



# BANGLADESH SEVENTH FIVE YEAR PLAN FY2016-FY2020

Accelerating Growth, Empowering Every Citizen

Md. Nojibur Rahman  
Secretary  
Internal Resources Division(IRD)  
&  
Chairman  
National Board of Revenue (NBR)

Ministry of Finance

# Plan Goals and Targets 7<sup>th</sup> FYP

- A. Income and poverty
- Attaining average real GDP growth of 7.4% per year over the Plan period.
- Reduction in the head-count poverty ratio by 6.2 percentage point.
- Reduction in extreme poverty by about 4.0 percentage point.
- Creating good jobs for the large pool of under-employed and new labor force entrants by increasing the share of employment in the manufacturing sector from 15 percent to 20 percent.

# Plan Goals and Targets 7<sup>th</sup> FYP

- B. Sector Development
- Increase the contribution of the manufacturing sector to 21% of GDP by FY20.
- Substantial improvement of export to \$54.1 billion by FY20.
- Achieving a TradeoGDP ratio of 50% by FY20.

# Plan Goals and Targets 7<sup>th</sup> FYP

- C. Macroeconomic Development
- Total revenue to be raised from deficit of 5% of GDP.
- Government spending to be increased to 21.1% of GDP by FY20.
- FDI to be increased substantially to \$9.6 billion by FY20.

# Plan Goals and Targets 7<sup>th</sup> FYP

- D. Urban Development
- Access to improved water source will be ensured for all urban dwellers.
- Coverage of drainage system to be expanded to 80%
- Ensure sustainable urban development that supports increased productivity, investment and employment.

# Plan Goals and Targets 7<sup>th</sup> FYP

- E. Human Resource Development (Education, Health and Population)
- Achieving 100 percent net enrollment rate for primary and secondary education.
- Increasing enrollment rate in 12<sup>th</sup> class to 60%.
- Percentage of cohort reaching grade 5 to be increased to 10 from current 80 percent.

# Plan Goals and Targets 7<sup>th</sup> FYP

- F. Water and Sanitation
- Safe drinking water to be made available for all urban population.
- Safe drinking water to be made available for all rural population

# Plan Goals and Targets 7<sup>th</sup> FYP

- G. Energy and Infrastructure
- Installed Generation Capacity of electricity to be increased to 23,000 MW by 2020.
- Increase per capita energy consumption from 371 kWh to 514 kWh.
- Electricity coverage to be increase to 96 percent.



# Plan Goals and Targets 7<sup>th</sup> FYP

- H. Gender equality, income inequality and social protection
- Female to male ratio in tertiary education to be raised from current 70 percent to 100 percent.
- The ratio of literate female to male for age group 20-24 to be raised to 100 percent from the current 86 percent.

# Plan Goals and Targets 7<sup>th</sup> FYP

- I. Environmental Sustainability
- Increase productive forest coverage to 20 percent.
- Improve air quality in Dhaka and other large cities and enact Clean Air Act.

# Plan Goals and Targets 7<sup>th</sup> FYP

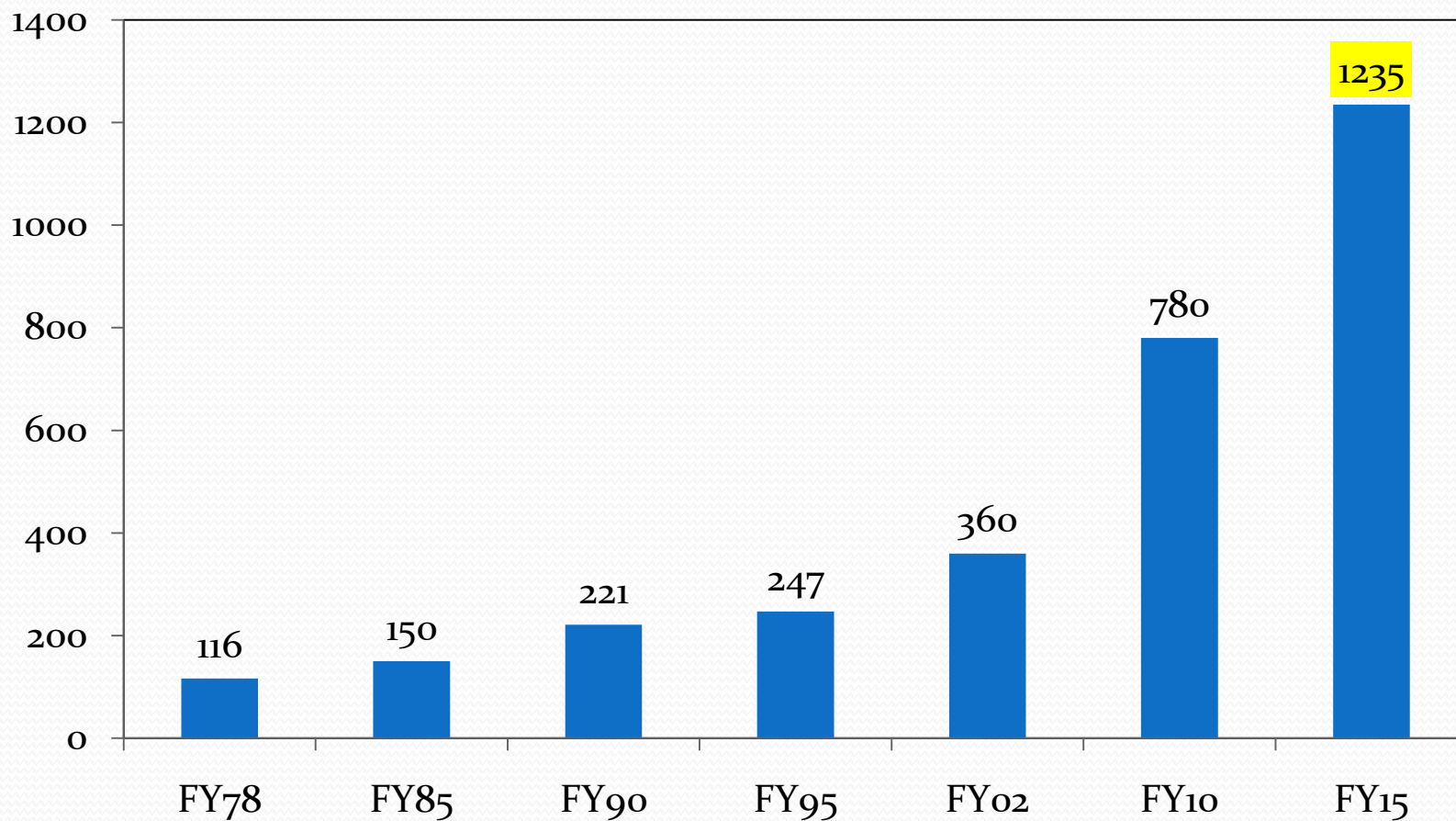
- J. ICT Development
- Spending on Research and Development to constitute 1% of GDP.
- Increase proportion of primary government schools with a computer laboratory.
- Improve teledensity to 100%.

