

## CHAPTER FOUR

### FISCAL POLICY AND FISCAL MANAGEMENT

*The stagnation of global economic activity due to the COVID-19 pandemic has so far entailed adverse impact in fiscal management of the country. The slow pace of revenue mobilisation and the increase in government expenditure in response to the pandemic has created challenge in fiscal sector. In FY 2019-20 revenue mobilisation from National Board of Revenue (NBR) stood at Tk. 2,17,794 crore, which is 2.73 percent lower than the previous fiscal year. However, the total revenue mobilisation in FY 2019-20 has increased by 5.53 percent as compared to the previous fiscal year mainly due to an unprecedented 63.77percent increase in non-tax revenue. The revised revenue mobilisation target for FY 2020-21 was set at Tk. 3,51,532 crore which is 11.39 percent of the GDP. As per provisional data from iBAS, total revenue mobilisation up to May 2021 stood at Tk. 2,75,478 crore, up by 19.82 percent of the same period of previous fiscal year, achieving 78.37percent of the target. According to the revised budget, the total expenditure target for FY 2020-21 has been set at Tk. 5,38,983 crore (17.46% of GDP), which is 7.46 percent higher compared to FY 2019-20. The government has so far (April 2021) announced fiscal and stimulus packages of Tk.1,28,441 crore for additional expenditure in the healthcare sector, emergency humanitarian assistance and economic recovery to keep the country's economic activities afloat in the face of the COVID-19 pandemic. It is being implemented under 23 packages. Significant progress has been made in the implementation of the Annual Development Programme (ADP) in the past years with the increase in budget allocation and increase in the number of projects. The revised ADP size for FY 2020-21 stood at Tk. 1,97,643 crore (excluding autonomous agencies/corporations' own funded projects), which is 2.45 percent higher than the previous fiscal year. The government is highly concerned of maintaining the budget deficit within 5 percent of GDP by increasing efficiency in revenue management. However, due to the increase in government expenditure for COVID-19 pandemic, the actual budget deficit for FY 2019-20 stood at 5.5 percent of GDP. The budget deficit for FY 2020-21 has been set of Tk. 1,87,451 crore, which is about 6.1 percent of GDP. Net inflow of foreign grants and loans has increased in FY 2019-20. The inflow of foreign grants and loans in the first eight months of FY 2020-21 (up to February 2021) amounted to US\$ 3,717 million, up by 6.63 percent from the same period of the previous fiscal year. The country's external debt outstanding at the end of February 2021 was US\$ 46,836 million or 12.52 percent of GDP.*

The stagnation of global economic activity due to the ongoing Coronavirus pandemic has adversely affected the fiscal management of the country. In order to contain and mitigate the impact of the pandemic, the government has introduced various reform programmes and incentive packages. With a view to augment revenue mobilisation as well as to create a comfortable trade environment along with transparency and accountability, NBR has been implementing a wide range of reform initiatives. Meanwhile, following the automated system and by creating favourable environment, the implementation of Value Added Tax law and rules made under it has been going on. Online value added tax registration has been made

mandatory. In addition, various measures are also being taken for non-NBR tax and non-tax revenue generation.

#### Revenue Mobilisation Target

The revised revenue mobilisation target was set at Tk. 3,51,532 in FY 2020-21, which is 11.39 percent of the estimated GDP. Of them, revenue receipt from NBR sources was marked at Tk. 3,01,000 crore (9.75% of GDP), tax revenue from non-NBR sources at Tk. 15,000 crore (0.49% of GDP) and non-tax revenue at Tk. 35,532 crore (1.15% of GDP). The revised target for revenue mobilisation from FY 2014-15 to FY 2020-21 are shown in Table 4.1.

**Table 4.1 Revenue Mobilisation Target**

Particular	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
In Crore Tk.							
Total Revenue	163371	177400	201210	259454	316599	348069	351532
Tax Revenue	140676	155400	178075	232202	289599	313068	316000
Non-tax Revenue	22695	22000	23135	27252	27000	35002	35532
As percent of GDP							
Total Revenue	10.78	10.24	10.18	11.53	12.45	12.45	11.39
Tax Revenue	9.28	8.97	9.01	10.32	11.39	11.20	10.24
Non-tax Revenue	1.50	1.27	1.17	1.21	1.06	1.25	1.15

**Source:** Finance Division. **Note:** Figures are based on revised budget

### Revenue Mobilisation from NBR Sources

The tax revenue mobilisation target from NBR sources was set at Tk. 3,25,600 crore in FY 2019-20. However, the revised target has been set at Tk. 3,00,500 crore. Tax revenues received from NBR sources was Tk. 2,17,794 crore or 2.73 percent lower than the previous fiscal year achieving 72.48 percent of revised target. During the period, revenue on taxes from income and profit witnessed the growth at 0.54 percent compared to the previous fiscal year. The Value Added Tax (VAT), import duty/custom duty (CD) and supplementary duties (SD) are contracted to 1.52 percent, 2.61 percent and

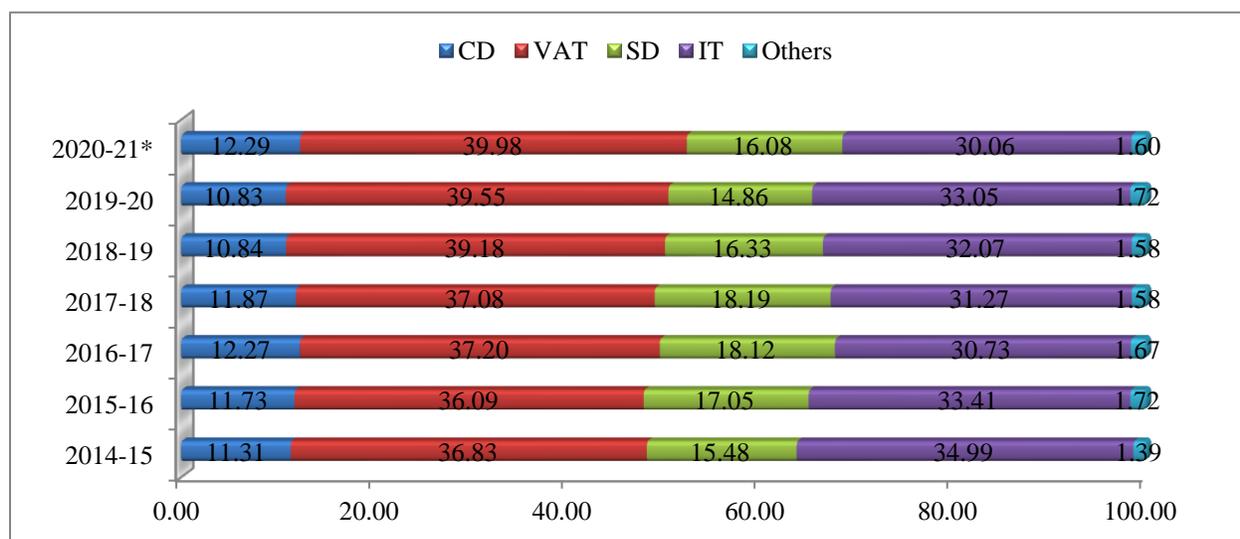
11.24 percent respectively compared to the previous fiscal year.

Revenue received during July-April of FY 2020-21 was provisionally estimated to Tk.1,97,583.43 crore or 12.87 percent higher than previous fiscal year achieving 65.64 percent of revised target. Of this, import duty increased by 21.18 percent, VAT by 12.47 percent and supplementary duty by 17.92 percent. In addition, the growth in the income and profit tax has been 9.37 percent. Table 4.2 and Figure 4.1 show the sector-wise revenue mobilisation from FY 2014-15 to FY 2020-21.

