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an independent house of risk assessment

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National Budget Reform Proposal: People-Centered Budget for Bangladesh FY2025-2026

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Editor's Note

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In the wake of the historic July 2024 uprising, Bangladesh finds itself at a defining moment of profound challenge and unprecedented opportunity. The popular mandate that emerged was not for incremental adjustments but for a fundamental People-Centered of a state apparatus that had become disconnected from its constitutional promise and the aspirations of its people. It is against this backdrop of national renewal that this special publication presents the National People-Centered Budget, a comprehensive blueprint designed not merely to manage the economy, but to re-engineer its very foundations on the principles of justice, equity, and sovereignty.

This report moves beyond the confines of conventional fiscal planning. It rejects the top-down, resource-constrained model that has perpetuated a cycle of underfunding and debt dependency. In its place, a people-centric framework is recommended that begins by identifying the non-negotiable investments required to build a just society and then architects a bold and credible strategy to finance them. The core of this vision is a revolutionary approach to revenue. Our analysis details a sovereign revenue strategy that shifts the tax burden from regressive consumption taxes to progressive taxes on wealth and excess profits. Most critically, it outlines a determined plan to recover the vast sums lost to the illicit economy, transforming the fight against corruption from a political slogan into a core pillar of fiscal policy.

This new fiscal space enables a radical re-prioritization of national expenditure. The proposed Budget details a strategic pivot away from funding a bloated administrative state and towards massive, targeted investments in human capital and social resilience. Social Security and Welfare is elevated to our top priority, envisioned as a powerful macroeconomic tool to stimulate domestic demand and build a robust middle class. The budget makes transformative investments to de-commodify healthcare, eradicate learning poverty in education, and empower farmers through genuine land reform.

Furthermore, this report outlines a plan for deep institutional reform, proposing the creation of new, specialized ministries for Research & Innovation and Public Transport, and dedicated divisions to tackle systemic challenges in housing and climate resilience. This is a blueprint for building a state that is not only more effective but also more accountable to its citizens.

The path to national People-Centered is arduous, demanding courage, vision, and a steadfast commitment to the public good. The choices made in this critical period will define the nation's trajectory for generations. We believe the framework presented in these pages offers a viable, evidence-based, and fiscally sound roadmap. We hope this report serves as a vital contribution to the national discourse, sparking debate and inspiring the collective action needed to build a more just, prosperous, and sovereign Bangladesh.

Acknowledgement

The proposed National People-Centered Budget 2025-26 for Bangladesh is presented as a constructive and rigorous contribution to the nation's economic policy discourse. It is our considered view that a national budget is more than a fiscal ledger; it is the primary instrument for realizing the constitutional promise of a just and equitable society where, as the Constitution of Bangladesh declares, "All powers in the Republic belong to the people". This report is offered in that spirit—to foster a robust public dialogue by presenting an evidence-based, people-centric, and viable economic framework designed to promote sustainable and resilient growth for all citizens of Bangladesh. Such a monumental undertaking is never the product of a single mind or institution but is built upon a foundation of collective effort, shared knowledge, and collaborative spirit. It is with a profound sense of gratitude that we acknowledge the many individuals and organizations whose work made this analysis possible.

This ambitious project was brought to life through the vision and steadfast support of the leadership at Emerging Credit Rating Limited.

A special and profound acknowledgement is reserved for our Chairman, Jamaluddin Ahmed, FCA, PhD, who was the mentor and visionary of this entire endeavor. His unparalleled experience, spanning leadership roles as the former President of the Institute of Chartered Accountants of Bangladesh (ICAB), General Secretary of the Bangladesh Economic Association (BEA), and a distinguished member of the Board of Directors of Bangladesh Bank, provided the unique intellectual framework for this project. He served as the intellectual bridge connecting the worlds of professional practice, economic policy, and corporate governance, lending this work a credibility it could not otherwise have achieved. His scholarly guidance, deep-seated patriotism, and unwavering support were the critical forces that shaped this report from its initial conception to its final form.

We extend our sincere gratitude to our Executive President, Mr. NKA Mobin, FCS, FCA. As a sponsor Director of the firm, his role in championing this project internally was indispensable. It is one thing to have a vision, and another to make it an institutional reality. Mr. Mobin's continuous encouragement and his tireless efforts in securing the necessary institutional support and resources were instrumental in transforming this ambitious intellectual exercise into a tangible publication.

We are also deeply appreciative of the hands-on leadership provided by our Chief Executive Officer, Mr. Arifur Rahman, FCCA, FCA, CSAA. His direct involvement in overseeing the operational aspects of the project was critical to its success. He expertly guided the team of analysts, ensuring we remained on track through a long and complex research process. His leadership in navigating the myriad challenges inherent in such a comprehensive analysis was essential in bringing this publication to its successful fruition.

This publication is ultimately a testament to the intellectual rigor and tireless dedication of the team of analysts and researchers at Emerging Credit Rating Limited. We extend our heartfelt thanks to our colleagues who authored the comprehensive sectoral analyses that form the substantive core of this report. Their commitment to analytical excellence, their meticulous research, and their hard work were the engines that powered this project from start to finish.

This report stands on the shoulders of intellectual giants. We extend our deepest gratitude to the Bangladesh Economic Association (BEA). Their landmark publication, "Alternative Budget for 2023-24: A People's Democratic Budget for Inequality Reduction", served as the primary methodological and analytical foundation for our work. We have adopted its core people-centric objectives and foundational assumptions as the starting point for our own analysis. By positioning our work in this intellectual lineage, we hope to reinforce a shared vision for an economy that serves the many, not the few.

We also wish to acknowledge the Canadian Centre for Policy Alternatives. The thoughtful and comprehensive structure of their "Alternative Federal Budget 2025" served as a key guide for the presentation of this report . Our analysis would not have been possible without the extensive data and sectoral explanations provided by various national and international bodies. We express our sincere appreciation to the Ministry of Finance, Government of Bangladesh, for their detailed budget publications, which provided the essential baseline for our work. We are also indebted to the invaluable reports, circulars, data, and studies from international organizations, including the Asian Development Bank (ADB), the World Bank, the International Monetary Fund (IMF), and various United Nations agencies, as well as the work of countless other researchers, journals, and academic institutions whose scholarship informs these pages.