# GDP Growth Chart

Specific plan	Plan Periods (FY)	Average GDP Growth Rate		Ratio of actual to plan	Per Capita GDP growth
		Plan (%)	Actual(%)		
First Plan	1973-1978	5.5	4.0	73	1.3
Second Plan	1980-1985	5.4	3.8	70	1.5
Third Plan	1985-1990	5.4	3.8	70	1.6
Fourth Plan	1990-1995	5.0	4.2	84	2.4
Fifth Plan	1995-2000	7.1	5.1	72	3.5
Sixth Plan	2000-2005	7.3	6.3	86	4.9

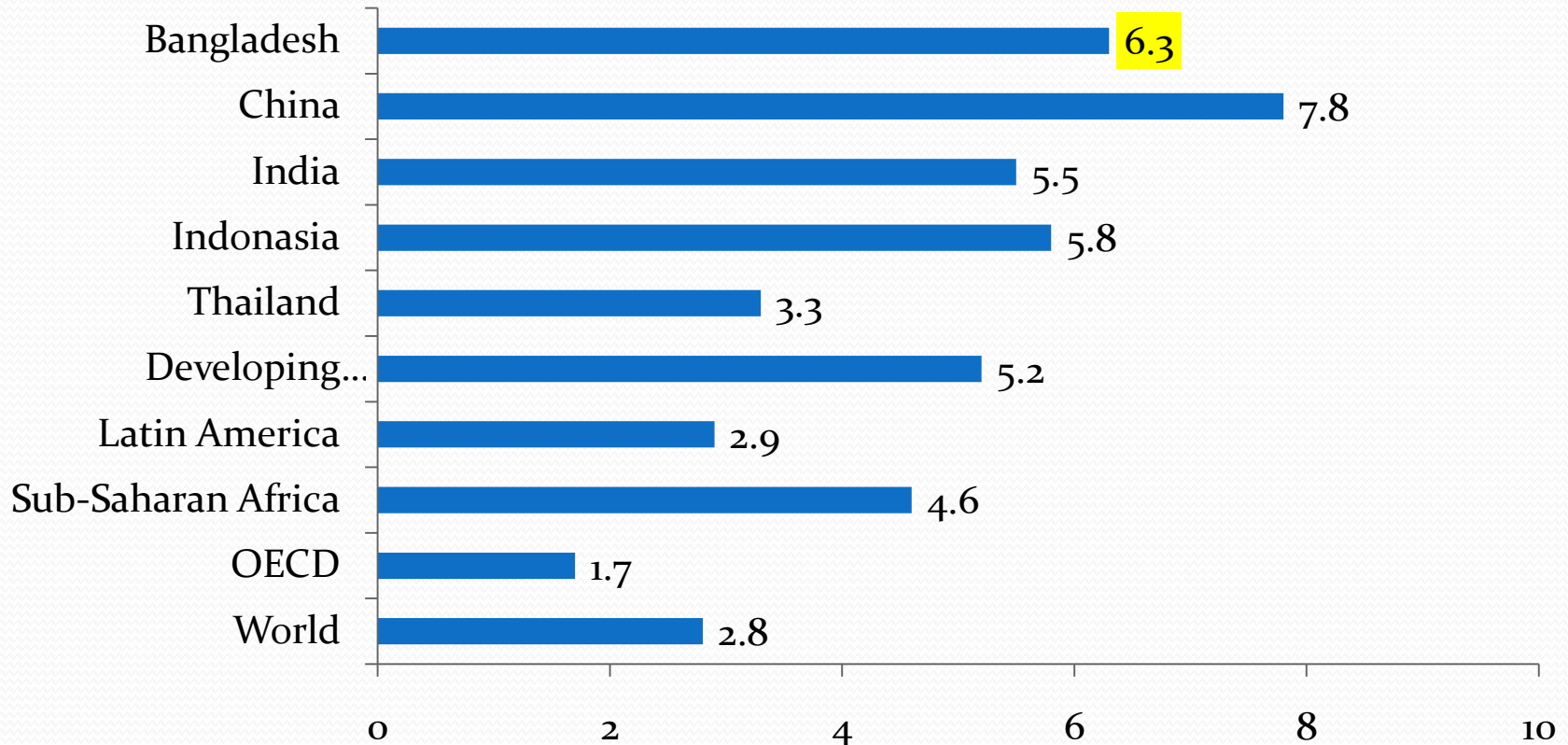
Source: BBS

# Per Capita GDP in US Dollar



Sources: Sixth Plan and BBS

# Bangladesh Sixth plan Growth Performance in International Context (% p.a. 2011-2015)



Source: World Bank Economic Prospects, 2013 and 2014

# Structural Change in Economy(% of GDP)

Structure of the Economy	FY2010	FY2015
Agriculture	17.81	15.59
Industry	26.14	27.98
-of which Manufacturing	16.89	20.17
Services	56.05	56.42

Sources: BBS

# Estimated Job Creation in the Sixth Plan (million workers)

	FY2020 (Base Year)	FY2015 (Estimated)	FY2015 (Adjusted Plan Target)
Domestic Employment			
-Agriculture	25.7	24.4	24.5
-Manufacturing	6.7	9.6	10.0
-Other industry	2.8	4.3	4.4
-Services & Others	18.9	23.1	24.4
Total Domestic Employment	54.1	61.4	63.3

Source: GED Estimates



# Projected Reduction in Poverty during the Sixth Plan Period(%)

Year	Poor(Head Count Poverty with Upper Poverty Line(%))	Extreme Poor(Head Count with Lower Poverty Line(%))
2011	29.9	16.5
2012	28.4	15.4
2013	27.2	14.6
2014	26.0	13.7
2015	24.8	12.9

Source: GED estimates based on 2005-2010 GDP-Poverty Relationship

# Sixth Plan Key Targets of the Macroeconomic Framework

Policy Area	Performance Indicators	Baseline (FY2010)	Plan (FY2015)	Actual (FY2015)
Fiscal Policy	Tax to GDP ratio(%)	7.8	12.4	9.3
	Fiscal Deficit(%GDP)	3.4	5.0	5.0

Source: Sixth Plan and GED Estimates

# Progress with Infrastructure development

- Access to electricity from the FY2010 baseline of 48% to 72% in FY2015
- Per capita electricity increased 220 kWh to 371 kWh

# Macroeconomic Development

- Total revenue to be raised from 10.7% of GDP to 16.1% by FY20
- Maintain the current fiscal deficit of 5% of GDP
- Government spending to be increased to 21.1% of GDP by FY20
- FDI to be substantially to \$9.6% billion by FY20