**Table 4.2: Item-wise Revenue Mobilisation by NBR**

(In Crore Tk.)							
Items of Revenue Mobilisation	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21*
Import Duty	15349.85	18016.58	21069.19	24502.12	24277.40	23643.58	24280.47
VAT (at import level)	17690.47	20583.86	25561.09	29367.76	31398.55	29932.28	30084.81
Supplementary Duty (import level)	5252.42	6560.20	7628.89	7912.23	7664.04	6975.30	6766.35
Export Duty	40.63	32.75	22.70	35.77	42.17	1.08	0.00
<b>Sub Total:</b>	<b>38333.37</b>	<b>45193.39</b>	<b>54281.87</b>	<b>61817.88</b>	<b>63382.16</b>	<b>60552.24</b>	<b>61131.63</b>
Excise Duty	960.38	1582.03	1790.51	2080.34	2373.33	2279.48	2275.31
VAT (Local)	32290.13	34862.82	38287.76	47171.80	56323.02	56458.17	48900.37
Supplementary Duty (Local)	15758.31	19630.96	23481.70	29639.15	28891.02	25471.34	25001.51
Turn Over Tax	4.71	4.85	2.45	2.89	2.47	1.16	1.31
Others (Local)	-	-	-	-	20.52	642.35	603.09
<b>Sub Total:</b>	<b>49013.53</b>	<b>56080.66</b>	<b>63562.42</b>	<b>78894.18</b>	<b>87617.84</b>	<b>84238.15</b>	<b>76781.59</b>
<b>(A) Total of Indirect Tax</b>	<b>87346.9</b>	<b>101274.05</b>	<b>117844.29</b>	<b>140712.06</b>	<b>151000</b>	<b>144790.39</b>	<b>137913.22</b>
Income Tax	47477.4	51328.92	52754.93	64548.26	71795.5	72179.79	59396.26
Travel taxes and duties	876.4	1018.37	1057.22	1146.93	1104.4	824.42	273.95
<b>(B) Total of Direct Tax</b>	<b>48353.8</b>	<b>52347.29</b>	<b>53812.15</b>	<b>65695.19</b>	<b>72899.9</b>	<b>73004.21</b>	<b>59670.21</b>
<b>Grand Total (A+B)</b>	<b>135700.7</b>	<b>153621.34</b>	<b>171656.44</b>	<b>206407.25</b>	<b>223899.9</b>	<b>217794.6</b>	<b>197583.43</b>
Share of Direct Tax (%)	35.63	34.08	31.35	31.83	32.56	33.52	30.20
Share of Indirect Tax (%)	64.37	65.92	68.65	68.17	67.44	66.48	69.80

**Source:** National Board of Revenue (NBR), \* Up to April, 2021

**Figure 4.1: Comparative Statement of Item wise Revenue Mobilisation (%)**

\* July- April, 2021

The major steps taken by the government during FY 2020-21 for enhancing collection of taxes are shown in Annex 4.1.

#### Revenue Mobilisation from Non-NBR Sources

The tax revenue receipt from Non-NBR sources include narcotics and liquor duty, taxes on vehicles, land revenue, stamp duty (non-Judicial) and surcharge. Tax revenue receipt from non-NBR sources in FY 2019-20 was Tk. 5,944 crore, which is 19.04 percent lower the revenue earning of previous fiscal year. During FY 2020-21, the target set for revenue earnings from Non-NBR sources is Tk. 15,000 crore. Up to May 2021 of FY 2020-21, revenue collected from this source stood at Tk. 5333 crore achieving 35.55 percent of the target.

#### Revenue Mobilisation from Non-Tax Sources

The major items of non-tax revenue include dividend and profit, interest, administrative fees and charges, receipts for services rendered, non-commercial sales and other non-tax revenue and receipts. In FY 2019-20, the revised target for non-tax revenue receipt was set at Tk. 35,002 crore. Against this target, revenue mobilisation from non-tax sources stood at Tk. 43,927 crore, up by 69.46 percent over the previous fiscal year

achieving 125.50 percent of the revised budget target. Non-tax revenue increased sharply as per the decision to deposit surplus money of autonomous, semi-autonomous, state-owned and public non-financial corporation to government treasury. Non-tax revenue earnings during the first 11 months of FY 2020-21 (July-May, 2021) stood at Tk. 45,856 crore, which is 40.24 percent higher than the same period of previous fiscal year achieving 129.06 percent of the target.

#### Public Expenditure Management

In FY 2019-20 considering the responses and initiatives to fight ‘COVID-19’ pandemic Government has set priority areas of different sectors and allocation of resources. Government’s development priorities continue towards providing fiscal stimulus to overcome the losses caused by ‘COVID-19’. In the FY 2019-20 revised budget, allocation has been increased or additional allocation has been made to the sectors which have been directly involved with the response to ‘COVID-19’ such as health, agriculture, social welfare, food, disaster management, employment generation etc. Allocation to these sectors on priority basis will be continued in the FY 2020-21. Table 4.3 shows public expenditure target.

**Table 4.3 Public Expenditure**

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
<b>In Crore Tk.</b>							
(a) Operating expenditure	149399	156592	175849	210578	266926	295280	323725
(b) Development expenditure	80476	81407	88090	153688	173449	202349	207988
(c) Other expenditure	9793	217	5560	7229	2166	3948	7270
<b>Total Public Expenditure</b>	<b>239668</b>	<b>264564</b>	<b>269499</b>	<b>371495</b>	<b>442541</b>	<b>501577</b>	<b>538983</b>
<b>As percent of GDP</b>							
(a) Operating expenditure	9.86	9.04	8.9	9.36	10.5	10.56	10.48
(b) Development expenditure	5.31	4.7	4.46	6.83	6.82	7.24	6.74
(c) Other expenditure	0.65	0.01	0.28	0.32	0.09	0.14	0.24
<b>Total Public Expenditure</b>	<b>15.81</b>	<b>15.3</b>	<b>13.56</b>	<b>16.61</b>	<b>18.3</b>	<b>17.87</b>	<b>17.46</b>

Source: Finance Division

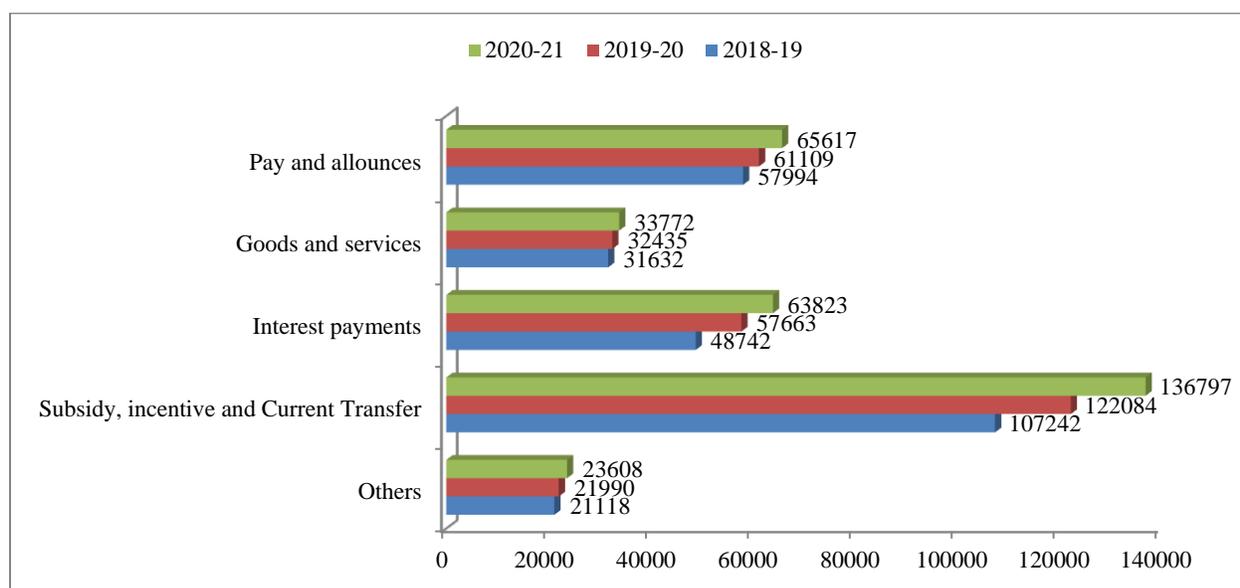
Note: Data are based on revised budget. 'Development Expenditure' includes ADP, Non-ADP, FFW and Projects and Development Programme under Revenue Budget, Other Expenditure 'includes net outlay for food account operation, loans and advances.

