

Budget Highlights 2021-22



Alliance Capital
Asset Management
Limited

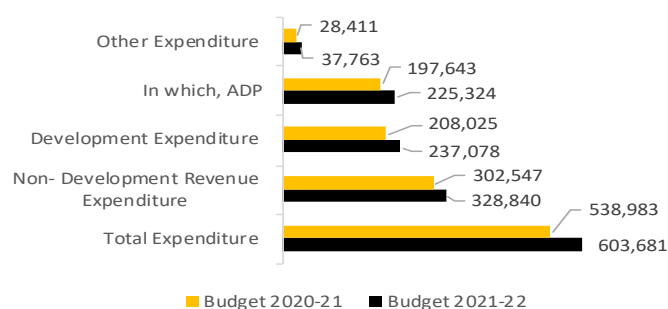
Revenue & Expenditure Composition

Expenditure Breakdown

Particulars	Growth (%)	Budget 2021-22 (BDT crore)	Weight %	Budget 2020-21 (BDT crore)	Weight %
Total Expenditure	12%	603,681.00	100%	538,983.00	100%
Non- Development Revenue Expenditure	9%	328,840.00	54%	302,547.00	56%
Development Expenditure	14%	237,078.00	39%	208,025.00	39%
In which, ADP	14%	225,324.00	37%	197,643.00	37%
Other Expenditure	33%	37,763.00	6%	28,411.00	5%

Source: Ministry of Finance, ACAML Research Team

Expenditure Breakdown

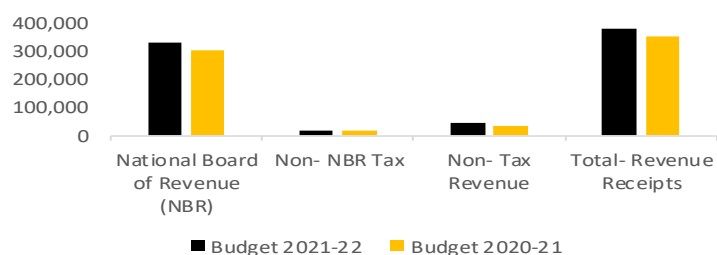


Budget 2021-22 has seen a 12% increase in total expenditure in comparison with the previous fiscal year. Non-Development Expenditure comprised of the largest portion of total expenditure albeit a 2% reduction in the weightage allocation related to 2020-19. Annual Development Program (ADP) which is considered as a key indicator of the structural development rose by 14% what with the proportion allocated to this fund illustrating a slight increase. A rise in fiscal outlay can be attributed to measures designed to stimulate a battered economy.

Revenue Receipts

Particulars	% Change	Budget 2021-22 (BDT crore)	Weight (%)	Budget 2020-21 (BDT crore)	Weight(%)
National Board of Revenue (NBR)	10%	330,000.00	87%	301,000.00	86%
Non- NBR Tax	7%	16,000.00	3.97%	15,000.00	4.27%
Non- Tax Revenue	21%	43,000.00	9%	35,532.00	10%
Total- Revenue Receipts	11%	389,000.00	100%	351,532.00	100%