# 7<sup>th</sup> Five Year Plan Targets

<b>Targets</b>	<b>Base Year 2010</b>	<b>Progress under 6<sup>th</sup> FYP 2015</b>	<b>7<sup>th</sup> FYP 2020</b>
Real GDP Growth(%)	6.1	6.5	8
Head Count Poverty(%)	31.5	24.8	18.6
Growth in agriculture(%)	6.15	3.04	3.34
Growth in industry(%)	7.03	9.6	10.9
Growth in services(%)	5.53	5.83	6.49
Total Revenue(% of GDP)	9.98	10.7	16.1
NBR Tax Revenue (% of GDP)	8.03	9.0	13.7
Fiscal Deficit(% of GDP)	3.3	4.7	4.7

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# 7<sup>th</sup> Five Year Plan Targets

Targets	Base Year 2010	Progress under 6 <sup>th</sup> FYP 2015	7 <sup>th</sup> FYP 2020
Total Government Spending (% of GDP)	13.88	15.7	21.1
National Savings (% of GDP)	29.44	29.01	32
Gross Domestic Investment (% of GDP)	26.25	28.97	34.4
Access to improved sanitation facilities (% of population)	53	57	100
Income Inequality(Gini coefficient)	0.458	2.02	2.3

# **Post-2015 Sustainable Development Goals(SDGs) a proposed by the Open Working Group(OWG)**

- SDG 1 End Poverty in all its forms everywhere
- SDG 2 End hunger, achieve food security and improved nutrition, and promote sustainable agriculture
- SDG 3 Ensure healthy lives and promote well-being for all at all ages
- SDG 4 Ensure inclusive and equitable quality education and promote life-long learning opportunities for all

Continued.....

# **Post-2015 Sustainable Development Goals(SDGs) a proposed by the Open Working Group(OWG)**

- SDG 5 Achieve gender quality and empower all women and girls
- SDG 6 Ensure availability and sustainable management of water and sanitation for all.
- SDG 7 Ensure access to affordable, reliable, sustainable, and modern energy for all

Continued.....



# **Post-2015 Sustainable Development Goals(SDGs) a proposed by the Open Working Group(OWG)**

- SDG 8 Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
- SDG 9 Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

# **Post-2015 Sustainable Development Goals(SDGs) a proposed by the Open Working Group(OWG)**

- SDG 10 Reduce inequality within and among countries
- SDG 11 Make cities and human settlement inclusive, safe, resilient and sustainable
- SDG 12 Ensure sustainable consumption and production patterns
- SDG 13 Take urgent action to combat climate change and its impacts

Continued.....