The list of Authors include:

The research team of Emerging Credit Rating Ltd., headed by Jamaluddin Ahmed, FCA, PhD.

Finally, in the spirit of intellectual honesty and to ensure the credibility of our analysis, we believe it is essential to be transparent about our sources. The data and qualitative insights underpinning this report were drawn from a wide range of respected public and private sources. We extend our gratitude to all of them. The primary sources for data and contextual information include:

Government Agencies:
Official publications, statistical data, and analytical reports from the Ministry of Finance, the Planning Commission, and the Bangladesh Bureau of Statistics (BBS). Importantly, we also considered the publication of the Alternative Budget by the Bangladesh Economic Association.

Financial Institutions:
Invaluable reports, circulars, monetary policy statements, and economic data from the Bangladesh Bank, the Institute of Chartered Accountants of Bangladesh (ICAB), ICMA Bangladesh, and other professional bodies.

Academic and Research Institutions:
Foundational reports, studies, and analyses from national and international think tanks and research organizations, whose work provides the intellectual context for policy debate.

Media:
The investigative journalism and in-depth reporting from national and international media provided essential context, qualitative insights, and a crucial check on official narratives.

The research wing of Emerging Credit Rating Limited prepared this publication, which is subject to the approval of the editorial board.

Disclaimer:

This publication offers an analysis of the Bangladesh National Budget to foster informed public discussion. Our work is based on official and publicly accessible information. Our goal is constructive dialogue. We have no intention of accusing or defaming any individual, organization, group, or government body, nor do we wish to hurt, hamper, or cause any damage to anyone. We have worked diligently to present a fair and accurate analysis and do not intend to cause any form of damage or loss whatsoever. We understand that interpretations of complex fiscal data can vary. If any reader finds any content to be inaccurate, offensive, or believes it constitutes a misinterpretation, we sincerely request that you contact us immediately.

Executive Summary

Bangladesh stands at a historic transition. The popular uprising of July 2024 was not merely a call for political change; it was a nationwide referendum against a dysfunctional state apparatus. This was a clear mandate to dismantle a system rooted in a colonial past, designed for resource extraction rather than equitable development, and replace it with one that serves the people. This National People-Centered Budget is a direct answer to that call. It is not an alternative fiscal plan but a comprehensive blueprint for the fundamental re-engineering of the nation's economic and social foundations, designed to translate the spirit of the uprising into a coherent and actionable governing agenda.

The core philosophy of this budget represents a paradigm shift, marking a definitive break from the traditional, incremental approach to budget-making. For decades, the national budget has been an exercise in minor adjustments to the previous year's baseline, a practice that inherently preserves a regressive and inadequate fiscal structure. In contrast, this budget begins not with a constrained "resource envelope" but by first defining the non-negotiable investments required to fulfill the state's constitutional duties to build a just, equitable, and prosperous society. It then architects a bold and sovereign revenue strategy to finance this vision. The foundation of this strategy is a radical rebalancing of the tax burden from consumption to wealth, targeting the vast, untapped resources of the illicit economy and the untaxed assets of the elite. This approach is as much a project of governance reform as it is of fiscal mobilization; by confronting the sources of illicit finance, it attacks the root cause of the corruption that fueled popular anger, creating a virtuous cycle where good governance generates the resources for national development.

Our methodology is a reconstruction of the budgetary process, grounded in a rights-based, people-centric philosophy. It replaces historical precedent with a zero-first, needs-based logic for expenditure. Sectoral allocations are determined not by last year's figures, but by a rigorous costing of constitutional mandates and strategic priorities. Foundational human development sectors like education and health receive funding based on the calculated cost of achieving internationally recognized benchmarks, while other sectors are prioritized based on their modeled multiplier effect on equitable growth and employment. This evidence-based framework ensures that public investment is channeled with maximum impact toward building a more inclusive and resilient economy from the ground up.

This new framework enables a transformative reallocation of public funds. It strategically pivots away from financing a bloated administrative state and bailing out failed enterprises, and towards massive, targeted investments in human capital and social resilience. As this summary details, priority is given to de-commodifying healthcare, eradicating learning poverty in education, and building a robust social investment system that empowers citizens. Simultaneously, it lays the groundwork for a new, sovereign economy by investing in domestic energy security, empowering small and medium enterprises, and building a modern public transport system that serves the many, not the few. This is the fiscal architecture for a new Bangladesh.

Expenditure Budget

Public Administration

A state that consumes nearly a quarter of its entire budget simply to maintain its own administrative machinery is not a state that serves its people; it is a state that serves itself. The government's decision to make Public Administration its highest-funded sector, with an allocation of BDT 186,088.44 crore, is a fiscal symptom of the deep-seated institutional rot that was a primary catalyst for the July 2024 popular uprising. This administrative dysfunction, validated by Bangladesh's dismal score of 23 out of 100 in the 2024 Corruption Perceptions Index, maintains a culture of inefficiency and impunity (Corruption Perceptions Index-Transparency, 2025). The National People-Centered Budget fundamentally redefines the purpose of the state from a resource consumer to a development facilitator. Proposed allocation of BDT 237,206.16 crore, while nominally larger, represents a strategic demotion of this sector's claim on national resources, reducing its share of a much larger budget from a dominant 23.56% to a more rational 8.11%. This frees up vast sums for people-centric investments. The increased funding is not for expanding the bureaucracy but for surgically enhancing its effectiveness. The budget proposes targeted, transformative investments in the state's long-neglected accountability institutions. The Implementation Monitoring and Evaluation Division (IMED) will be empowered with the resources and authority to act as a genuine watchdog over public spending, while the Statistics and Informatics Division will be rebuilt into a world-class, independent data agency to ensure policymaking is grounded in evidence, not political rhetoric. Furthermore, we will strengthen the pillars of democracy by enhancing the capacity of the National Parliament to conduct meaningful oversight of the executive branch. This is a strategic investment in the quality of governance, aiming to improve the efficiency, transparency, and impact of every taka spent across all other sectors.