### Operating Expenditure

In FY 2019-20, an amount of Tk. 2,95,280 crore was allocated for operating expenditure. Of this, recurrent expenditure was Tk 2,74,908 crore (93.1%) and capital expenditure was Tk 20,373 crore (6.9%). Allocations in a few notable sectors included in the operating expenditure were- pay and allowances: 20.70 percent, goods and services: 10.97 percent, interest payments: 19.53 percent (including interest on foreign loans 1.25 percent) and subsidies and incentives and current transfers: 41.35 percent.

The total operating expenditure in the revised budget for FY 2020-21 is Tk. 3,23,688 crore, which is 9.63 percent higher than the revised allocation of the previous fiscal year. Allocations of some important sectors of operating expenditure were- pay and allowances: 20.27 percent, goods and services: 10.43 percent, interest payments: 19.72 percent, of which foreign interest payments: 1.64 percent and subsidies and incentives and current transfers: 42.26 percent. Figure 4.2 shows a comparative allocation of operating expenditure for the last 3 fiscal years.

**Figure 4.2: Comparative Statement of Operating Expenditure (In crore Tk.)**



Note: Others expenditures include block allocations, acquisition of assets and works, investment in shares and equity and foreign financial assets.

### Annual Development Programme (ADP)

In FY 2019-20, the volume of the Revised ADP (RADP) was Tk. 2,01,199 crore, of which Tk. 130,921 crore (65.07%) was from GOB, Tk. 62,000 crore (30.10%) from project aid and Tk. 8,278 crore (4.11%) from the own resources of autonomous body/corporation. A total of 1,908 projects were included in the Revised ADP. In FY 2020-21, the volume of RADP stood at Tk. 2,09,272 crore, which is 4.01 percent higher than the previous fiscal year. Of them, allocation from GOB is Tk. 1,34,643 crore (64.34%), Tk.63,000 crore (30.10%) as project aid and the rest Tk. 11,629 crore (5.56%) is the self-finance project of autonomous body/corporation. The number of projects included in this fiscal year is 1,943 (main projects: 1,885, sub-projects:49, development assistance:9).

### Allocation and Expenditure of ADP

The implementation status of ADP/RADP (excluding self-financed projects of autonomous bodies) during FY 2014-15 to FY 2020-21 has been shown in Table 4.4. The revised allocation for FY 2014-15 was Tk. 75,000 crore, which reached Tk. 1,97,643 crore in FY 2020-21. Although the ADP's absolute size has been increasing along with the number of projects, there has been a marked improvement in the ADP implementation. From FY 2014-15, the RDP implementation was above 90 percent, whereas in FY 2019-20, the implementation slowed down to 80 percent. During current fiscal year, the implementation of RADP allocation is 50.6 percent up to April 2021 of FY 2020-21, which was 49.13 percent of the same period of previous fiscal year.

**Table 4.4: ADP Allocation, RADP Allocation and Expenditure**

(In Crore Tk)

Fiscal Year	ADP Allocation				RADP Allocation				Expenditure (as % of RADP)		
	No. of Project	Total	Taka	PA	No. of Project	Total	Taka	PA	Total	Taka	PA
2014-15	1187	80315	52615	27770	1204	75000	50100	24900	68524 (91.4%)	46080 (92.0%)	22444 (90.1%)
2015-16	1124	97000	62500	34500	1315	91000	61840	29160	83581 (91.8%)	58357 (94.4%)	25224 (86.5%)
2016-17	1123	110700	70700	40000	1415	110700	77700	33000	100840 (91.1%)	72410 (93.2%)	28430 (86.2%)
2017-18	1192	153331	96331	57000	1551	148381	96331	52050	141492 (95.4%)	89155 (92.6%)	52337 (100.6%)
2018-19	1451	173000	113000	60000	1785	167000	116000	51000	158269 (94.8%)	111165 (95.8%)	47104 (92.4%)
2019-20	1564	202721	130921	71800	1748	192921	130921	62000	155698 (80.7%)	108172 (82.6%)	47526 (76.7%)
2020-21*	1584	205145	134643	70502	1635	197643	134643	63000	99972 (50.6%)	66455 (49.4)	33517 (53.2%)

**Source:** Programming Division, Planning Commission; IMED, Ministry of Planning.

Note: Excluding own funded projects. \*Up to April 2021

### Sector-wise Allocation of ADP

The sectoral allocations of the RADP from FY 2016-17 to FY 2020-21 are shown in Table 4.5 reveal that among the 17 sectors such as transport, electricity, physical planning, water supply and housing, education and religious affairs, rural development and institution, science and technology, health, population and family

welfare, agriculture and water resources have been given priority. In FY 2020-21, the highest allocation was given in transport sector, which is 24.90 percent of the revised ADP, followed by physical planning, water supply and housing sector (13.4%), education and religious affairs (12.43%), power (11.10%) and rural development and institution sector (9.25%). The allocation of health, population and family

welfare reached 7.55 percent, up from 6.47 percent in FY 2019-20. Figure 4.3 shows the

revised allocations for the highest allocation received by 7 sectors in RADP, 2020-21.

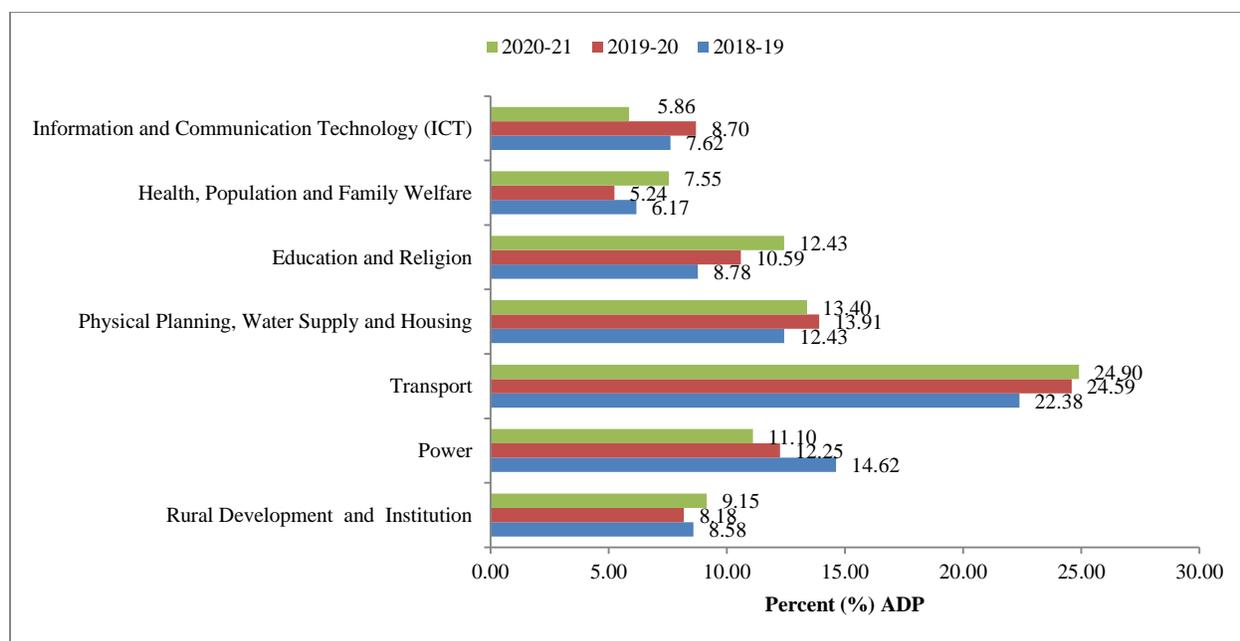
**Table 4.5: Sector-wise Allocation of RADP**

(In Crore Tk.)