# **Post-2015 Sustainable Development Goals(SDGs) a proposed by the Open Working Group(OWG)**

- SDG 14 Conserve and sustainably use the oceans, seas and marine resources for sustainable development
- SDG 15 Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse and degradation and halt biodiversity loss

Continued.....

# **Post-2015 Sustainable Development Goals(SDGs) a proposed by the Open Working Group(OWG)**

- SDG 16 Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institution at all levels
- SDG 17 Strengthen the means of implementation and revitalize the global partnership for sustainable development

# Bangladesh: Key Economic Indicators, FY15 to FY20

Components	FY15	FY16	FY17	FY18	FY19	FY20	Average (FY16-20)
	Est.	Projection					
Real GDP Growth	6.5	7.0	7.2	7.4	7.6	8.0	7.4
Gross Investment	28.9	30.1	31.0	31.8	32.7	34.4	32.0
National Savings	29.0	28.9	29.5	30.0	30.5	31.9	30.2
Total Revenue	10.8	12.1	13.5	14.3	15.1	16.1	14.2
Tax Revenue	9.3	10.6	11.5	12.3	13.1	14.1	12.3
Non-Tax Revenue	1.5	1.5	2.0	2.0	2.0	2.0	1.9

Sources: BBS, Bangladesh Bank, Ministry of Finance and Seventh Plan Projection, GED

# Bangladesh: Central Government Operations, FY15 to FY20

Components	FY15	FY16	FY17	FY18	FY19	FY20	Average (FY16-20)
	Est.	Projection					
		(in billions of Taka)					
Total Revenue	1633	2084	2635	3171	3809	4627	3265.2
Tax Revenue	1406	1822	2244	2728	3304	4052	2830.2
NBR Tax Revenue	1350	1764	2166	2639	3203	3937	2741.9
Non-Tax Revenue	227	262	390	444	504	575	435.0

Sources: Ministry of Finance and Seventh Plan Projection

# Bangladesh: Central Government Operations, FY15 to FY20

Components	FY15	FY16	FY17	FY18	FY19	FY20	Average (FY16-20)
	Est.	Projection					
(In percentage of GDP)							
Total Revenue and Grants	11.2	12.5	13.9	14.7	15.5	16.5	14.6
Total Revenue	10.8	12.1	13.5	14.3	15.1	16.1	14.2
Tax Revenue	9.3	10.6	11.5	12.3	13.1	14.1	12.3
NBR Tax Revenue	8.9	10.3	11.1	11.9	12.7	13.7	11.9
Non-Tax Revenue	1.5	1.5	2.0	2.0	2.0	2.0	1.9

# Bangladesh: Central Government Operations, FY15 to FY20

Components	FY15	FY16	FY17	FY18	FY19	FY20	Average (FY16-20)
	Est.	Projection					
		(in billions of Taka)					
<b>External</b>	1.1	1.4	1.2	1.2	1.1	1.0	1.2
<b>Domestic</b>	3.6	3.3	3.4	3.5	3.6	3.7	3.5
Bank	2.2	2.1	2.2	2.3	2.4	2.5	2.3
Non-Bank	1.4	1.2	1.2	1.2	1.2	1.2	1.2