Local Government and Rural Development

What does the constitutional mandate for a decentralized republic mean if local governments remain financially starved and administratively subordinate to the central government? For decades, this has been the reality in Bangladesh, where the government's chronic underfunding of local bodies has contradicted the spirit of Articles 59 and 60 of the Constitution and actively deepened the urban-rural divide. The National People-Centered Budget is designed to finally fulfill this constitutional promise through a decisive fiscal strategy of empowerment. The proposed 3.26-fold increase to BDT 146,204.28 crore is not merely more funding; it is a different kind of funding. At the heart of this strategy lies the transfer of substantial, predictable, and largely unconditional block grants directly to Union, Upazila, and Zila Parishads. This action is the essential fiscal tool required to break the chains of financial dependency and empower Local Government Institutions (LGIs) with the autonomy to plan and execute their own local development projects—from community roads and markets to local water supply and sanitation systems. This transforms constitutional text into administrative reality. Recognizing that political empowerment is incomplete without economic empowerment, the proposed budget also directs a staggering 16-fold increase towards the Rural Development and Cooperatives Division. This massive capital injection is designed to recapitalize and revolutionize the entire cooperative sector, fostering the growth of genuine, member-owned financial and production cooperatives that can serve as a powerful economic alternative for the rural majority. By fiscally empowering both LGIs and cooperatives, this budget initiates a structural shift in political and economic power, moving it from the center to the periphery, building a foundation for genuine local democracy and fostering a more balanced and equitable national development model.

Defense

A modern military cannot be built on ambition alone. The government's proposed defense budget of BDT 40,698.05 crore, which dedicates over 97% of its primary service funds to routine operational costs, creates a severe "aspiration-capability mismatch." This policy risks creating a "hollow force"—a military with a grand modernization plan like "Forces Goal 2030" on paper, but without the capital investment required for modern procurement, realistic training, or sustainable maintenance. The National People-Centered Budget proposes a more strategic, forward-looking approach to national security. The allocation of BDT 53,241.59 crore, while moving defense to the 15th rank in the re-prioritized budget, executes a crucial qualitative shift by nearly tripling the development budget. This capital injection is designed to properly resource "Forces Goal 2030," allowing for tangible progress on strategic acquisitions of modern naval, air, and land assets. However, the vision for defense extends beyond simply buying foreign hardware. A people-centric defense philosophy posits that true national security is intrinsically linked to economic sovereignty and industrial capability. Therefore, a significant portion of this increased development fund is designated as seed capital to foster an indigenous defense industrial base through joint ventures, technology transfer agreements, and support for local R&D.

This is a long-term strategy for achieving strategic autonomy, reducing our dependence on foreign suppliers, and transforming defense spending from a pure consumption expenditure into a catalyst for high-tech industrial development, skilled job creation, and national economic resilience. This approach ensures that the defense budget is not a siloed expenditure but a direct contributor to the broader project of national People-Centered, building a nation that is not only secure but also sovereign and prosperous.

Public Order and Security

Without the rule of law, there can be no sustainable economic development. The government's allocation of BDT 33,542.39 crore for Public Order and Security is a maintenance-level budget for a system in a state of profound crisis. The judiciary is collapsing under a backlog of 4.5 million cases, effectively denying justice to millions and creating immense friction for commerce. Systemic corruption flourishes with impunity, a reality validated by Bangladesh's dismal international rankings. The current funding is wholly insufficient to finance the sweeping reforms needed to restore judicial functionality, professionalize the police force as demanded by reform commissions, or empower the Anti-Corruption Commission (ACC) to be a credible deterrent. The National People-Centered Budget recognizes that restoring the rule of law is not a sectoral expense but a foundational prerequisite for our entire economic and social vision. An 84% increase to BDT 61,700.70 crore is proposed, including a transformative 5.4-fold rise specifically allocated to the ACC. This is a strategic investment with a clear and tangible return. The failure of public order is a direct enabler of the vast illicit economy that starves the state of the revenue needed for development. Therefore, this massive investment in strengthening the rule of law is a core component of the revenue mobilization strategy. Funds are targeted at implementing a modern e-judiciary system to clear case backlogs and enhance transparency. The police will be provided with the technology, training, and oversight mechanisms needed for accountable, community-oriented policing. Most critically, the ACC will be equipped with world-class digital forensic capacity and the legal and financial resources required for complex international asset recovery investigations. By creating a credible deterrent against corruption and illicit finance, the conditions necessary will be established to recover the vast sums needed to finance the entire national People-Centered agenda.

Education and Technology

Is a nation truly developing if it consigns the majority of its children to a state of "learning poverty"? The government's education budget, while its third-highest priority, amounts to less than 2% of GDP—a figure starkly below the minimum 4-6% benchmark recommended by UNESCO for any nation serious about building a knowledge-based economy (Musharraf Tansen, 2025). This chronic underfunding has precipitated a severe national crisis, evidenced by a secondary school dropout rate of 32.85% and alarmingly poor learning outcomes in basic literacy and numeracy. This failure is amplified by a stark digital divide, where investments in hardware like "Sheikh Russel Digital Labs" remain largely ineffective due to a lack of trained teachers and relevant educational content, leaving most rural students excluded from the tools of a modern education. The National People-Centered Budget treats this not as a sectoral problem but as the primary economic challenge confronting Bangladesh's future. The proposed budget is a 3.17-fold increase to BDT 351,103.24 crore, elevating education to second-highest national priority and aligning investment with international standards. This is a comprehensive human capital strategy designed to eradicate learning poverty. Funds are targeted to resolve the foundational learning crisis at its source through massive, continuous, and high-quality teacher training programs and a complete reform of the curriculum. The digital divide will be reduced, not only through more computers but also by strategically investing in the "software"—including pedagogy, digital content development in Bangla, and ensuring affordable last-mile connectivity. To foster a culture of sovereign innovation, the budget will create a national R&D ecosystem linking universities and industry. Furthermore, to ensure equity is woven into the fabric of the development, a new "Women's Science Education Division" is established with an inaugural budget of BDT 8,370.20 crore to systematically dismantle the barriers preventing girls and women from excelling in STEM fields. This is an investment in building the skilled, innovative, and equitable workforce necessary for a modern, prosperous, and just Bangladesh.