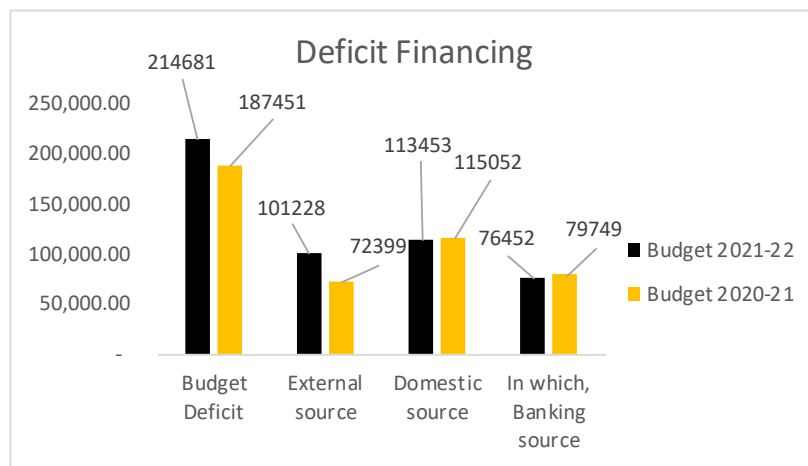
Revenue Receipts



The total revenue target increased by 10% to facilitate a 12% growth in overall expenditure. NBR is estimated to generate a substantial part of the revenue receipts in this budget as was presented in the in the previous budget whereas non tax revenue will continue to occupy a comparatively small portion of revenue stream what with only a 1% improvement in weightage allocation.

Source for deficit financing					
(BDT crore)					
Particulars	Increase %	Budget 2021-22	Weight (%)	Budget 2020-21	Weight (%)
Total Tax Revenue	11%	389,000.00		351,532.00	
Total Expenditure	12%	603,681.00		538,983.00	
Budget Deficit	15%	214,681.00		187,451.00	
Financing Sources:					
External source	40%	101,228.00	47%	72,399.00	39%
Domestic source	-1%	113,453.00	53%	115,052.00	61%
In which, Banking source	-4%	76,452.00	36%	79,749.00	43%

Source: Ministry of Finance, ACAML Research Team



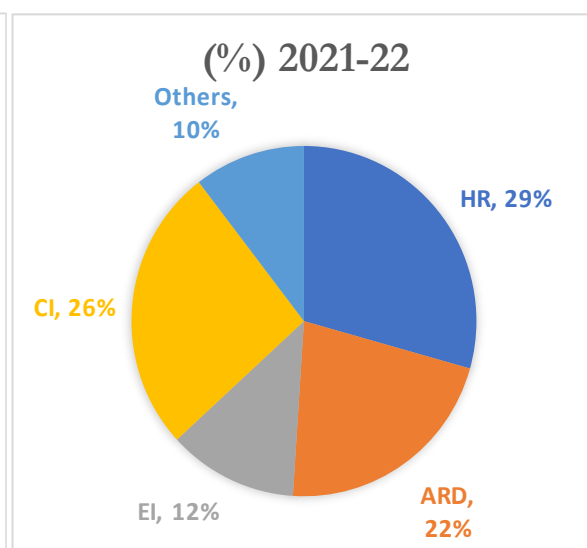
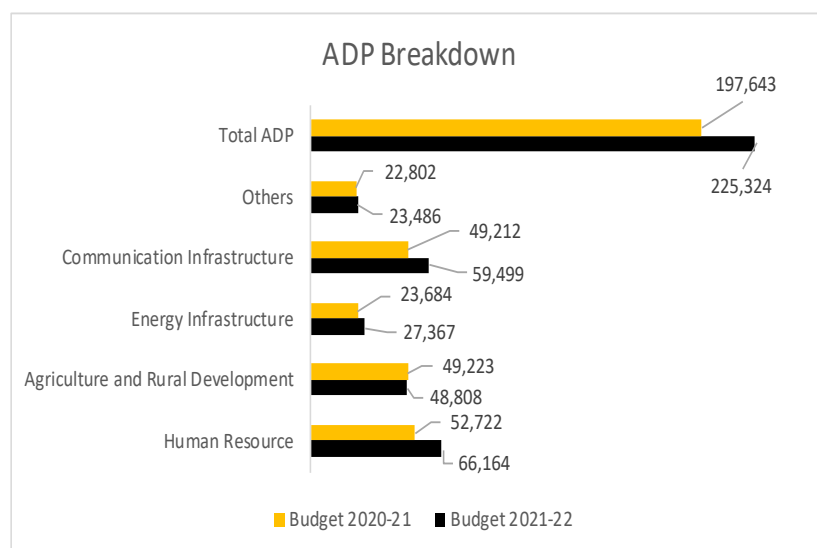
Total budget deficit has been increased by 15% in 2021-22 budget. External sources including grants will see a sharp rise of 40% in funding this current deficit funding whereas domestic sources are likely to decline which in turn will help to relieve pressure from local institutions particularly banks hence creating incentives for private sector investment.

