

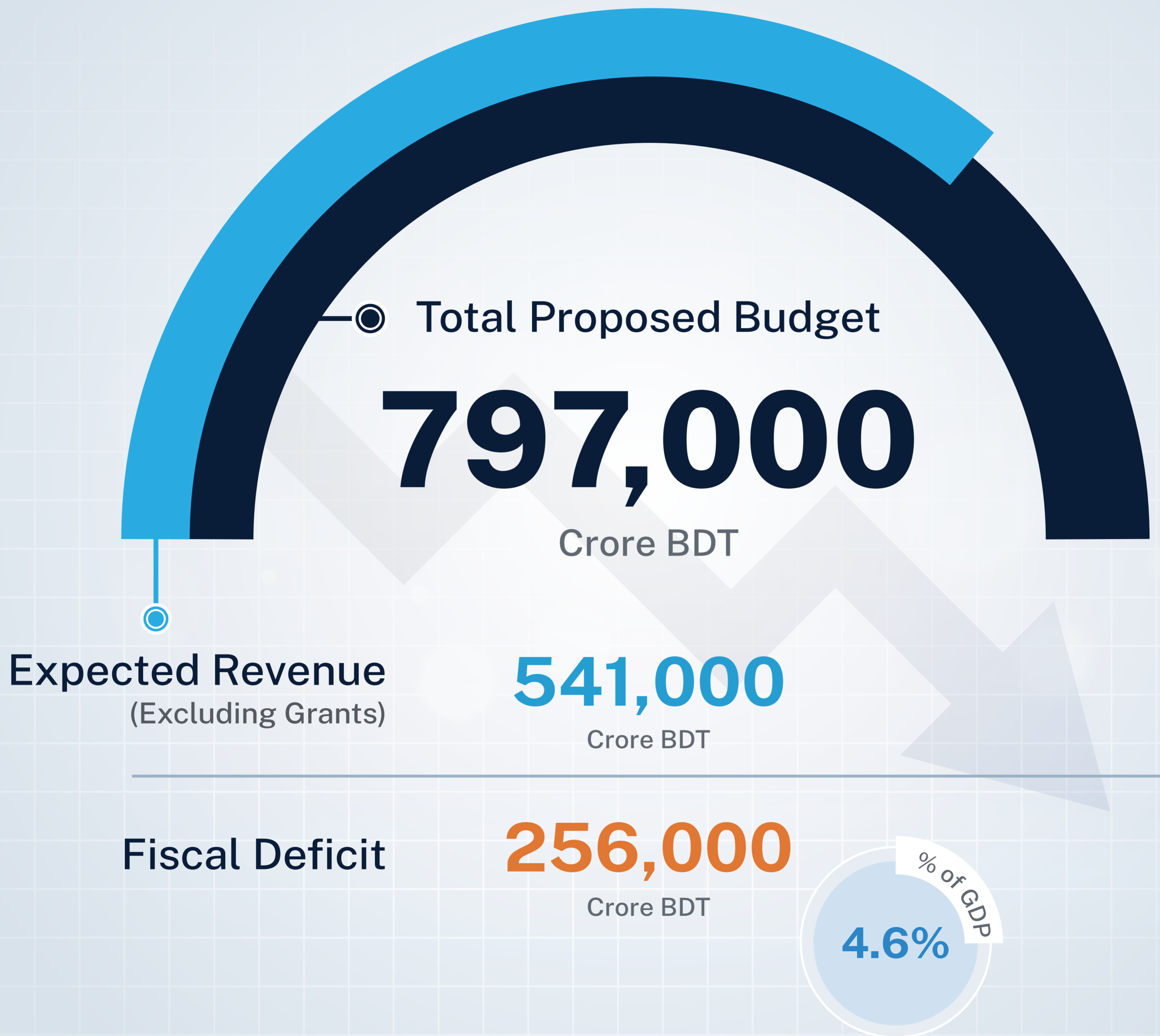
# Navigating Uncertainty:

A Look at Bangladesh's  
FY 2024-25 Budget





# Key Sector Allocation





# Sectoral Allocation of Public Expenditure

	Share in Revised budget FY24 (%)	Share in Budget FY25 (%)	Change in FY25 over FY24R (%)
Public Services	21.2	22.1	◀▶ 16.1 ▲
Interest	14.7	14.2	◀▶ 7.8 ▲
Education and Technology	12.5	13.9	◀▶ 24.9 ▲
Agriculture	7.8	5.9	◀▶ -15.5 ▼
Social Security and Welfare	5.7	5.4	◀▶ 6.5 ▲
Health	4.2	5.2	◀▶ 39 ▲
Energy and Power	4.0	3.8	◀▶ 7.1 ▲





# Subsidies

## Power

All sectors combined, subsidy allocation for the fiscal year 2024-25 is

**BDT 108,240 crore**

of which the power sector will get BDT 40,000 crore, or 37% of the total.

## Food

Food subsidy has been raised to

**BDT 7,250 crore**

from the current year's BDT 6,916 crore, considering the rising cost of living.

## Agriculture

BDT 25,644 crore was allocated in the revised budget of FY2023-24. In the new budget, the amount is reduced to

**BDT 17,261 crore,**

indicating restricted flows to the sector, expected to hinder growth in mechanization and productivity.