FY	2016-17		2017-18		2018-19		2019-20		2020-21	
	Allocation	%	Allocation	%	Allocation	%	Allocation	%	Allocation	%
1. Agriculture	5741.6	5.19	5283.52	3.56	6918.24	3.92	6623.53	3.43	7734.29	3.91
2. Rural Development and Institution	10761.43	9.72	16722	11.27	15154.25	8.58	15777.91	8.18	18289.7	9.25
3. Water Resources	3342.11	3.02	4147.31	2.8	5000.87	2.83	6552.79	3.40	6708.93	3.39
4. Industry	974.12	0.88	1563.55	1.05	2176.01	1.23	3238.10	1.68	3500.09	1.77
5. Power	13447.57	12.15	22340.32	15.06	25819.17	14.62	23631.78	12.25	21945.17	11.1
6. Gas, Oil and Natural Resource.	1067.87	0.96	1346.48	0.91	5737.06	3.25	2417.07	1.25	1748.79	0.88
7. Transport	27360.23	24.72	37513.22	25.28	39531.17	22.38	47431.92	24.59	49212.86	24.9
8. Communication	1915.79	1.73	937.44	0.63	2221.01	1.26	1739.64	0.90	1537.33	0.78
9. Physical Planning, Water Supply and Housing	14391.17	13	15146.83	10.21	21956.51	12.43	26839.25	13.91	26491.96	13.4
10. Education and Religion	12845.97	11.6	14186.56	9.56	15510.84	8.78	20429.10	10.59	24571.96	12.43
11. Sports and Culture	214.19	0.28	318.61	0.21	653.66	0.37	587.93	0.30	484.5	0.25
12. Health, Population and Family Welfare	5655.33	5.11	9607.51	6.47	10902.07	6.17	10108.49	5.24	14921.9	7.55
13. Mass Communication	176	0.16	219.65	0.15	250.39	0.14	171.25	0.09	248.25	0.13
14. Social Welfare, and Youth Development	347.19	0.31	431.86	0.29	649.71	0.37	798.06	0.41	875.29	0.44
15. Public Administration	2361.15	2.12	2118.91	1.43	4974.07	2.82	5137.49	2.66	3377.52	1.71
16. Information and Communication Technology (ICT)	5472.04	4.94	12593.18	8.49	13453.63	7.62	16790.43	8.70	11575.66	5.86
17. Labour and Employment	450.77	0.41	356.25	0.24	464.30	0.26	544.27	0.28	537.72	0.27
Block/Others	4092.07	3.7	3547.8	2.39	5246.75	3.14	4101.56	2.13	3881.24	1.96
<b>Grand Total</b>	<b>110700</b>	<b>100</b>	<b>148381</b>	<b>100</b>	<b>167000</b>	<b>100</b>	<b>192921.00</b>	<b>100.00</b>	<b>197643</b>	<b>100</b>

Source: Programming Division, Planning Commission. Note: Data according to RADP.

**Figure 4.3: Sector-wise ADP Allocation (Allocation of Highest 7 sectors)**



### Domestic Resources for ADP

Domestic resources contribution towards financing of ADP shows an ups and downs trend during FY 2014-15 to FY2020-21. The average contribution of domestic resources towards ADP stood at around 65 percent to 70 percent. Contribution of domestic resources increasing in ADP is an indicator of positive progress. Table 4.6 shows the financing of revised ADP from

domestic sources during last few years. The contribution of domestic resources to ADP was 66.80 percent in FY2014-15. It increased in next 2 fiscal years but decreased to 64.92 percent in FY2017-18. Again the percentage of domestic resources started to increase and stood at 69.46 percent in FY2018-19 and 67.86 percent in FY 2019-20. However, in FY 2020-21 the share decreased to 59.36 percent due to receive of special support/credit for development.

**Table 4.6: Domestic Resources in Financing ADP**

	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Total ADP	75000	91000	110700	148381	167000	192921	197643
Total Domestic Resource	50100	61840	77700	96331	113900	130920	134643
Domestic Resource as % of ADP	66.80	67.96	70.19	64.92	69.46	67.86	59.36

**Source:** Programming Division, Planning Commission. Data: According to RADP.

### Stimulus Package for COVID-19 Pandemic

To address the crisis resulting from the outbreak of COVID-19 and overcome its potential adverse effects on the economy, Hon'ble Prime Minister Sheikh Hasina has guided the formulation of an overall programme with short, medium, and long-term targets. This programme has four main strategic aspects.

- a. The first strategy is to increase government spending. In this respect, priority will be given to creating jobs and discouraging luxury spending.
- b. The second strategy is to provide low-interest credit facilities through the banking system to industries and business enterprises to revive economic activities and increase the competitiveness of entrepreneurs at home and abroad.
- c. The third strategy is to increase the scope of the government's social security programmes to protect the ultra-poor and the low-income groups that have suddenly become unemployed as well as the people engaged in informal sectors.
- d. The fourth and last strategy is to increase money supply in the market. However, this strategy is being implemented with utmost

caution so that the negative effects of inflation can be controlled.

The government has already announced fiscal and stimulus packages of Tk. 1, 28,441 crore (Up to April, 2021), which is 4.4 percent of GDP, to facilitate additional expenditure in the healthcare sector, emergency humanitarian assistance, and the overall economic recovery program. Some of the key features of the programme is highlighted below:

- A fund of Tk. 5,000 crore was provided for the purpose of ensuring continuation of payments of salaries and allowances of the workers of export-oriented industries at a service charge of only 2 percent. This initiative helped protect jobs of a large number of workers in this sector.
- The working capital loan facility of Tk. 33,000 crore is being given at an interest rate of 9 percent to the affected industries and service sector companies to continue their business operation. Of this 9 percent, 4.5 percent will be paid by the borrowers and the remaining 4.5 percent by the government. As a result, large industrial and service sectors

have been able to continue their business activities during COVID-19.

- The working capital loan facility of Tk. 20,000 crore is being given at an interest rate of 9 percent to the affected micro, small and medium enterprises including the cottage industries to continue their business operation. Of this 9 percent, 5 percent will be paid by the government as subsidy and the remaining 4 percent by the borrowers. As a result, micro, small and medium enterprises including the cottage industries and service sector have been able to continue their business activities during COVID-19.
- The government has increased facilities under the Export Development Fund (EDF) and Pre-Shipment Credit Refinance Scheme of Bangladesh Bank.
- A total of 5 lakh metric tonnes of rice and 1 lakh metric tonnes of wheat have been distributed free of cost across the country as humanitarian aid for the poor people who have suddenly become jobless due to the coronavirus outbreak. Again, rice is being sold among the low-income people at Tk. 10 per kg. As a result of all these measures, marginalised people did not face any food shortage and the chances of their falling below the poverty line were reduced.
- Initiatives have been taken to increase the coverage of social safety net programmes to protect the ultra-poor in the country from being jobless and prevent their loss of income due to the coronavirus outbreak. An amount of Tk. 2,500 in cash each is being disbursed directly to 50 lakh selected beneficiary families from the treasury to their bank or mobile accounts across the country.
- Under the social safety net programmes, the coverage of old age allowances and the widow and divorcee women allowances in 100-ultra-poor *Upazilas* has been increased

to cent percent. As a result, the total number of beneficiaries under these two allowances, including that under the disability allowance, has been increased by a total of 11 lakh, and their livelihood has become easier during the COVID-19 outbreak.