# Revenue-SFYP Targets and Actual

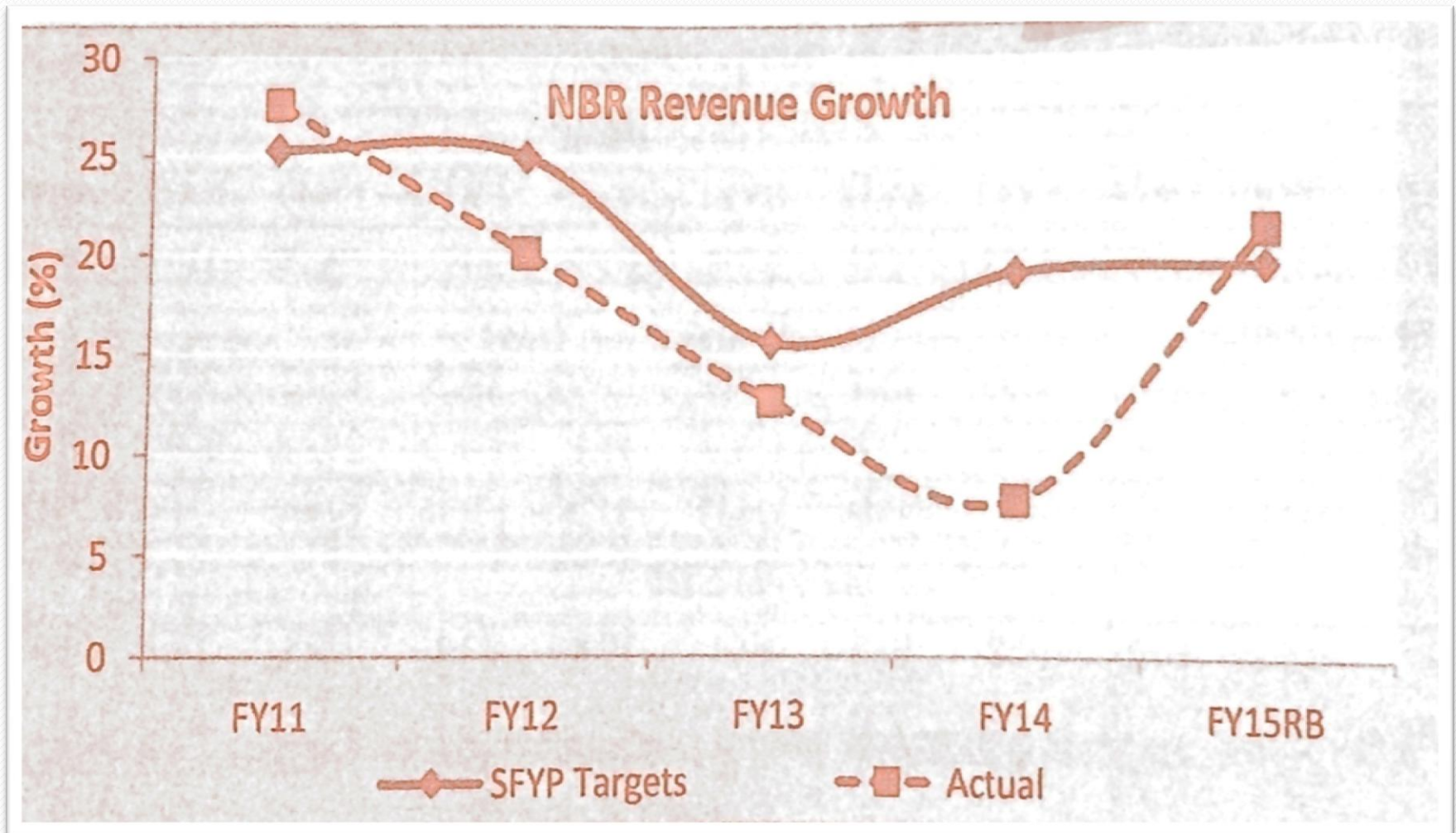
	FY 11		FY 12		FY 13		FY 14		FY 15		Average (FY 11-15)	
As % of GDP	SFYP	Actual	SFYP	Actual	SFYP	Actual	SFYP	Actual	SFYP	Actual	SFYP	Actual
Total revenue	12.1	10.2	13.2	10.8	13.4	10.7	14	10.4	14.6	10.8	13.5	10.6
Tax revenue	10	8.7	10.6	9	11.2	9	11.8	8.6	12.4	9.3	11.2	8.9
NBR Taxes	9.6	8.3	10	8.7	11	8.6	11	8.3	12	8.9	11	8.6
Non-tax revenue	2	1.5	2.5	1.8	2.2	1.7	2.2	1.8	2.2	1.5	2.2	1.7

Source: SFYP Documents and NBR

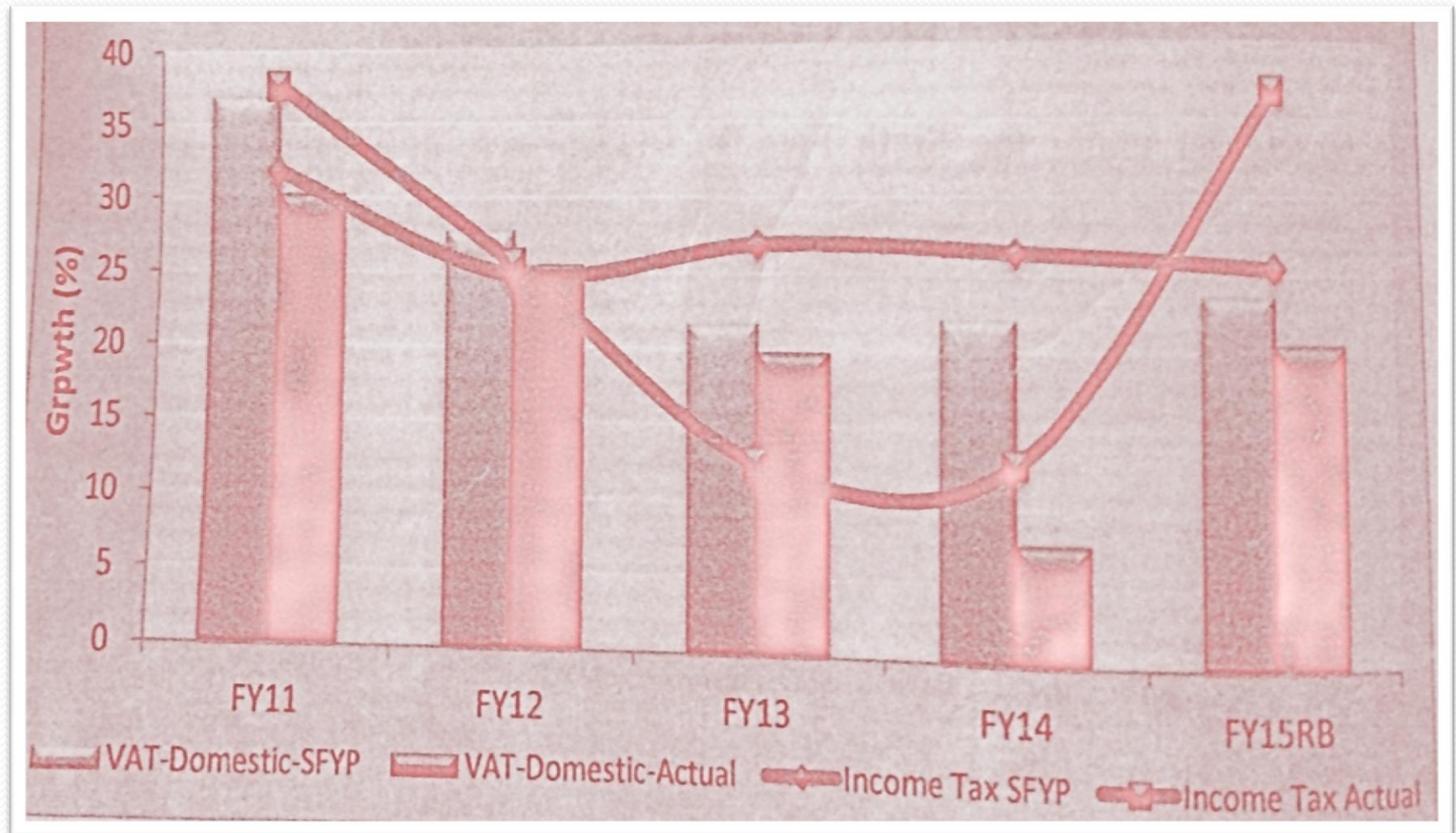
# Financing of total public sector outlays during the seventh plan

