangladesh Bank

The revised budget for government borrowing from domestic sources was fixed at Tk.40,982.0crore in FY2013-14 from banking and non-banking sources. Government has borrowed (net) Tk. 31,063.0 crore including Tk.17,057.7 crore from short-term and long-term borrowing. Short-term borrowing was Tk.2,152.5crore (through Treasury Bills, WMA and Over Draft Current account) and long-term borrowing Tk.14,905.2 crore (through Treseary Bonds and Over Draft Block account) in FY 2013-14. In addition to that, government borrowed Tk.11,707.3 crore through NSD instruments and Tk.2,298.0crore from other sources during FY2013-14.

The analysis of government domestic borrowing from different sources (Table-4.8) shows that the government repaid more or holding cash balances at Bangladesh Bank(BB) during FY2013-14. And government borrowing (net) stood at Tk.24,704.9 crore from the scheduled banks (SBs) during FY2013-14, which is 5.38 percent higher as compared to the previous fiscal year. Due to this scenario, government domestic borrowing (net) from the banking system (adjusted with Treasury Bills and Bonds holding with BB and SBs, WMA, OD, OD Block, govt. currency liabilities, loans and advances to food and other ministries and autonomous bodies less government deposits with BB and SBs) stood at Tk.7,207.2crore during FY2013-14.

In FY2013-14, net government borrowing from other than banking sources increased mainly due to the increase in saving instruments (net sale) as compared to the preceding year. Government borrowing from other than banks (including Treasury Bills and Bonds and savings instruments) stood at Tk.15,344.3 crore during FY2013-14. However, net government domestic borrowing from banking system and other than banks stood at Tk.22,551.6 crore during FY2013-14 which is 1.7 percent of GDP.

Government Borrowing from External Sources

Theexternal assistance shows a trend ofsteady decline in the flow of grants overtaken by the increasing share of loans.As a result, outflow ofbudgetary resources in the form of amortisation is increasing which in fact reduces the net flow of external resources to Bangladesh. In FY2012-13 net foreign assistance (after principal and interest payment) flow reached to a record U$ 1.75 billion, which is the highest inrecent times. Table 4.9 shows the Government borrowing from external sources and its repayment during FY 2005-06 to FY2013-14. The foreign aid flow situation is shown in Figure 4.3.

Table 4.9: Government Borrowing from Foreign Sources

(In million US$)

Fiscal Year	Disbursement of Loans and Grants			Principal and Interest Payment			Net Foreign Aid Flow	
	Grant	Loans	Sub-Total	Interest	Principal	Sub-Total	After Principal Payment	After Principal & Interest Payment
1	2	3	4=(2+3)	5	6	7=(5+6)	8=(4-6)	9=(4-7)
2005-06	501	1067	1568	176	502	678	1066	890
2006-07	590	1040	1630	182	540	722	1090	908
2007-08	658	1403	2061	184	586	770	1475	1291
2008-09	658	1189	1847	200	655	855	1192	992
2009-10	634	1588	2222	190	685	875	1537	1347
2010-11	745	1032	1777	200	729	929	1048	848
2011-12	588	1538	2126	197	770	957	1357	1160
2012-13	726	2084	2811	195	895	1091	1915	1719
2013-14*	724	2285	3008	202	1054	1256	1954	1752

Source: Economic Relations Division (ERD). * provisional

Currently, the debt obligation of the Government is at a tolerable level. Financing through grant and loan from external sources is gradually narrowing due to shift in the policies of development partners. This prompted the Government to adopt measures to mobilise resources from domestic sources alongside those from external sources.