- Initiatives have been taken to build houses for all the homeless people on the occasion of the birth centenary of the Father of the Nation Bangabandhu Sheikh Mujibur Rahman. As a result, the poor will no longer have to be homeless.
- Of the activities undertaken to recover the economy in the aftermath of the coronavirus outbreak, the most prioritised one is to ensure continuation of agricultural production. To ensure food security for the people of the country, several important initiatives have been taken to maintain agricultural production at the usual level. In order to ensure that the farmers get fair price of their produce (paddy) and keep the price of rice stable in the market, the target of procuring rice in the current *Irri-Boro* season has been expanded by 2 lakh metric tons. An amount of Tk. 3,200 crore are being allocated as an incentive to promote farm mechanisation. The amount of agricultural subsidy has been increased to Tk. 9,500 crore. An agricultural refinance scheme of Tk. 5,000 crore is being formulated to ensure easy loans of affected farmers. In addition, a refinancing scheme of Tk. 3,000 crore has been created for low-income professional farmers/ small traders. All these initiatives will be helpful for agriculture in the country and will assist our farmers.
- Allocation has been made to *Karmasangsthan* Bank, *Prabasikallyan* Bank, *Palli Sanchay* Bank and *Palli Karmasahayak* Foundation for the purpose of providing loans at a low interest rate to expatriate workers, trained youth and

unemployed youth for starting business and self-employment. For this purpose, the government will provide a capital of Tk. 500 crore to each of these four institutions so that they can disburse low-interest loans to suitable entrepreneurs under specific programs. As a result, self-employment opportunities have been created for poor rural farmers, expatriate workers, trained youth and unemployed youth in the agriculture sector and in agro-related production and services, small business, small and cottage industries, etc.

- The interest collection against disbursed loans by all commercial banks for the month of April and May has been postponed.

- To encourage banks to disburse loans to micro, cottage and small enterprises, Bangladesh Bank has introduced a credit risk guarantee scheme of Tk. 2000 crore.

### Budget Balance and Financing

To keep the budget deficit to a sustainable level there is a clear guideline in ‘Public Money and Budget Management Act 2009’. Therefore, government is conscious to keep the budget deficit within 5 percent of GDP. But in revised budget of FY 2019-20, due to ‘COVID-19’ pandemic budget deficit crossed 5 percent of GDP. Table 4.7 shows the data of overall budget balance and financing of last few years. In addition, Table 4.8 shows the actual budget deficit based on iBAS++ data system’.

**Table 4.7: Overall Budget Balance and Financing\***

	(As % of GDP)						
Budget balance/ financing	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Overall budget balance (excluding foreign grants)	-5.03	-5.03	-4.99	-4.98	-4.95	-5.49	-6.10
Overall budget balance (including foreign grants)	-4.66	-4.74	-4.76	-4.78	-4.80	-5.37	-5.60
Net domestic financing	3.61	3.59	3.54	2.93	3.1	3.48	3.73
Net foreign financing (excluding grants)	1.05	1.15	1.22	1.85	1.71	1.88	2.37
Net foreign financing(including grants)	1.42	1.44	1.46	2.05	1.86	2.01	2.17

Source: Finance Division

Note: Figures are based on Revised Budget.

**Table 4.8: Actual Budget Deficit**

	(As % of GDP)						
FY	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21*
Budget Deficit (Excluding grants)	4.1	3.9	3.4	4.7	5.4	5.5	6.1

Source: iBAS ++, Finance Division, \* Target

### Budget Deficit Financing

Government’s budget deficit is finance by two major sources-domestic sources and external sources. Domestic sources include borrowing from banking system and non-bank borrowing outside bank particularly, borrowing from saving certificates. External sources include foreign loans and grants. In FY 2019-20, total government domestic borrowing (net) stood at Tk. 93,617.1 crore which was 3. percent of the

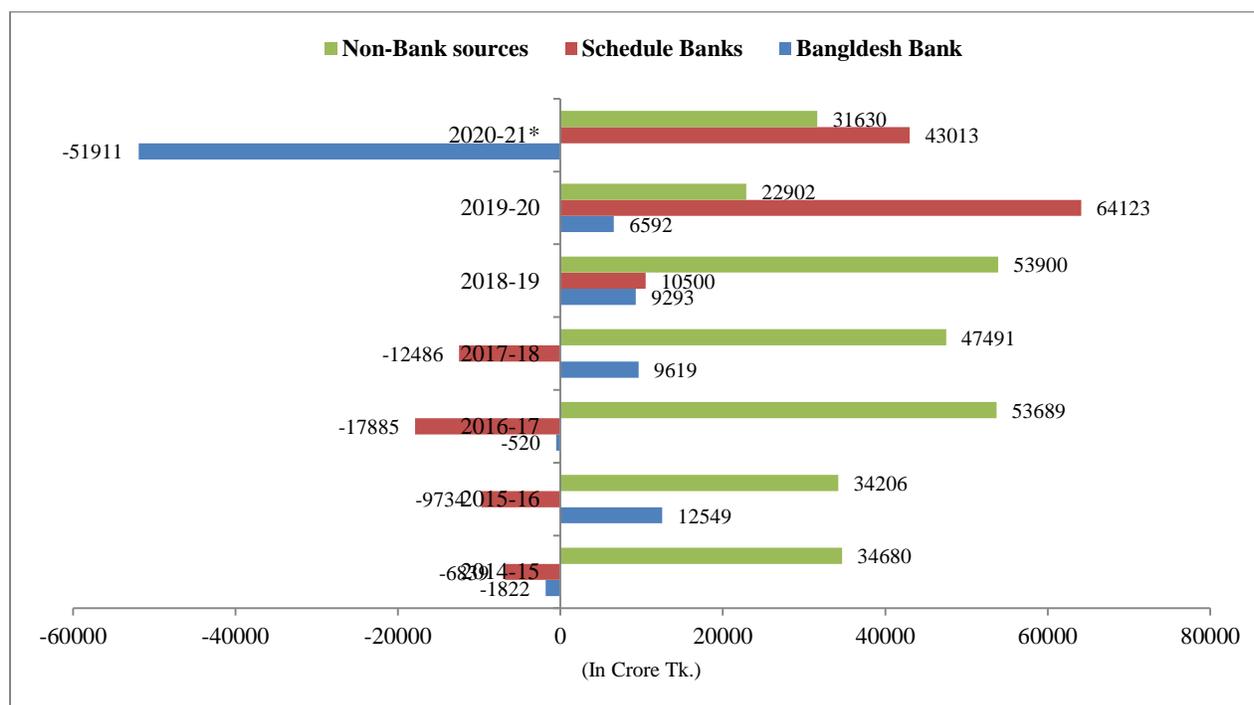
GDP. During this period, the government borrowed Tk. 70,714.9 crore from banking system and from other than banks (including scheme of national savings certificate) was Tk. 22,902.2 crore. In FY 2020-21 (up to February, 2021) total government domestic borrowing (net) has stood at Tk.22,731.5 crore. Sector-wise government domestic borrowing from FY 2014-15 to FY 2020-21 (up to February, 2021) is shown in Table4.8 and Figure 4.4 below:

**Table 4.9: Government Borrowing (net) from Domestic Sources**

(In crore Tk.)

Fiscal Year	Net Government borrowing from the banking system			Government borrowing from other than banks	Total government borrowing	Percent of GDP
	Bangladesh Bank	Scheduled Banks	Total borrowing from banking system			
2014-15	-1821.9	-6839.4	-8661.4	34680.3	26018.9	1.7
2015-16	12548.7	-9733.9	2814.8	34206.0	37020.8	2.0
2016-17	-520.2	-17884.8	-18405.0	53689.2	35284.2	1.8
2017-18	9619.3	-12485.7	-2866.4	47490.7	44624.3	2.0
2018-19	9293.0	10499.5	19792.5	53900.2	73692.7	2.9
2019-20	6592.1	64122.8	70714.9	22902.2	93617.1	3.3
2020-21*	-51910.8	43012.5	-8898.3	31629.8	22731.5	-

Source: Bangladesh Bank, \* Up to February, 2021

**Figure 4.4: Government's Borrowing (Net) from Domestic Sources**

Data source: Table 4.9, \* Up to February, 2021

### Government Borrowing from External Sources

In FY 2019-20, disbursement of external assistance has been recorded the highest since independence. During the fiscal year, the disbursement amount has surpassed the landmark of seven billion US dollar (US\$ 7.38 billion), which is 12.83 percent higher than the disbursement of previous fiscal year. On the other hand, total debt servicing expenditure of FY 2019-20 has increased by US 141 million compared to the previous fiscal year. As a result,

the net external assistance flow (after deducting principal and interest payment expenditure) in FY 2019-20 has increased by 14.12 percent compared to the previous fiscal year.