- Social Sector Spending
- Investment Programme

# NRB Revenue Growth under the Sixth Plan



# Growth in Tax Components under the Sixth Plan



# Growth in Tax Revenue in Recent years

	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15
Tax Revenue Growth (%)	13.4	10.0	26.6	11.5	17.4	27.5	19.4	14.8	10.7	12.8
Average			15.8					17.1		

Source: National Board of Revenue



# Tax Reform Programs Completed During the Sixth FYP

## ➤ Tax Administration Reform: Income Tax

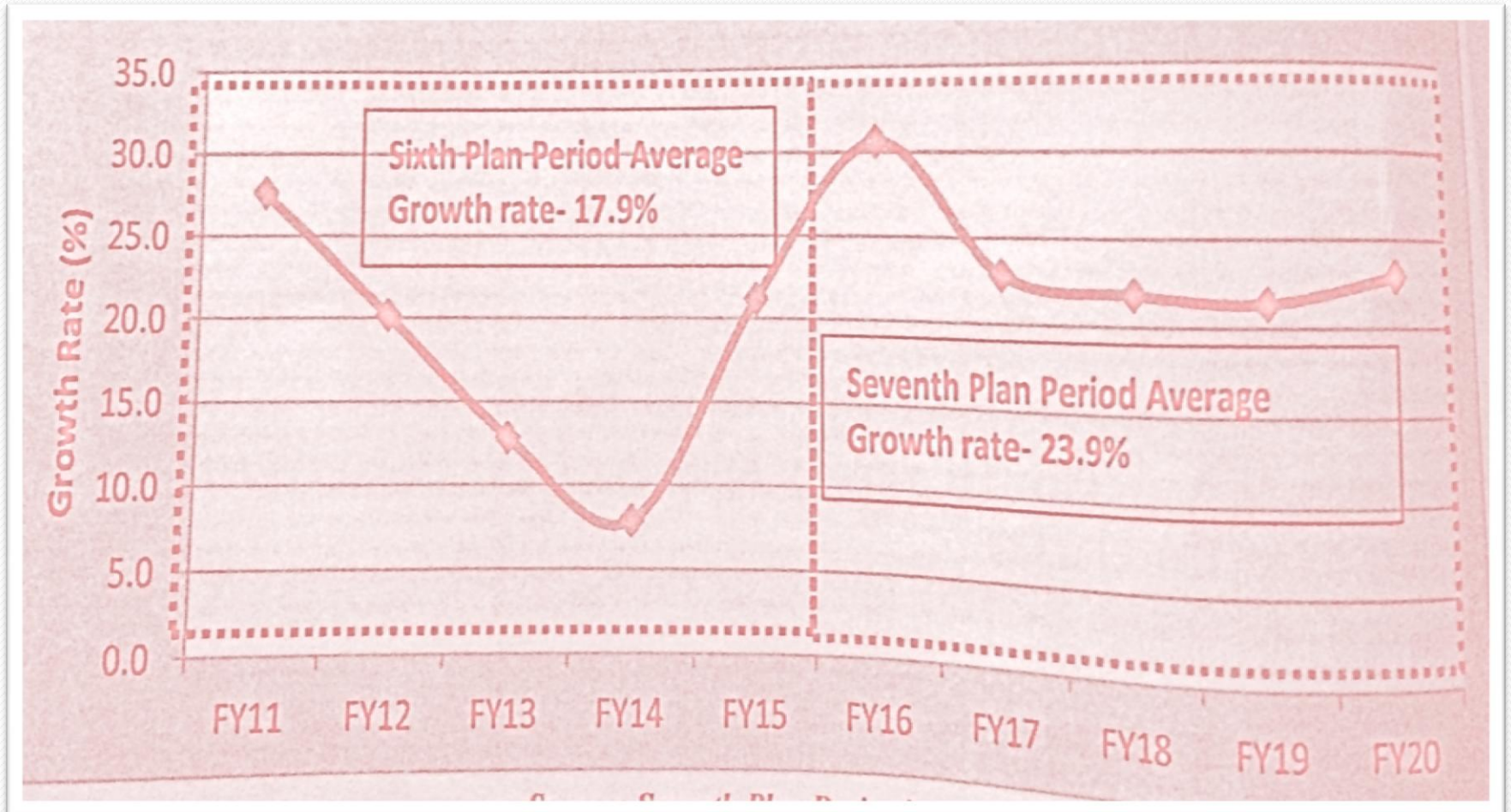
- Establishing 13 new Income Tax Zones, 2 Tax Appeal Zones and 85 Circle Offices
- Automation of TIN registration and linking TIN with National ID
- Tax calculator installed on the NBR website([www.nbr-bd.org](http://www.nbr-bd.org))
- Payment of taxes using the Q-Cash network under the platform of e-payment of NBR
- Establishing taxpayer information and service centers at all divisions
- Providing enhanced taxpayer services through spot assessment, income tax fair etc.
- E-filing of income tax returns on a pilot basis(LTU)
- Introducing incentive based taxation system through tax cards, certificates etc. for tax compliance
- Strengthening the Central Intelligence Cell (CIC) for combating tax evasion