Revenue Target of NBR (BDT crore)			
Items	Increase(%)	Budget 2021-22	Budget 2020-21
Taxes on Income, Profits and Capital gains	9%	104,952.00	95,950.00
Value Added Tax	11%	127,745.00	115,217.00
Supplementary Tax	13%	54,465.00	48,298.00
Import Duty	2%	37,907.00	37,154.00
Export Duty	4%	56.00	54.00
Excise Duty	17%	3,825.00	3,277.00
Other Taxes	0%	1,050.00	1,050.00
Total	10%	330,000.00	301,000.00

Source: Ministry of Finance, ACAML Research Team

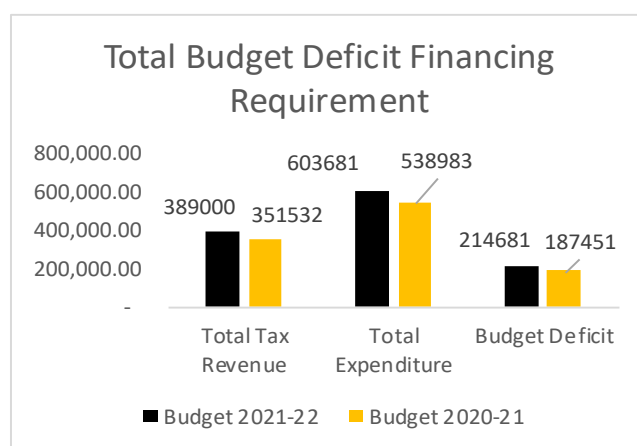
ADP Breakdown					
(BDT crore)					
Particulars	Increase %	Budget 2021-22	Weight %	Budget 2020-21	Weight %
Human Resource	25%	66,164.00	29%	52,722.00	27%
Agriculture and Rural Development	-1%	48,808.00	22%	49,223.00	25%
Energy Infrastructure	16%	27,367.00	12%	23,684.00	12%
Communication Infrastructure	21%	59,499.00	26%	49,212.00	25%
Others	3%	23,486.00	10%	22,802.00	12%
Total ADP	14%	225,324.00	100%	197,643.00	100%

Source: Ministry of Finance, ACAML Research Team



Total Budget Deficit Financing Requirement				
(BDT crore)				
Particulars	Budget 2021-22	As % of GDP	Budget 2021-20	As % of GDP
Total Tax Revenue	389,000	11%	351,532	12%
Total Expenditure	603,681	17%	538,983	19%
Budget Deficit	214,681	6%	187,451	6%
GDP	3,456,040	100%	2,885,872	100%

Source: Ministry of Finance, ACAML Research Team



Capital Market Insights

Tax rates for individuals and all types of bank, insurance and financial institutions remain unchanged

This could have implications on the investing appetites (risk bearing ability and willingness) of individuals seeking to enhance their income streams as well as the profitability prospects of institutions in the capital market.

Proposed tax exemption on the applicable capital gain tax during the transfer of property to a trust or Special Purpose Vehicle, of or transfer of property through a trust or Special Purpose Vehicle.

This will contribute towards promoting and building a strong market for Sukuk or Islamic bond.

Initiatives to introduce Sukuk, Derivatives, Options, ETF(Exchange Traded Funds) ,launch OTC Bulletin Board and listing of Open End Mutual Fund are likely to be implemented soon.