Up to February, 2021, the disbursement of foreign assistance stood at US\$ 3,717 million, which is 6.63 percent higher than the same period of previous fiscal year. Table 4.10 and Figure 4.5 show the government borrowing from the external sector during FY 2014-15 to FY 2020-21 (up to February, 2021) below:

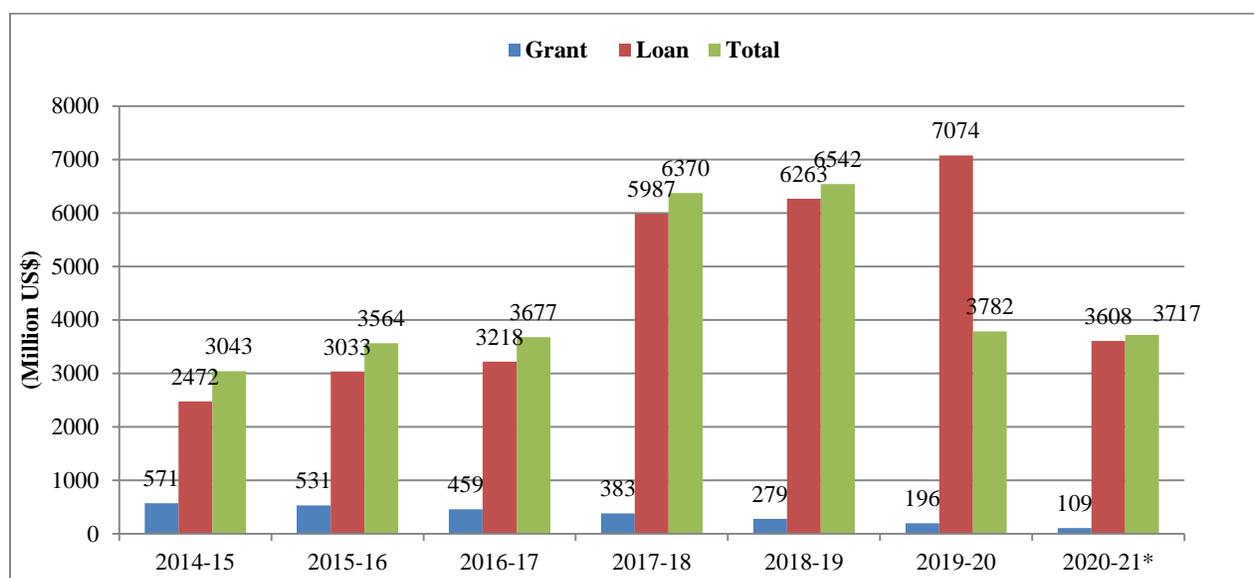
**Table 4.10: Government Borrowing from External Resources**

(Million US\$)

Fiscal Year	External Loan and Grant			Principal and Interest Payment			Net Foreign Aid Flow	
	Grant	Loan	Total	Interest	Principal	Total	After Principal Payment	After Principal and Interest Payment
2014-15	571	2472	3043	188	909	1097	2134	1946
2015-16	531	3033	3564	202	849	1051	2715	2513
2016-17	459	3218	3677	229	894	1123	2783	2554
2017-18	383	5987	6370	299	1110	1409	5260	4961
2018-19	279	6263	6542	391	1202	1593	5340	4949
2019-20	196	7074	7382	477	1257	1734	6125	5648
2020-21*	109	3608	3717	320	867	1187	2250	1930

Source: ERD, Ministry of Finance \*February 2021

**Figure 4.5: Flow of External Resources**



Data Source: Table 4.9, \* Up to February, 2021

Information regarding commitment and disbursement of external assistance, external debt service, external debt outstanding and country and sector wise external assistance are given in Appendix 57-Appendix 62. The external debt

outstanding stood at US\$ 46,836 million at the end of February 2021 which is 12.52 percent of GDP indicating comfortable position in terms of debt sustainability.

### Annexure 1 Steps Taken for Realisation of Tax Regime

#### Income Tax

- **Rationalizing Tax-free Ceiling of Income and Tax Rate of All Classes of Taxpayers except Company and Association of Persons (AOP)**
  - The ceiling of tax-free income for all classes of taxpayers except companies and AOPs has been increased from Tk. 2, 50,000 to Tk. 3, 00,000. A new initial taxable income ceiling of Tk. 1, 00,000 (for which tax is applicable at the rate of 5%) has been inserted splitting the previous initial taxable income ceiling of Tk. 4, 00,000 (for which tax was applicable at the rate of 10%). The ceilings of taxable income next following and the applicable rate of tax thereon have also been further rationalized, and the rate of tax for the last ceiling of taxable income has been reduced to 25% from 30%. Female, senior citizens of 65 years and above, physically challenged persons, wounded freedom fighters included in the gazette, and other special types of individual taxpayers will enjoy an additional tax-free income ceiling to the tune of Tk. 50,000.
  - A provision that if any taxpayer submitting return on income for the first time chooses to submit it online, s/he will be entitled to getting an additional tax rebate to the tune of Tk. 2000 has also been newly inserted.
- **Rationalising Tax Rate of Company and AOPs**
  - The rate of tax for mobile operators, all types of tobacco product manufacturing companies including cigarette, biri, chewing tobacco manufacturers, merchant banks, banks, insurance and financial institutions, local authorities and non-publicly traded companies has been rationalized. At the same time, the tax rate for AOPs, which were previously treated as individual taxpayers in terms of tax rate, has been fixed at 32.5%.
- **Expanding Tax Net**
  - A simple one-page return of income namely IT 11 KHA 2020 has been introduced to facilitate return submission of the marginal taxpayers.
  - TIN registration and submission of return of income have been made a mandatory provision for individuals and organizations receiving income from shared economic activities.
  - TIN registration and submission of return of income have been made a mandatory provision for individuals owning a licensed weapon, and/or taking part in Zilla Parishad election.
  - With a few exceptions, filing of return of income has been made a mandatory provision for all individuals and entities legally bound to register for a TIN.
- **Collecting Advance Tax and Tax at Source**
  - Necessary amendments have been made to collect advance tax at an increased amount on private vehicles not plying commercially.
  - Rate of tax at source has been fixed at 2% on purchase of rice, wheat, potato, onion, garlic, peas, chickpeas, lentils, ginger, turmeric, dried chili, pulse, maize, coarse flour, flour, salt, edible oil, sugar, black pepper, cinnamon, cardamom, clove, date, cassia leaf, computer or computer accessories, jute, cotton, yarn and all kinds of fruits through local letter of credit (LC).

- With a view to expanding tax net on digital economy, provision for tax deduction at source has been introduced at the time of paying bills for receivers of service through sharing economic platform including ride sharing, co-working, space providing and accommodation providing service.
- Section 52Q of the Income Tax Ordinance, 1984 has been rewritten to include the taxable income remitted to Bangladesh on shared economic activities and digital advertisement under the purview of source tax deduction.
- Like other similar cases, tax at the applicable rate has been collected at source on commission received by Bangladesh Telecommunication Regulatory Commission (BTRC) on international phone calls.
- Rate of tax to be collected at source on compensation against acquisition of any immovable property within the jurisdiction of any city corporation, pourashava or cantonment board has been raised to 6%, and rate of tax to be collected at source on compensation against acquisition of any immovable property outside the jurisdiction of any city corporation, pourashava or cantonment board has been raised to 3%.
- **Incentives for Export including the Readymade Garments Sector (RMG)**
  - As a priority sector, the preferential existing tax rate for RMG (10% for green RMG factories and 12% for all other RMG factories) has been extended for another two year term.
  - Tax to be collected at source as advance tax on proceeds of export value has been fixed at 0.50%.
- **Incentives for Stock Market**
  - Against the backdrop of global crisis emanating from the outbreak of the Corona virus, a special provision, stipulating payment of tax at the rate of 10% and retaining the investment for a minimum period of one year, has been inserted with regard to investment in the stock market within this fiscal to ensue increased fund flows in the stock market as well as to make it more thriving and functional. No other authority in Bangladesh will raise any question regarding the source of such investment.
- **Forming Bond Market for Long-term Supply of Capital**
  - With a view to ensuring long-term flow of fund in the bond and stock market, facilitating transaction of bond and *sukuk*, as well as letting the bond and stock market grow in a sustainable way, provision for tax deduction at source has been made on each transaction made in these markets at a rate fixed by the Bangladesh Stock Exchange Commission in place of deducting tax at source on the total value of transaction.
- **Facilitating Increased Money Flow in Post-Corona Economy**
  - A special facility has been offered regarding disclosure of undisclosed assets of all sorts to channel money from informal to formal economy. Under this scheme, following some conditions, undisclosed cash/liquid assets can be disclosed by paying taxes at the rate of 10%. Similarly, undisclosed fixed assets can be disclosed by paying taxes on square meter at a rate fixed for different localities. No authority in Bangladesh can raise any question regarding the source of such disclosures made.
- **Guarding against Money Laundering**
  - In order to guard against tax evasion and money laundering under the guise of over or under invoicing in export-import or through declaration of fake investment, in addition to the

existing ones, a new provision has been introduced that stipulates imposition of 50% tax on the sum unearthed as fake investment or laundered asset.