# Tax Reform Programs Completed During the Sixth FYP

## ➤ Tax Administration Reforms: VAT and Customs

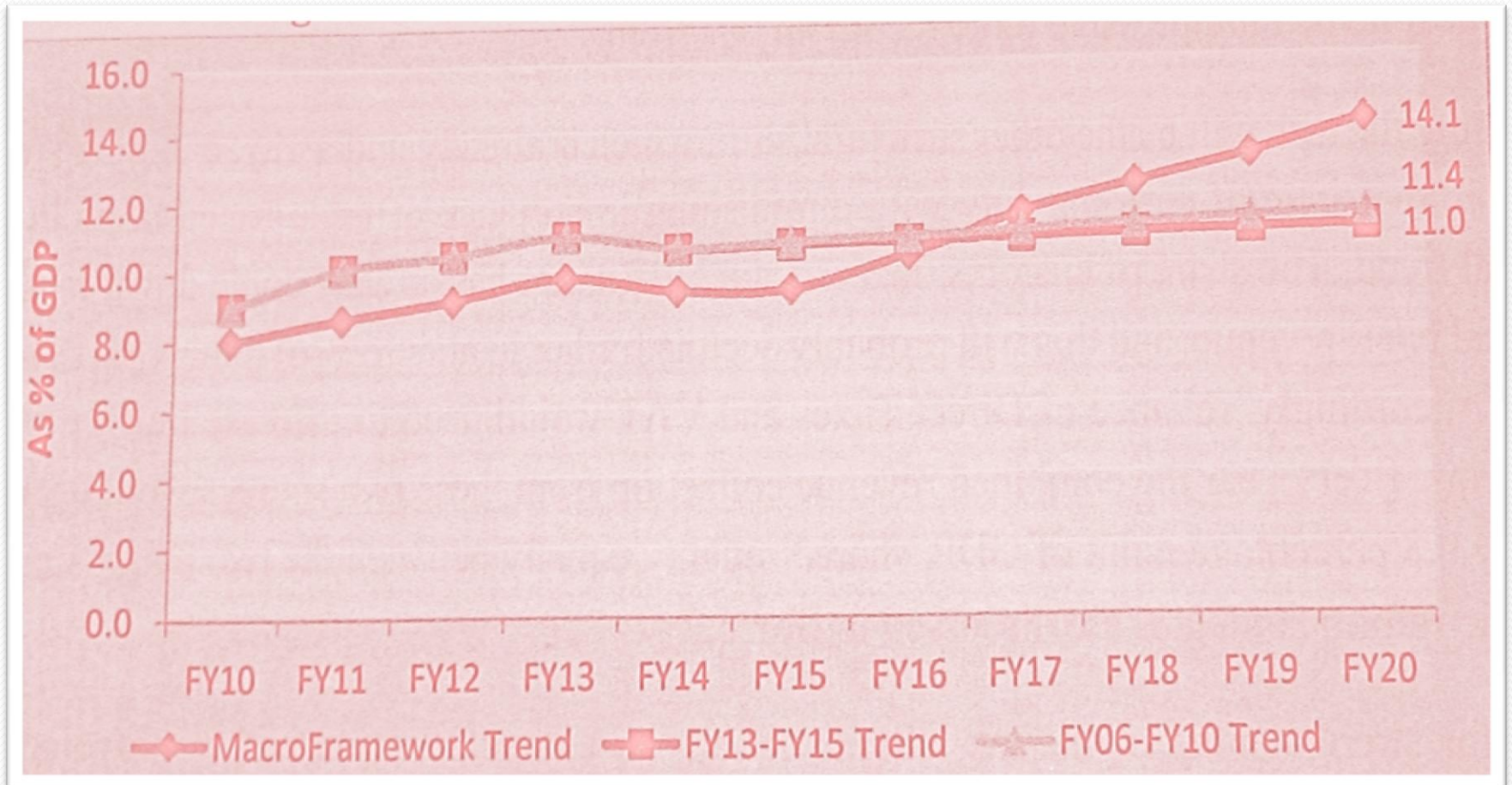
- Establishing 4 new VAT Commissionerates and 3 VAT Appeal Commissionerates,
- Setting up of 1 new Custom House (ICD), merger of Import and Export Wings of Chittagong Custom House, setting up of a full-blown Commissionerate at Chittagong
- Installing ASYCUDA World System in all Custom Houses and 4 Land Custom Stations
- Online connectivity between the customs database and Bangladesh Bank database for combating money laundering
- Developing customs database
- E-filing of VAT returns on a pilot basis at Large Taxpayers Units(LTUs)