Health

A healthcare system where 73% of all costs are borne directly by citizens is not a system at all; it is a marketplace that preys on the vulnerable (World Bank, 2024). The government's health policy, reflected in its stagnant and dangerously low allocation of just 0.74% of GDP, has effectively de-commodifed this fundamental human right (Huque et al., 2024). This policy of severe under-investment has resulted in one of the world's highest rates of out-of-pocket (OOP) health expenditure, a primary driver that pushes millions of families into poverty each year. The public system is further crippled by a severe human resource crisis, with a physician-to-population ratio of 7.2 per 10,000 against a WHO recommendation of 22.8, leading to unacceptably poor health outcomes (United Nations in Bangladesh, 2024). The National People-Centered Budget is designed to halt and reverse this catastrophic trend by re-establishing healthcare as a core state responsibility. A 5.59-fold increase to BDT 234,232.87 crore is a strategic investment to revitalize the public system and make it the provider of choice for all citizens, irrespective of their income.

The main focus of the proposal is to create a new, well-funded "Public Health Protection Division." This initiative is a crucial investment in national security aimed at enhancing resilience against future pandemics and other health emergencies. It reflects a lesson learned from the COVID-19 crisis, which the current budget fails to address. The bulk of the funding will be directed towards a massive expansion of public health infrastructure—from community clinics to specialized hospitals—and will finance a sustained program to train and recruit the thousands of doctors, nurses, and technicians needed to staff them. The explicit goal of this investment is to drastically reduce the crippling burden of out-of-pocket costs, thereby reframing health not as a social cost to be minimized but as a core economic investment in a healthy, productive, and secure population.

Social Security and Welfare

A patchwork of fragmented, poorly targeted cash transfer programs does not constitute a genuine social safety net; it is a strategy of minimal "poverty management" that fails to address the root causes of vulnerability. The government's allocation of BDT 45,083.56 crore is wholly inadequate to address the scale of the challenge in a nation where, despite a falling poverty rate, income inequality is rising to alarming levels and a large "new poor" class has emerged, left exposed by recent economic shocks. The National People-Centered Budget rejects this reactive, charity-based model. The budget proposes a transformative 13.62-fold increase to BDT 614,179.54 crore, making Social Security and Welfare the top national priority at 21% of the total budget. This represents a paradigm shift from a safety net to a proactive "social investment" strategy that is also a powerful macroeconomic tool. New institutional pillars will be established and endowed to address the structural drivers of poverty. A Life Skills Development Division will focus on enhancing the employability of youth and informal sector workers through structured training and apprenticeships. A Child Development Division will make massive investments in early childhood health, nutrition, and education to break the intergenerational cycle of poverty. A Statutory Rationing Division will provide a universal nutritional floor, guaranteeing food security as a right and shielding the most vulnerable from crippling food inflation. This strategy does more than provide relief; it acts as a powerful economic stimulant. By injecting substantial purchasing power directly into the hands of low- and middle-income households—who have the highest marginal propensity to consume— bottom-up domestic demand will be fueled, supporting small businesses and local producers and creating a self-reinforcing cycle of inclusive growth where the well-being of the many becomes the primary engine of the national economy.

Housing

To rank housing 14th out of 15 sectors with a negligible allocation of BDT 5,110.43 crore is to treat a fundamental human right as a policy afterthought. This fiscal neglect is starkly insufficient to address a national housing deficit of 6 million units, a crisis that traps millions in precarious and undignified living conditions (UNDP, 2025). The government's flagship Ashrayan project, while providing shelter for many, is managed as an ad-hoc initiative outside a coherent institutional framework and has been rightly criticized for poor construction quality and a flawed "shelter-first, livelihood-last" approach that fails to create sustainable communities. The National People-Centered Budget proposes a paradigm shift, treating housing not as a welfare cost but as a powerful engine for economic People-Centered and social justice. The budget proposes a more than 24-fold increase to BDT 122,907.01 crore. Central to this proposal is the establishment of a new, powerful 'Housing Division for Poor, Marginal, Low-Income, and Lower-Middle-Income People,' which would be allocated a substantial development budget. This institutionalizes the state's role in providing affordable housing as a constitutional right, not an act of charity. More than that, a state-led mass housing program of this magnitude is a potent Keynesian tool for economic stimulus. It would catalyze one of the largest industrial undertakings in the nation's history, creating millions of jobs in construction and ancillary sectors. It would stimulate massive domestic demand for materials like cement and steel, fostering the development of local supply chains. By providing secure, affordable shelter, it builds a more stable, healthy, and productive workforce. This investment is designed to generate significant economic multipliers throughout the economy, demonstrating that fulfilling a social right can also be a powerful and effective strategy for driving national economic growth and People-Centered.

Recreation, Culture, and Religion

An enlightened and productive society is built not only on infrastructure and industry but also on the "software" of human development: creativity, critical thought, and social cohesion. The government's low allocation of BDT 6,540.00 crore for this sector reflects a fundamental misunderstanding of its role, treating it as a non-essential luxury. A deeper analysis reveals a critical misallocation of these already scarce resources, with a clear preference for capital-intensive construction projects ("hardware"), particularly within the Ministry of Religious Affairs, over programmatic spending ("software") that actually fosters youth development, cultural preservation, and media literacy. The National People-Centered Budget corrects this imbalance with a 2.84-fold increase to BDT 18,571.49 crore, strategically rebalancing priorities to invest in the intangible assets that yield tangible returns for society. Funding for the Ministry of Youth and Sports is increased 3.66 times, not just for building stadiums, but to tackle the crisis of youth unemployment through large-scale vocational and freelancing training programs, while also creating accessible recreational infrastructure at the community level to promote physical and mental well-being. The allocation for the Ministry of Cultural Affairs is increased over sevenfold to fund a national heritage conservation program, revitalize public libraries as vibrant hubs of lifelong learning, and support the arts to foster a culture of critical thought and creativity. Concurrently, the budget for the Ministry of Religious Affairs is rationalized, pivoting away from expensive construction projects and towards more effective, low-cost programs like inter-faith dialogue and community outreach to promote social harmony. This "software-first" approach recognizes that investments in youth skills, cultural literacy, an informed citizenry, and social cohesion are not peripheral expenses but direct and essential inputs into building a more productive, innovative, and stable nation.