➤ **Tax Holiday: Employment and Investment in the Hi-tech Sector**

- In order to smoothen the ongoing developmental journey of Bangladesh and to maintain the growth in employment and investment, seven new industrial sectors, in addition to the existing ones, and depending on geographical location, have been granted tax holiday facility at a regressive rate for different terms.

➤ **Simplifying Tax System, Interconnectivity and Enforcement**

- Allowable expense on foreign travels for companies has been reduced to 0.50% of the annual turnover in place of the previous rate of 1.25%.
- Previously there was no ceiling for claiming promotional expense by businesses, which resulted in claiming of staggering sums as promotional expenses under the heads mostly unrelated to the operation of businesses. Hence a ceiling for claiming promotional expense has been fixed at 0.50% of the reported annual turnover.
- Against the backdrop of changing business process, pattern and business model, the definition of payment has been expanded by including any order or instruction of making payment under the purview of payment.
- Necessary amendments have been brought in Section 80 of the Income Tax Ordinance, 1984 with regard to raising the ceiling of gross value of assets in possession of any individual taxpayer from Tk. 25, 00,000 to Tk. 40, 00,000 for making him legally obliged to submit a wealth statement. Also, the ceiling of income for any individual taxpayer has been raised from Tk. 3, 00,000 lac to Tk. 4, 00,000 in order to make him liable to submit the lifestyle expenditure statement with a return of income.
- In addition to the existing provision for paying turnover tax by companies and also by partnership firms having annual business turnover exceeding Tk. 50,00,000, individual taxpayers having annual business turnover exceeding Tk. 3,00,00,000 have been brought under the purview of paying minimum turnover tax at the rate of 0.50% on the value of the turnover.
- A new Section 184G has been inserted into the Income Tax Ordinance, 1984 which entitles National Board of Revenue to extend the time limit stipulated in the Ordinance in carrying out functions under certain sections, to granting condo nation or to exclude something from the business process in the face of any natural calamity, pandemic, emergency situation and an Act of God.

### **Value Added Tax (VAT)**

Following measures have been taken to realize VAT in FY 2020-21:

➤ **Reform of VAT law and Rules**

- The Value Added Tax Act and its rules have been simplified to facilitate for Automated & Transparent Environment;
- Online VAT registration, online return submission and online e-payment systems have already been implemented;
- Use of Electronic Fiscal Device (EFD)/Sales Data Controller (SDC) for some business entities has been made mandatory. Installation of EFD/SDC has already been started;

- NBR approved software use has been made mandatory for companies with annual turnover of more than Tk 5 crore.

➤ **Policy Adopted Recently**

- Restructuring of the Supplementary Duty (SD) rate for some goods:

H.S. Code/ Service Code	Description	Existing SD Rate	Revised SD Rate
3304.99.00	Others (Except Petroleum Jelly & Baby Lotion)	5%	10%
S012.10	Services provided through the use of SIM / RIM card on mobile phones	10%	15%
S044.00	Provide Bangladesh Road Transport Authority Services against the registration of vehicles	10%	15%
S058.00	Helicopter Services (Except Air Ambulance)	25%	30%

- Increase of value and duty rate for tobacco products considering the health risk it imposes on people:

- **Cigarette**

Past Price ( for 10 sticks) in Tk	Past Total Tax Incidence	Present Price ( for 10 sticks) in Tk	Present Total Tax Incidence
37 and above	55%	39 and above	57%
63 and above	65%	63 and above	65%
93 and above	65%	97 and above	65%
123 and above	65%	128 and above	65%

- **Bidi**

Description of Goods	Sticks (Per Pack)	Tariff Value (2019-20)	Present Tariff Value (2020-21)	Supplementary Duty Rate (2019-20)	Supplementary Duty Rate (2020-21)
handmade Bidi without help of machine (without filter)	8 Sticks	Tk. 4.48	30	Tk. 6.00	30
	12 Sticks	Tk. 6.72	30	Tk. 9.00	30
	25 Sticks	Tk. 14.00	30	Tk. 18.00	30
handmade Bidi without help of machine (with filter)	10 Sticks	Tk. 8.50	40	Tk. 10.00	40
	20 Sticks	Tk. 17.00	40	Tk. 19.00	40

- **Activities taken for the development and expansion of information technology:**
  - Exemption on computer & computer parts, Computer Modem, Software (in production and Trading stage);
  - VAT Rate reduced against ‘Internet Service Provider’ from 15% to 5%;
  - VAT Rate reduced against NTTN, ITC, IIG related Service from 15% to 5%;
  - VAT Rate reduced against Router, PCB from 15% to 5% (Manufacturing Stage).
- **Changes brought in some other cases:**

- VAT exemption facilities for the Local API Industries have been continuing;
- VAT exemption facilities for the Local polystyrene staple fiber industries have been continuing;
- VAT exemption facilities for the Local refrigerator, freezer and air-conditioner manufacturing industries have been continuing;
- Exemption facility for Automobiles industries for production have been continuing;
- Exemption facility for Mobile Manufacturing & Assembling industries for production have been continuing;
- Exemption for Locally produced & supply of agricultural machinery, like: power ripper, power tiller operated cedar, combined harvester, low-lift pump, rotary tiller, etc.;
- Exemption of VAT on the show room rented by a female entrepreneur (Service Stage);
- VAT exemption has been given on selling books, newspapers, magazines;
- Shares purchase and selling settlement activity has been exempted from VAT;
- Air ambulance services have been exempted from VAT.

### **Customs Duty**

- The existing tariff rates on essential commodities, fertilisers, seeds, life-saving medicines and raw cotton including raw materials for some other industries have been kept unchanged.
- Facilities for import of agricultural machinery and equipment at concessional tariff rates have been expanded.
- Import duties have been imposed on onion imports to ensure fair price for domestic onion farmers, encourage onion cultivation and reduce the dependence on imports.
- The existing tariff on import of industrial salt (sodium sulphate/ disodium sulphate) has been increased to ensure fair price of salt produced in the country and to protect salt farmers and reduce public health risks.
- In order to consolidate the health sector, the existing concessional facilities for import of raw materials required for local production of autoclave machines for disinfection of medical equipment have been extended.
- In order to sustainably develop the fisheries, poultry and dairy sector, the existing facilities for import of food items and various raw materials related to that sector have been expanded. In order to protect the poultry sector, the rate of import duty of ‘processed chicken in cut piece form’ has been increased.
- In order to protect small and medium industries, concessional facilities have been provided for the import of certain raw materials used in the production of those industries and tariffs have been increased on the import of products made by small and medium industries (such as nails, screws, small parts, etc.). The existing tariff rate on honey imports has been increased to protect the interests of domestic honey farmers.
- Concessions have been provided for the import of certain products (such as: RFID Tag, Industrial Racking System, cutting table, etc.) required for 100% export-oriented garments and textile industries.
- In order to expand the potential footwear industry in export diversification, concessional facilities have been provided for the import of three raw materials of that industry.