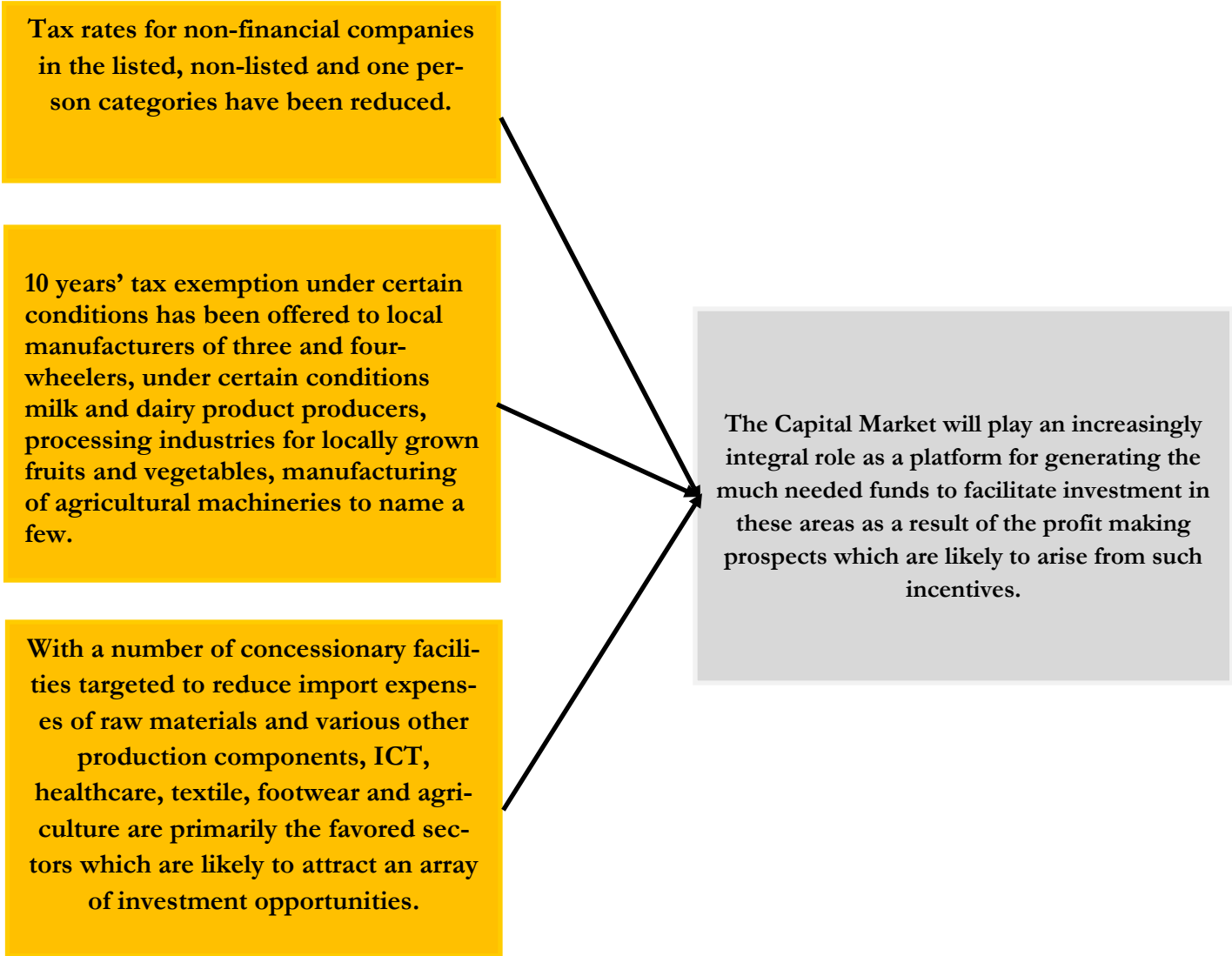
This will open up new streams of financing while enhancing range of financial instruments that capital markets can offer their investors to diversify portfolios and manage risks.

Capital Market Insights

Tax rates for non-financial companies in the listed, non-listed and one person categories have been reduced.

10 years' tax exemption under certain conditions has been offered to local manufacturers of three and four-wheelers, under certain conditions milk and dairy product producers, processing industries for locally grown fruits and vegetables, manufacturing of agricultural machineries to name a few.

With a number of concessionary facilities targeted to reduce import expenses of raw materials and various other production components, ICT, healthcare, textile, footwear and agriculture are primarily the favored sectors which are likely to attract an array of investment opportunities.



The Capital Market will play an increasingly integral role as a platform for generating the much needed funds to facilitate investment in these areas as a result of the profit making prospects which are likely to arise from such incentives.

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