Electricity and Fuel

A nation that cannot control its energy supply cannot control its economic destiny. The government's contractionary stance on the Electricity and Fuel sector, with a proposed budget of BDT 22,520.00 crore, fails to address the deep structural crises that have left Bangladesh in a state of profound energy insecurity. The nation is trapped in a vicious cycle of crippling dependency on expensive and volatile imported fuels. This has led to a massive and unsustainable subsidy crisis that drains the national exchequer, a continuous depletion of foreign exchange reserves, and severe macroeconomic instability. Meanwhile, domestic exploration by state-owned agencies like BAPEX remains chronically underfunded, and the much-needed transition to renewable energy has all but stalled. The National People-Centered Budget executes a decisive, two-pronged strategy to achieve energy sovereignty and break this cycle of dependency. The proposed budget is a 5.26-fold increase to BDT 118,540.40 crore. This is not an arbitrary increase but a strategic reallocation of national resources. First, a monumental is directed, nearly 21-fold increase in funding to the Energy and Mineral Resources Division. This massive capital injection is designed to aggressively empower BAPEX and other domestic agencies to conduct extensive onshore and offshore gas exploration, directly tackling the root cause of the import dependency. Second, a 3.6-fold increase to the Power Division, not to fund more imported-fuel plants, but to finance a comprehensive grid modernization program and to implement powerful financial incentives—such as viability gap funding and duty waivers—to de-risk and unlock private investment in solar and wind projects. This dual strategy is designed to insulate the national economy from the volatility of global energy markets, reduce the immense fiscal burden of subsidies, and build a sustainable and sovereign energy future, a critical and non-negotiable step towards genuine and lasting economic resilience and national People-Centered.

Agriculture

How can a nation achieve food security when its farmers are trapped in a cycle of poverty and its land is under existential threat? The government's agricultural budget of BDT 46,268.02 crore is a palliative strategy, focused primarily on reactive input subsidies. This approach fails to confront the sector's three foundational crises: a crisis of farmer profitability, where exploitative value chains and powerful middlemen deny producers a fair price for their labor; a crisis of justice, rooted in the state's decades-long failure to implement comprehensive land reform for the 40% of rural households that are landless; and an existential crisis of vulnerability to a rapidly changing climate (International Food Policy Research Institute 2024). The National People-Centered Budget moves beyond short-term subsidies to address these structural failures head-on. It proposes a 5.68-fold increase to BDT 262,854.48 crore, elevating agriculture to the third-highest national priority. This is a transformative investment in systemic reform. Two new, powerful institutional pillars will be established and endowed to drive this change. The first is a heavily funded "Agriculture-Land-Water Reform Division," tasked with executing the constitutional mandate of resource justice by systematically identifying, recovering, and distributing illegally occupied public lands and water bodies to landless and marginal families, providing them with the means to build a dignified livelihood. The second is a "Haor-Baor-Beel-Char Coastal Development Division," a dedicated body to build climate resilience in the nation's most vulnerable regions through nature-based solutions, climate-smart infrastructure, and the development of alternative, climate-resilient livelihoods. This strategy aims to fundamentally change the power dynamics of the rural economy, empower farmers as economic agents rather than mere recipients of aid, ensure long-term food security through resilience, and build a robust domestic market by increasing rural incomes.

Industry and Economic Services

An economy that rests on the single pillar of Ready-Made Garments (RMG) is an economy built on precarious ground. The government's negligible allocation of BDT 4,271.60 crore for Industry and Economic Services, placing it last in priority, is a policy of benign neglect that leaves the national economy dangerously exposed to global shocks. This approach fails to address the critical over-reliance on RMG for exports, the systemic neglect of the Micro, Small, and Medium Enterprise (MSME) sector—which is the true engine of domestic employment and contributes up to 32% of GDP—and the urgent need to upskill the workforce for the challenges of automation and a modern global economy (Asian Development Bank Bangladesh 2025). The National People-Centered Budget implements an active and transformative industrial policy with a 24.33-fold increase to BDT 103,948.17 crore. The key aspect of this strategy is the establishment of a new "Micro and Small Business-Entrepreneur Development Division," which will have a dedicated annual budget of BDT 60,000 crore. This is a direct investment in the backbone of our economy, providing the capital, training, and infrastructure support needed to unleash the potential of millions of small entrepreneurs and formalize the 85% of the workforce currently in the informal sector.

Further funds are targeted at reviving strategic indigenous industries like jute to diversify export basket and reduce the risky dependence on RMG. A national program will also be funded to upskill and certify migrant workers, increasing their earning potential and boosting remittance inflows. By investing heavily in MSMEs and fostering a diversified industrial base, a resilient domestic economic ecosystem will be built that is less dependent on the whims of volatile global demand, creating a more balanced, equitable, and sustainable growth model for the nation.

Transport and Communication

A transport system that prioritizes private cars at the expense of public transit is an engine of inequality and economic inefficiency. The government's transport budget of BDT 71,344.00 crore, while substantial, continues a deeply flawed and counterproductive policy. Its disproportionate focus on road infrastructure, which receives over 54% of the funds, systematically neglects more efficient, equitable, and environmentally sustainable mass transit modes like railways and inland waterways. This entrenched road-centric bias is a primary driver of the crippling urban congestion that erodes the economic productivity, the public safety crisis that claims thousands of lives on highways, and the widening regional inequality that stifles balanced national development. The National People-Centered Budget executes a decisive modal shift with a 2.44-fold increase to BDT 174,100.93 crore. This funding is strategically rebalanced to reverse decades of neglect and build a modern, integrated transport network. The budget for the Ministry of Railways is increased 3.26-fold and for the Ministry of Shipping 2.85-fold, with the explicit goal of establishing them as the core of a new, balanced, multi-modal national system. This is more than a transport strategy; it is a powerful tool for economic decentralization. By investing heavily in regional rail and waterway connectivity, new economic growth hubs across the country can be created, reducing the unsustainable pressure on the capital. This approach tackles the root causes of urban gridlock, enhances public safety by moving traffic to safer modes, ensures the benefits of development are shared more equitably, and builds a transport system that is fit for a modern, prosperous, and sustainable Bangladesh.