- The minimum price of cellular phones has been fixed in order to generate appropriate revenue by protecting the industry in the cellular phone manufacturing and assembly industry and ensuring proper pricing at the import stage.
- The existing 15% VAT on gold bar imports has been revoked with a view to discourage illegal gold imports and encourage legal import of gold through authorized dealers.
- As the country is now generating much more electricity than the demand, the concession on import of Furnace Oil has been withdrawn by revoking the notification issued in 2011 to discourage the setting up of Furnace Oil dependent power plants and to prevent misuse of Furnace Oil.
- Necessary amendments have been made in the existing Customs Act, 1969 for the formation of Bangladesh Single Window Commissionerate, implementation of D-Minimum Rules, expeditious unloading of goods and congestion at ports, reduction of discretionary judicial power of customs officials and restructuring of appellate tribunals for speedy disposal of cases.

**Annexure 4.2**  
**: Stimulus Package to address COVID-19 and Economic Recovery**

S. L	Name of the package	Allocation (in crore Tk.)
1	Special Fund for salary support to workers of export-oriented manufacturing industries including ready-made garments	5,000
2	Providing low interest working capital loans to affected industries and service sector enterprises to ensure their business continuation	40,000
3	Providing low interest working capital loans to micro, cottage, small and medium enterprises including cottage industries	20,000
4	Expanding the Export Development Fund (EDF) to US\$ 5 billion from US\$ 3.5 billion and setting its interest rate to only 2 percent to enhance the facility to import raw materials under back-to-back letter of credit	12,750
5	Introducing Pre-Shipment Credit Refinance Scheme to enhance the capacity of exporters	5,000
6	Providing special honorarium equivalent to two months' basic salary to the doctors, nurses, medical workers engaged in serving corona patients	100
7	Providing appropriate compensation to doctors, nurses and health workers engaged in serving corona patients as well as to employees of field administration, law enforcement agencies, armed forces and other directly involved government employees engaged in implementing instructions of the government in case of coronavirus infection, or providing appropriate compensation to their families in case of death	750
8	Free distribution of 5 lakh metric tons of rice and 1 lakh metric tons of wheat to the poor who have suddenly become jobless due to the coronavirus outbreak	2,500
9	Selling rice at 10 taka per kg under the Open Market Sale (OMS) among low-income people badly affected by the coronavirus outbreak	770
10	Providing direct cash transfer of Tk. 2,500 each to 50 lakh beneficiary families across the country to protect the ultra-poor who have become jobless and lost their income due to the outbreak of coronavirus	1,258
11	Increasing the number of beneficiaries of old age allowance, widow and divorcee allowance and disability allowance by a total of 11 lakh to protect the poor from the adverse effects of coronavirus	815
12	Allocating fund for the construction of home for homeless people affected by the coronavirus	2,130
13	Increasing the target for procurement and distribution of paddy by 2 lakh metric tons to ensure fair price of paddy and keep the price of rice stable in the market in the aftermath of the coronavirus outbreak.	860
14	Providing support for farm mechanization	3,220
15	Enhancing the amount of agricultural subsidy	9,500
16	Establishing an Agriculture Refinance Scheme to ensure easy loans for farmers	5,000
17	Establishing a refinance scheme for low income professionals, farmers, and small traders	3,000
18	Providing low interest loans to rural poor farmers, expatriate migrant workers and trained youth and unemployed youth for establishing business and self-employment in agriculture and agro-related production and services, small business, small and cottage industries	2,000
19	Providing subsidy for partial remission of commercial bank's suspended interest of April and May of 2020	2,000
20	Credit guarantee scheme for the SME sector	2,000
21	Social safety net program for the hapless workers in the RMG, leather goods and footwear industries	1,500
22	Expansion of the coverage of 2 social protection programs to further 1500 poverty-stricken Upazilas.	1,200
23	2 <sup>nd</sup> tranche of the cash transfer to targeted population	930
Total (In Crore Taka)		1,28,441
Total (In Million US\$)		15,111
As % of GDP		4.2

**Annexure 4.3**  
**Budget at a Glance (with Actual)**

(In crore Tk.)

Description	Actual	Actual	Budget	Revised	Actual (July- May)*	
	2018-19	2019-20	2020-21	2020-21	2019-20	2020-21
<b>Revenue and Foreign Grants</b>						
<b>Revenues</b>	251,879	265,909	378,000	351,532	<b>226857</b>	<b>275478</b>
Tax Revenue	225,958	221,982	345,000	316,000	164159	229622
NBR-Tax Revenue	218,616	216,037	330,000	301,000	188804	224290
Non-NBR Tax Revenue	7,342	5,944	15,000	15,000	5355	5333
Non-Tax Revenue	25,921	43,927	33,000	35,532	32698	45856
<b>Foreign Grants</b>	1,677	2,520	4,013	3,985	<b>798</b>	<b>53</b>
<b>Total:</b>	<b>253,556</b>	<b>268,429</b>	<b>382,013</b>	<b>355,517</b>	<b>227655</b>	<b>275531</b>
<b>Expenditure</b>						
<b>Operating Expenditure</b>	238,110	254,880	348,180	323,688	201499	220783
Recurrent Expenditure	217,807	236,124	311,690	302,547	190479	209657
of which	49,461	58,313	63,801	63,729	47112	55413
Domestic Interest	46,015	53,995	58,253	58,500	42954	51355
Foreign Interest	3,446	4,318	5,548	5,323	4158	4058
Capital Expenditure	20,302	18,756	36,490	21,141	11021	11127
<b>Net Outlay for Food Account Operation</b>	4,233	2,278	567	2,553	7160	6778
<b>Loans and Advances (Net)</b>	-1,708	1,205	4,210	4,717	-3846	-2989
<b>Development Expenditure</b>	151,055	161,797	215,043	208,025	89440	87717
Scheme	184	1,619	2,522	3,239	1015	1475
Non-ADP Special Project	2,795	3,343	4,722	4,610	2528	2162
Annual Development Programme (ADP)	147,287	155,380	205,145	197,643	85363	82392
Non-ADP FFW and Transfer	789	1,455	2,654	2,532	534	1688
<b>Total Expenditure:</b>	<b>389,165</b>	<b>420,160</b>	<b>568,000</b>	<b>538,983</b>	294253	312289
Overall Deficit (including Grants )	-135,609	-151,731	-185,987	-183,466	-66598	-36758
(In percent of GDP)	-5.3	-5.4	-5.9	-5.9	-	-
Overall Deficit (Excluding Grants )	-137,286	-154,251	-190,000	-187,451	-67396	-36811
(In percent of GDP)	-5.4	-5.5	-6.0	-6.1	-	-
<b>Financing</b>						
<b>Foreign Borrowing-Net</b>	<b>31,289</b>	<b>41,610</b>	<b>76,004</b>	<b>68,414</b>	4765	13193
Foreign Borrowing	44,790	52,928	88,824	80,954	15577	24357
Foreign Debt Repayment	-13,501	-11,318	-12,820	-12,540	-10812	-11164
<b>Domestic Borrowing</b>	<b>106,845</b>	<b>108,049</b>	<b>109,983</b>	<b>115,052</b>	59909	19999
Borrowing from Banking System (Net)	34,588	79,268	84,980	79,749	69004	22025
Long-Term Debt (Net)	21,129	63,530	53,654	60,749	56650	49825
Short-Term Debt (Net)	13,459	15,739	31,326	19,000	12354	-27800
Non-Bank Borrowing (Net)	72,257	28,781	25,003	35,303	-9094	-2026
National Saving Schemes (Net)	50,357	15,139	20,000	30,302	11566	393529
Others (Net)	21,900	13,641	5,003	5,001	-20660	-41355
<b>Total Financing:</b>	<b>138,134</b>	<b>149,659</b>	<b>185,987</b>	<b>183,466</b>	64675	33192
<b>Memorandum Item:</b>						
<b>GDP</b>	2,542,483	2,796,378	3,171,800	3,087,300**	-	-

Source: iBAS ++, Finance Division

\* Provisional, \*\* Estimated Nominal GDP