

# Budgetary process in Bangladesh

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# Budgetary process in Bangladesh

Budget is a deliberate adjustment between income and expenditure of the public authority.

Art. 87(Constitution); The govt. give annual financial statement before the parliament in an exclusively convened budget session held in June every year.

Art.84; All govt. income kept in 'consolidated account' & fund kept by govt. as trustee deposited in 'public accounts of the republic'.

Budget is of two kinds;

(1) Revenue budget; (2) Development budget.

Revenue budget is prepared by the Finance Division.

Development budget is prepared by Planning Commission which is 'Annual Development Programme(ADP)'.

Our budget is 'line item or 'incremental budgeting'.It does not try to justify items in previous years' budget for entering in new budget hence it is line item budgeting.

Similarly, allocation in the new budget is determined on the basis of certain increment over the previous budget & hence it is incremental budgeting.

Budget preparation process;

Secretariat Instruction: Section-240; Medium term budget framework(MTBF)-

In MTBF 3 years budget prepared of which current year's budget is taken as exact & fixed and another two future years' budget is indicative(may be changed)

Budget preparation is at 3 stages:

(1) Strategy level, (2) Estimate level & (3) Approval .

Budget structure is divided into two parts & 6 sections.

1<sup>st</sup> part includes-mission statement, strategic objective, effect on poverty & women development, estimate.

The 2<sup>nd</sup> part includes- (1) Function of Directorate/Agency under Ministries, (2) programme/projects of directorate/agencies.

Section-244; There is a committee headed by Finance Minister namely 'Budget Monitoring and Resources Committee' whose member secretary is Additional Secretary( Budget) of MOF. A technical committee headed by Additional Secretary(Budget) of MOF provides technical support to the BMRC. BMRC mainly responsible for allocation of resources for revenue and development budget.

Budget calendar[ sec.245(1),appendix-1] ;

- 1) Departmental estimate printing- 31<sup>st</sup> July
- 2) Budget printing & distribution- 31<sup>st</sup> August
- 3) Supply of budget form to acctts officer 30 September
- 4) Estimating officer submit estimate 10 october
- 5) 3 months actual expenditure from  
controlling officer to acctts.officer &  
Finance Division. 31 october

- 6) Completion of the review of estimate on the basis of six months' actual expenditure obtained from accts officer- 20 January
- 7) Combined estimate along with 3 month's actual expenditure received by Finance Division from accts officer 22 January
- 8) 6 months' actual expenditure received from accts. Officer 15 February

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|---|-------------|
| 9) Completion of the review of estimate based on 6 months' actual expenditure | 28 February |
| 10) Distribution of 1 <sup>st</sup> edition of budget to Ministries           | 10 March    |
| 11) Aid forecast  | 14 March    |
| 12) Conclusion of discussion with administrative ministries                   | 28 March    |
| 13) Receipt of ADP from Planning  | 28 March    |
| 14) Budget document printing  | May         |



## Preparation of estimate & 1<sup>st</sup> edition budget:

Section-246; Estimate of income & expenditure is prepared at district & directorate level in October every year. That is examined in accts. Office in November. Ministry of Finance peruses that in December-January. After discussion with ministries, the Finance Division prepares 'revised' & current budget and publish as 1<sup>st</sup> edition of the budget in March.

Schedule of new expenditure is to be submitted with approved estimate in triplicate to the Finance Division within 22 January each year.

## List of MTBF Ministries:

- (1). Ministry of Primary and Mass Education
- (2) Ministry of Education
- (3) Ministry of Science and Information Communication Technology
- (4) Ministry of Health and Family Welfare
- (5) Ministry of Social Welfare
- (6) Ministry of Women and Children Affairs
- (7) Ministry of Housing and Public Works
- (8) Local Government Division
- (9) Rural Development and Cooperative Division
- (10) Energy and Mineral Resources Division
- (11) Ministry of Agriculture

(12) Ministry of Fisheries and Livestock

(13) Ministry of Environment and Forest

(14) Ministry of Land

(15) Ministry of Water Resources

(16) Ministry of Food and Disaster Management

(17) Roads and Railway Division (Ministry of  
Communication)

(18) Ministry of Shipping

(19) Power Division

(20) Bridges Division

N.B. The above 20 ministries are self-budgeting MTBF  
ministries.

Budget preparation starts with issue of budget call notice by the Ministry of Finance.

Budget is placed before the parliament as a bill called 'Appropriation Bill' & when passed by the parliament it is called 'Appropriation Act'.

Revenue collection of the govt. or taxation policy is placed every year before the parliament & passed which is called 'Finance Act'.

## Budget monitoring resource committee:

The BMRC determines the size & composition of ADP.

- 1) Minister for Finance                      Chairman
- 2) Secretary, Finance Division            member
- 3) Secretary, ERD                              “
- 4) “ , Internal Resources Division        “
- 5) “ , Ministry of Agriculture                “
- 6) “ , “ “ Commerce                        “
- 7) “ , “ “ Industry                            “
- 8) “ , “ “ Food                                      “
- 9) Member Programming                      “
- 10) Governor, Bangladesh Bank            “
- 11) Chairman ,Tariff Commission            “
- 12) Additional Secretary, Budget, Finance member-secretary.

## Preparation & approval of ADP :

The procedures of preparation and review of ADP are-

- 1) Issuance of guideline by the programming division,
- 2) Request for resource estimate by Finance & ERD,
- 3) Scrutiny of projects by sector division,
- 4) Consideration of ADP by programming committee,
- 5) Formulation of draft ADP,
- 6) Preparation of summary for NEC,
- 7) Approval by NEC

## Functions of the Programming Division:

- \* Determine ADP size & sectoral allocation,
- \* Formulation & revision of ADP(includingTAPP),
- \* Oversee ADP execution & administration,
- \* Determine external assistance need of ADP
- \* Prepare list of aid-worthy projects for Bangladesh Development Forum,
- \* Coordination in all ADP related issues,
- \* Secretarial service to Programming committee,
- \* Prepare & interpret development guidelines,
- \* Keep records of resource use.

## Procedure for preparation of ADP;

After receiving guideline issued by the Programming Division of the Planning Commission, Directorate/ Agencies prepares development project proposal in DPP format & they submit it to the sector division of the Planning Commission. They examine and scrutinise it , then they submit it to the Programming Division. Programming Division finally select the project , give allocation to projects. Projects are approved at different levels as per volume of allocation. They, total list of the projects of all the Ministries & get approval of ECNEC. Thereafter they sent the list to the Finance Division for inclusion annual budget and placing before Parliament.



## Financing ADP:

Sources of financing:

(1) Revenue Surplus,

(2) Borrowing-

a. Domestic borrowing from the banking system & non bank sources like postal order, defense certificate.

b. External borrowing from bilateral or multi-lateral donors or international commercial banks/financial institutions