Figure 4.3: Foreign Aid Disbursement, Payment and Net Flow

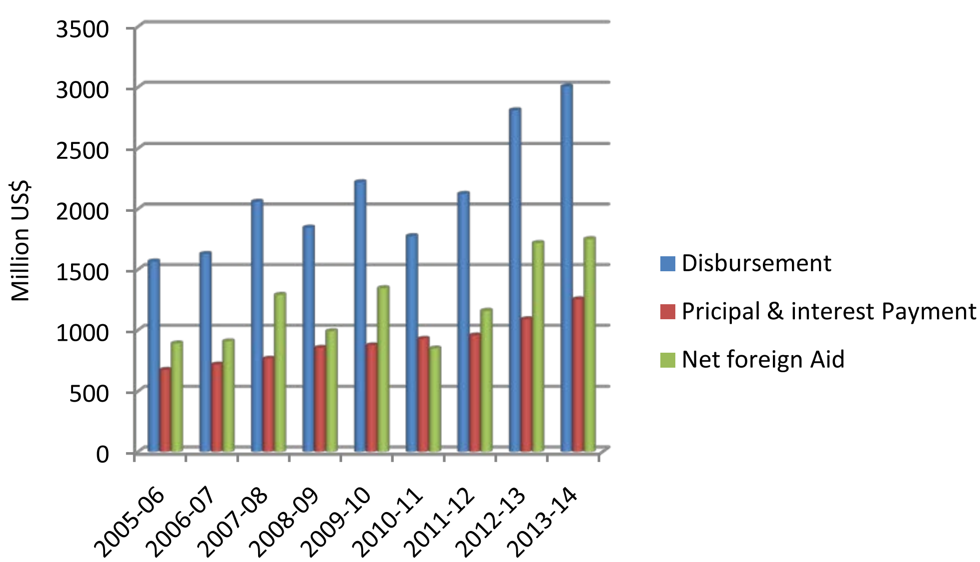


Table 4.10: Budget at a Glance

(In Crore Taka)

Description	Revised 2013-14	Budget 2013-14	Account 2012-13
Revenue and Foreign Grants			
Revenues	**156671**	**167459**	**128128**
Tax Revenue	130178	141219	107452
NBR-Tax Revenue	125000	136090	103332
Non-NBR Tax Revenue	5178	5129	4120
Non-Tax Revenue	26493	26240	20676
Foreign Grants	5956	6670	6879
Total:	**162627**	**174129**	**135007**
Expenditure			
Non-Development Expenditure	**134907**	**134449**	**104318**
Non-Development Revenue Expenditure	115998	113471	99376
of which			
Domestic Interest	24854	26003	22322
Foreign Interest	1686	1740	1593
Non-Development Capital Expenditure	18909	20978	4943
Net Outlay for Food Account Operation	188	263	-437
Loans & Advances (Net)	15982	15504	16959
Development Expenditure	**65145**	**72275**	**53172**
Employment Generation and Development Programmes financed from Non-Development Budget	893	1934	597
Non-ADP Projects	3058	3014	1802
Annual Development Program	60000	65870	49474
Non-ADP FFW and Transfer	1194	1457	1299
Total Expenditure:	**216222**	**222491**	**174013**
Overall Deficit (including Grants) :	53595	48362	39006
(In Percent of GDP) :	4.0	3.6	3.3
Overall Deficit (Excluding Grants) :	59551	55032	45885
(In Percent of GDP) :	**4.4**	**4.1**	**3.8**
Financing			
Foreign Borrowing-Net	**12613**	**14398**	**5812**
Foreign Borrowing	21058	23729	13301
Amortization	-8445	-9331	-7489
Domestic Borrowing	**40982**	**33964**	**33193**
Borrowing from Banking System (Net)	**29982**	**25993**	**27464**
Long-Term Debt (Net)	16955	14355	22746
Short-Term Debt (Net)	13027	11638	4718
Non-Bank Borrowing (Net)	**11000**	**7971**	**5729**
National Saving Schemes (Net)	8000	4971	824
Others	3000	3000	4905
Total - Financing	**53595**	**48362**	**39005**
Memorandum Item:GDP (Base year 2005-06)	**1350920**	**1350920**	**1198923**

Source: Finance Division.