Interest Payments

How can a nation build its future when its second-largest budget expenditure is servicing the debts of the past? The government's allocation of BDT 122,000.00 crore for interest payments is a stark symptom of a reactive fiscal policy trapped in a debt-driven development model. This approach merely manages the consequences of past borrowing but fails to address the root causes: a chronic domestic revenue shortfall and a "culture of dependency" on foreign loans that compromises economic sovereignty and exposes the nation to severe future repayment shocks. The National People-Centered Budget proposes a higher allocation of BDT 154,587.45 crore, but this increase is a calculated and strategic maneuver designed to reclaim fiscal independence. While pragmatically increasing the budget for domestic interest to reflect rising market rates, the allocation for foreign interest is raised by a massive 67%. This is not to incur more debt, but to finance an aggressive debt retirement acceleration strategy. The core logic is to use the vast new fiscal space created by domestic revenue streams to extinguish existing, particularly non-concessional, foreign liabilities as rapidly as possible. This proactive strategy is designed to pre-empt the looming repayment shock of the late 2020s, reduce long-term interest costs, and mitigate the exposure to exchange rate volatility. It transforms interest payments from an unavoidable, passive cost into an active, strategic opportunity to buy back the economic independence, freeing future budgets from the crippling burden of debt servicing and the often-onerous policy conditionalities that accompany foreign loans. This is a direct investment in fiscal sovereignty.

Miscellaneous Expenditure

The allocation for Miscellaneous Expenditure in the government's budget is a powerful indictment of its priorities. Over 92% of its BDT 9,073.24 crore budget is earmarked for 'Loans and Advances,' an opaque sub-sector historically used as a slush fund to bail out chronically inefficient and loss-making State-Owned Enterprises (SOEs). In stark contrast, a mere 7.5% is allocated to the 'Food Account' at a time when the nation is grappling with a severe crisis of high food inflation that disproportionately harms the poor. The National People-Centered Budget executes a radical reallocation of these resources to prioritize people over failed institutions. A total of BDT 19,669.52 crore is suggested, but with a fundamental shift in its composition. The 'Food Account' is increased 26-fold to BDT 18,156.48 crore. This is the necessary funding to establish and operate a nationwide statutory food rationing system, providing immediate and tangible relief to millions of vulnerable households and acting as a powerful tool for social stabilization. Simultaneously, the 'Loans and Advances' budget is slashed by 82%. This is a necessary measure to impose fiscal discipline, halt the unproductive cycle of SOE bailouts, and force a long-overdue reckoning with the chronic mismanagement and governance failures that have plagued the state sector for decades. This reallocation creates a virtuous economic cycle: the rationing system creates stable, predictable demand for essential agricultural commodities, providing vital support to the rural economy, while the fiscal discipline imposed on SOEs reduces the long-term drain on the national treasury and frees up resources for productive investment.

Ministry of Research, Innovation, Diffusion, and Development

Can a nation aspire to become a "Smart Bangladesh" without a coherent strategy or dedicated institution for innovation? The government's budget contains zero allocation for a dedicated, cabinet-level ministry for research and innovation, a glaring omission that signals this critical engine of modern economic growth remains outside the central architecture of national planning. What little funding exists for R&D is fragmented across various ministries, preventing the creation of a cohesive national innovation ecosystem and leaving Bangladesh dangerously unprepared for a knowledge-based global economy. The National People-Centered Budget rectifies this profound strategic failure by proposing the creation of this new ministry with a substantial inaugural budget of BDT 111,602.67 crore. This is a foundational investment in building the institutional "software" required to transition Bangladesh from an economy based on low-cost labor and imitation to one driven by high-value sovereign innovation. The budget will fund the establishment of a national research council to set strategic priorities, a network of technology transfer offices to bridge the gap between academia and industry, and robust intellectual property protection agencies to safeguard local creations. It will finance large-scale, competitive research grants for universities and national R&D projects in strategic sectors like climate-resilient agriculture, financial technology, and biotechnology. Critically, it will create a national venture capital fund to provide the seed and early-stage funding that is essential for startups to thrive and scale. This ministry is designed to reverse the brain drain by creating an attractive ecosystem for top talent, ensure Bangladesh's future competitiveness, and drive the transition to a prosperous, high-value, knowledge-based economy.

Ministry of Public Transport

The chaos, inefficiency, and danger of Bangladesh's public transport system are not accidental; they are the direct result of a chaotic and fragmented governance structure. The government's budget makes no provision for a unified Ministry of Public Transport. Instead, responsibility is scattered across at least seven ministries and thirteen different agencies, a recipe for institutional paralysis, conflicting priorities, and regulatory capture by powerful private operator syndicates. This institutional incoherence is the root cause of a transport system that overwhelmingly serves the minority of citizens who own private vehicles while subjecting the majority to a system that is inefficient, unsafe, and exclusionary. This results in massive economic losses from congestion, the systemic harassment of women, the exclusion of persons with disabilities, and a public health crisis driven by severe environmental degradation. The National People-Centered Budget proposes the creation of this new, unified ministry with a substantial budget of BDT 139,429.08 crore. This institutional reform is designed to overcome fragmentation and establish public transportation as a core state responsibility under a single, accountable authority. The budget will fund a systemic restructure, focusing on the revitalization of Bangladesh Railway as the backbone of a national mass transit network and the comprehensive reform of the urban bus system. This involves moving beyond failed private franchise models towards publicly owned or tightly regulated bus corporations operating modern, safe, and accessible fleets on scientifically rationalized routes. This unified approach will ensure that the historic investments being made in transport infrastructure are managed coherently to build a system that serves the many, not the few.

National People-Centered of Revenue Collection

The entire edifice of the National People-Centered Budget, with its transformative investments in human capital, social justice, and economic sovereignty, is built upon a single, unshakable foundation: a radical and comprehensive restructure of the nation's revenue system. The government's proposed revenue target of BDT 569,000 crore is predicated on a fiscal paradigm that is not only chronically inadequate but also profoundly unjust. For decades, this model has relied heavily on regressive indirect taxes like VAT, which currently constitutes 33.13% of total receipts. Such taxes disproportionately burden low- and middle-income households, who spend a larger portion of their income on essential goods and services, thereby actively fueling the widening inequality that has seen the Gini coefficient rise to the precipice of the high-inequality threshold of 0.500. While this regressive system extracts more from the poor, the nation's overall tax-to-GDP ratio remains stubbornly low, trapping the state in a debilitating cycle of underfunding, debt dependency, and austerity for the masses. This model has consistently failed to confront the vast, corrosive illicit economy, effectively allowing the wealthiest segments of society to opt out of their constitutional and social obligations.