# Incentives



## Export

The government will provide

**BDT 9,025 crore**

to the export sector in the form of incentives.

The tax exemption facility for the **software and information technology-enabled services** sector has been extended by **three more years to 2027** to facilitate growth of the sector.



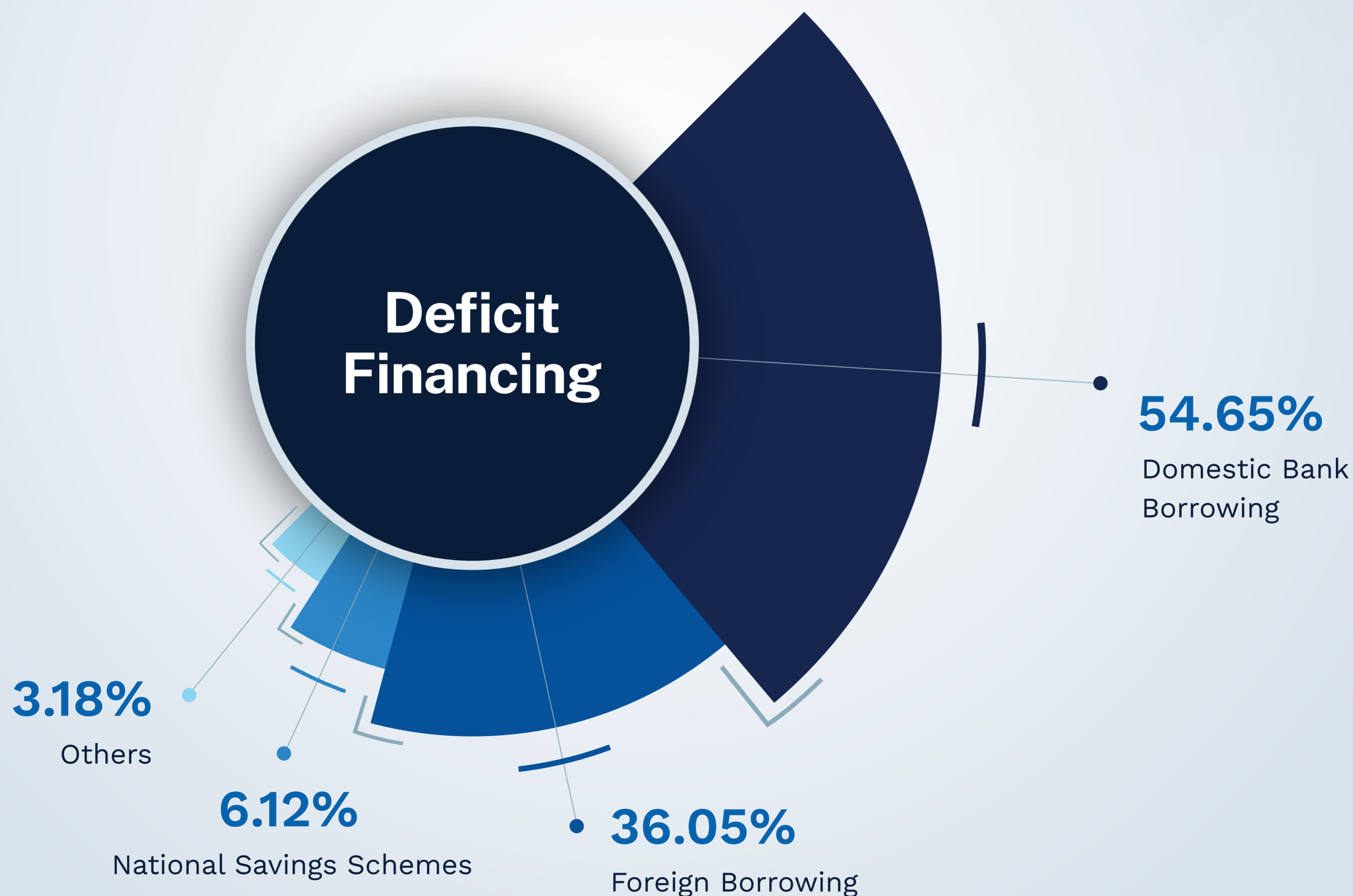
## ICT





# Financing the Deficit in the FY 2024-25 Budget

While the **FY 2024-25** budget allocated a total expenditure of **BDT 7,97,000 crore**, revenue is projected to be equal to **BDT 5,45,400 crore**, resulting in a fiscal deficit of **BDT 2,51,600 crore**. To mitigate the fiscal deficit, the government's borrowing strategy involves a mix of foreign and domestic borrowing.





# Major Implications of Policy Changes in the FY 2024-25 Budget

1

Government borrowing from domestic sources is expected to create a crowding-out effect, diminishing the financing available to the private sector.

---

2

Achievement of the ambitious reserve maintenance target is highly dependent on keeping the **Trade Balance** stable and sustaining the growth of remittance inflows.

---

3

Increased personal tax rate, coupled with high interest rates, is expected to boost savings in **rebate-eligible securities**.

---

4

**Private sector** slowdown casts doubt on Government's revenue collection target from corporate income tax.

---

5

**SMEs** are poised to face major lack of access, under the already contractionary financing environment.



For more insightful content, visit our website

[www.lightcastlebd.com](http://www.lightcastlebd.com)