# Growth in Tax Revenues under 7<sup>th</sup> Plan Compared with the Sixth Plan





# Tax-GDP Ratios under Various Scenarios



# Revenue Structure in the Seventh Five Year Plan Period(FY16-FY20)

As% of GDP	FY14	FY15	FY16	FY17	FY18	FY19	FY20
	Actual	Revised Budget	7FYP Period				
Total Revenue	10.4	10.8	12.1	13.5	14.3	15.1	16.1
Total Tax Revenue	8.6	9.3	10.6	11.5	12.3	13.1	14.1
NBR Tax Revenue	8.3	8.9	10.3	11.1	11.9	12.7	13.7

Source: National Board of Revenue

# Major Components of Revenue in the Seventh Five Year Period(FY16-FY20)

As% of GDP	FY14	FY15	FY16	FY17	FY18	FY19	FY20
	Actual	Revised Budget	7FYP Period				
Customs Duty	1.0	1.0	1.1	1.2	1.2	1.2	1.3
VAT+SD	4.5	4.6	5.4	5.7	6.4	6.6	7.0
Income Tax	2.6	3.2	3.7	4.1	4.3	4.9	5.4
Others	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Non-NBR Tax	0.3	0.4	0.3	0.4	0.4	0.4	0.4
Non-Tax Revenue	1.8	1.5	1.5	2.0	2.0	2.0	2.0

Source: National Board of Revenue and Seventh Plan Projection

# NBR Tax Reform Required for Attaining Tax Targets in the Seventh Five Year Plan

## ➤ Tax Policy Reforms

- Effective Implementation of VAT and Supplementary Duty Act 2012
- Incorporating transfer pricing in the Income Tax Ordinance, 1984
- Incorporating Alternative Dispute Resolution (ADR) in Income Tax, VAT and custom Acts
- Drafting of a new Direct Tax Code
- Drafting of a new Customs Act

# NBR Tax Reform Required for Attaining Tax Targets in the Seventh Five Year Plan

## ➤ Tax Administration Reforms: Income Tax

- Broadening of the taxpayers' base
- Broadening of the tax revenue sources
- Focusing on income from service providers and self-employed (who are difficult to tax)
- Treating all sources of income equally for the tax purpose without discrimination for the households
- Automation of TIN registration and linking TIN with National I.D
- Integrated Revenue Management Programme: Digitalization Programme
- E-Filing of income tax returns
- Aggressive imposition and expansion of withholding taxes
- Strategic Communication and Taxpayer Outreach, Education and Assistance

# Tax Administration Reforms: VAT and Custom

- Implementation of the new VAT Act.
- Expanding VAT base especially on business and organization
- Incentivizing VAT Payment with benefits for small businesses to bring them into the VAT coverage as well as promoting increased formalization of businesses currently operating in the informal sector.
- Reform of the VAT Administration along functional lines
- Automation of the whole tax administration through central Data base including central VAT Registration; electronic submission and return processing
- Comprehensive taxpayers' education and information campaign about the new VAT law and Rules.



# Fiscal Deficit and Financing under Seventh Five Year Plan

As % of GDP	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20
	Actual	Revised Budget	7 FYP Period				
Fiscal Deficit (including Grants)	-3.1	-4.7	-4.7	-4.6	-4.7	-4.7	-4.7
Financing	3.1	4.7	4.7	4.6	4.7	4.7	4.7
Domestic Borrowing	2.8	3.6	3.3	3.4	3.5	3.6	3.7
-Bank	1.4	2.2	2.1	2.2	2.3	2.4	2.5
-Non-Bank	1.5	1.4	1.2	1.2	1.2	1.2	1.2
External Borrowing (net)	0.3	1.1	1.4	1.2	1.1	1.1	1.0

Source: Seventh Plan Projection based on Budget FY16 data

# Ministry-Wise Annual Development Program Allocation in the Seventh Plan: ADP by Ministry(FY16-FY20)

			ADP in current Prices				
No.	Sector	Ministry Division	FY 16	FY 17	FY 18	FY 19	FY 20
1	General Public Services	Internal Resource Division	4.6	6.8	8.1	9.5	11.1
2	Environment and Climate Change	Ministry of Environment and Forests	4.8	7.3	8.6	10.1	11.9
Total development Expenditure			9.4	14.1	16.7	19.6	23



# Development Results Framework(DRF) For Monitoring The Seventh Five Year Plan(2016-2020)

Performance Indicators	Baseline (Year)	Target (2016)	Target (2017)	Target (2018)	Target (2019)	Target (2020)
Real Sector						
Real GDP growth (%)	6.5 (FY, 2015)	7.0	7.2	7.4	7.6	8.0
Fiscal Sector						
Total Revenue (as % of GDP)						
(a) Tax Revenue (as% of GDP)	10.8 (FY 2015)	12.1 (a)10.6	13.5 11.5	14.3 12.3	15.1 13.1	16.1 14.1
	(a) 9.3 FY 2015)					



Thank You