The proposed budget rejects this timid, inequitable, and unsustainable framework. A paradigm shift is recommended, targeting a transformative revenue collection of BDT 2,693,684.48 crore. This ambitious figure is not based on squeezing more from the existing, narrow tax base of honest taxpayers. It is predicated on a fundamental rebalancing of the tax burden from consumption to wealth, and a determined, multi-pronged assault on the illicit economy. This revenue plan is as much a governance reform project as it is a fiscal one; it is designed to create a virtuous cycle where improved governance and the restoration of the rule of law generate the resources needed to build a more just and prosperous society.

At the foundation of this budget’s strategy is the introduction of robust new revenue streams designed to bring untaxed wealth and unjust profits into the tax net, ensuring greater equity and fiscal sustainability. A progressive Wealth Tax, with rates designed to apply only to the highest echelons of asset holders, is projected to generate BDT 296,023 crore. This serves as a direct policy tool to curb extreme wealth concentration, begin a process of equitable redistribution, and provide a powerful antidote to the rising Gini coefficient. A Tax on Excess Corporate Profits, projected to yield BDT 105,004 crore, will ensure that corporations benefiting from windfall gains, monopolistic market conditions, or speculative activities contribute their fair share to national development, rather than simply enriching shareholders. These measures begin the essential work of shifting the tax burden to those with the greatest capacity to pay, aligning the fiscal policy with the constitutional goal of reducing inequality.

However, the most transformative element of the proposed budget’s revenue strategy is the determined effort to recover the immense resources lost to the shadow economy. Recovery of BDT 370,126 crore from untaxed "Black Money" is projected within the domestic economy, and an additional BDT 83,256 crore from Money Laundering activities. This is not a speculative exercise; it is a direct response to extensive evidence of a massive parallel economy and large-scale capital flight that have drained the nation of its wealth. Implementing a credible and sustained campaign to recover these illicit funds, led by a newly empowered and resourced Anti-Corruption Commission and a reformed judiciary, does more than generate revenue. It signals a systemic shift towards transparency and the rule of law. It formalizes the economy, levels the playing field for legitimate businesses that are currently disadvantaged, and restores public faith in the fairness and efficacy of the state.

Beyond these new sources, the proposed budget’s framework proposes a radical strengthening of the existing tax base, particularly direct taxes. The projected collection from Taxes on income, profits, and capital is BDT 748,016 crore, more than four times the government's target. This is predicated on aggressively expanding the tax net to include the large number of high-income individuals and corporations that currently evade their obligations, and implementing a truly progressive rate structure that ends the disproportionate benefits enjoyed by the super-rich. By making direct taxes the bedrock of the revenue system, it is ensured that the fiscal structure is both robust and fair.

This comprehensive and equitable revenue model is what makes the entire development agenda fiscally viable and sovereign. It creates the massive fiscal space required to fund the ambitious investments in health, education, social protection, and infrastructure without resorting to the "culture of dependency" on foreign loans. While the government's plan requires borrowing to cover nearly 28% of its budget, the proposed budget’s framework requires deficit financing for only 7.88% of the much larger budget. This drastic reduction in borrowing needs, particularly from external sources, is a core part of the strategy for achieving fiscal sovereignty. It frees Bangladesh from the policy conditionalities that often accompany foreign debt and creates the policy space to pursue a truly independent, people-centric development path. In conclusion, this revenue plan is the engine of the National People-Centered Budget. By ensuring that those who have benefited most from the economy contribute their fair share, the domestic resources needed to build a more just, prosperous, and self-reliant future for all citizens of Bangladesh is unlocked.

Introduction

From colonial roots to economic independence: budgetary reform for sustainable growth in Bangladesh

"If you do what you always did, you will get what you always got" -***Einstein***

"Study the past if you want to define the future..." -***Confucius, 479 BC***

"This would have been introduced had I been involved or not. At the time we concentrated single-mindedly on promoting the war effort. We gave next to no consideration to any longer-term consequences. It never occurred to me that at the time I was helping to develop machinery that would make possible a government that I would come to criticize severely as too large, too intrusive, too destructive of freedom. Yet that was precisely what I was doing." -***Milton Friedman.***

"It was only for the good of his subjects that he collected taxes from them, just as the Sun draws moisture from the Earth to give it back a thousand fold"-***Nicholas Kaldor (1963).***

The annual national budget of Bangladesh, presented each year with the familiar ceremony of a modern state managing its economic affairs, is an institution of profound historical inertia. It is not, as is often assumed, a contemporary instrument of national development forged in the spirit of a sovereign republic. Rather, it is the modern iteration of a centuries-old fiscal architecture designed not for the equitable distribution of prosperity, but for the efficient extraction of resources. This colonial inheritance, subject only to superficial adjustments over generations, has created an institutionally rigid system that is fundamentally disconnected from its constitutional mandate, actively exacerbates economic inequality, and is structurally incapable of delivering on the national aspiration of building a just and developed nation. The system's deep-seated pathologies—its exclusionary processes, its extractive logic, and its legal incoherence—have now reached a breaking point, culminating in a popular demand for its complete overhaul. The mass uprising of July 2024 was not merely a protest; it was a national referendum on this broken system. It has created a historic, non-negotiable mandate to dismantle the old fiscal order and erect in its place a new, people-centered framework. This report is an answer to that call.

The persistence of this archaic system is sustained by a contemporary ritual that belies its dysfunction. The preparation of the national budget is a highly centralized and bureaucratic exercise, conducted largely within the cloistered confines of the Ministry of Finance and the National Board of Revenue (NBR) (Chowdhury 2025). Each year, a perfunctory series of pre-budget consultations are held with select stakeholders, typically limited to established business lobbies such as the various Chambers of Commerce and industry-specific groups like the Bankers' Association (Safety and Rights 2025). The discourse within these forums, and indeed within the government itself, seldom ventures into the realm of structural reform. Instead, it operates on the principle of incrementalism, where the previous year's budget serves as an immutable baseline, subject only to minor percentage adjustments, superficial tax changes, and the introduction of new, often marginal, facilities (Chowdhury 2025). This approach inherently precludes a fundamental re-evaluation of national priorities. More damagingly, this seemingly consultative process is profoundly exclusionary. It systematically marginalizes or ignores the deep, evidence-based expertise of independent professional bodies, non-governmental research organizations, and the nation's leading academic economists. The result is a budget disconnected from macroeconomic realities, a critique consistently leveled by institutions whose insights are solicited as a matter of procedure but dismissed as a matter of practice. This exclusion is not a mere oversight; it is a systemic feature designed to protect a deeply entrenched, informal "tax bargain." This political settlement ensures that the existing system, despite its manifest dysfunction, continues to serve the core interests of powerful political, economic, and administrative actors by delivering low, predictable tax rates for businesses while providing extensive discretion and opportunities for patronage and corruption. The resistance to transformative ideas and independent expertise is, therefore, a rational defense of an equilibrium that benefits a select few at the expense of the nation's fiscal health and social equity.

The Mughal Era (c. 1580–1757)

"Systematizing Extraction"

(Akbar, 1580):
"Dahsala System Introduced."
Key Feature: Systematic land measurement and classification to create a predictable revenue stream for the state.

(Murshid Quli Khan, c. 1717):
"Mal Zamini System."
Key Feature: Replaced land grants with revenue contractors to maximize direct cash flow to the treasury.

The British Colonial Era (1793–1947)

"Institutionalizing Extraction"

(1793):
"Permanent Settlement Act."
Key Feature: The Zamindari system is formalized, creating a class of intermediaries loyal to the Crown, tasked with guaranteeing revenue collection.

(1860):
"First Formal Budget."
Key Feature: The process of state finance is institutionalized under a modern, Western framework.

(1935):
"Government of India Act."
Key Feature: The administrative and legal architecture of the modern fiscal state is established, defining central and provincial revenue powers.

The Pakistan Era (1947–1971)

"Inheriting the Machine"

(1947):
"Inheritance of the 1935 Act."
Key Feature: The new state of Pakistan adopts the British colonial administrative and revenue framework without fundamental structural reform.

The Bangladesh Era (1971–Present)

"Superficial Adjustments, Enduring Legacy"

(1972):
"First National Budget (BDT 786 Crore)."
Key Feature: A new nation is born, but the underlying machinery of budgeting and tax collection remains the inherited colonial model.

(1980s):
"Ershad-era Reforms."
Key Feature: Privatization and administrative changes alter the beneficiaries but not the fundamental extractive and centralized nature of the system.

(Present Day):
"The Modern Budget."
Key Feature: A system still heavily reliant on regressive indirect taxes (approx. 66%), with an exclusionary, top-down preparation process.

This broken ritual is the modern face of a system whose DNA was coded for extraction centuries ago. The origins of a structured, state-centric revenue apparatus in the subcontinent can be traced to the Mughal Emperor Akbar, who in 1580 introduced the Dahsala system—a framework of systematic land measurement, classification, and revenue assessment designed to create a predictable and efficient flow of resources to the imperial center. This machinery of extraction was perfected in Bengal during the early 18th century by Murshid Quli Khan, who replaced the jagirdari system of land grants to officials with the mal zamini system, which relied on revenue contractors to maximize direct cash flow to the treasury, laying the administrative groundwork for the Zamindari system that would follow (Map Academy). The British colonial administration did not invent this extractive model; it inherited, formalized, and industrialized it. The introduction of the first formal budget in British India on April 7, 1860, by James Wilson institutionalized the fiscal process within a Western administrative framework. The Permanent Settlement Act of 1793 had already established the Zamindari System, transforming it into a powerful colonial tool that created a loyal class of intermediaries tasked with one primary function: guaranteeing a fixed and uninterrupted flow of revenue to the British Raj, with devastating consequences for the peasantry (AP World History 2025). The final piece of the colonial architecture was cemented by the Government of India Act, 1935, which established the modern administrative framework for a federal polity, including the formal division of revenue powers between the central and provincial governments, creating the fiscal state that would be passed down at the time of independence (Government UK 2025).

The theme of unquestioned continuity defined the subsequent eras. Upon the partition of India in 1947, the new state of Pakistan inherited the British colonial administrative, legal, and revenue framework wholesale, including the structures established by the 1935 Act, with no attempt at fundamental structural reform.[11] Political independence did not translate into fiscal decolonization. This pattern tragically repeated itself after 1971. Despite the immense sacrifice of the Liberation War and the socialist aspirations of the new republic, the foundational machinery of the state remained a colonial relic. The first budget of independent Bangladesh, presented by Finance Minister Tajuddin Ahmed on June 30, 1972, with a total size of BDT 786 crore, was a historic moment for a new nation but not for its fiscal system (Jubaer 2022). The underlying practices, structures, and—most importantly—the adversarial philosophy of revenue collection persisted. Subsequent reforms, such as the privatization and administrative decentralization initiatives during the Ershad era (1982-1990), were superficial adjustments. They tinkered with ownership and redrew administrative boundaries but failed to address the core structural flaws of the fiscal system; they merely changed the beneficiaries of the existing extractive model, not the model itself. This failure to decolonize the fiscal apparatus was a critical lapse in the post-liberation state-building project. By retaining the colonial framework, the new state inadvertently preserved the adversarial relationship between the citizen as a source of revenue and the state as the extractor, creating a fundamental contradiction between its daily fiscal practice and its constitutional promise of a republic where, as Article 7(1) declares, "All powers in the Republic belong to the people" (Parliamentary Affairs Division 2025).

This historical inertia has resulted in a profound disconnect between the state's fiscal operations and its constitutional soul. The Constitution of the People's Republic of Bangladesh, as amended, is unequivocal in its mandate for a just fiscal state. It is a fundamental responsibility of the state, as outlined in Articles 10, 15, and 19, to establish "a just and egalitarian society, free from the exploitation of man by man," to provide the "basic necessities of life," and to adopt effective measures to "remove social and economic inequality" (Parliamentary Affairs Divison 2025). The national budget is the primary legal and financial instrument through which these constitutional promises are meant to be realized. Yet, the legal framework governing this instrument is itself a quagmire of confusion and opacity. The deeply problematic practice of enacting annual fiscal changes through separate Finance Acts, without consolidating them into the main body of the tax law, creates a chaotic and fragmented legal landscape. For citizens, businesses, and legal practitioners, determining tax obligations requires navigating a labyrinth of annual amendments rather than consulting a single, authoritative legal text. This legal incoherence is not merely an administrative oversight; it is a key enabler of the informal and corrupt "tax bargain."

A clear, consolidated, and easily accessible tax code would increase transparency and severely curtail the discretionary power of officials, making it far more difficult to sustain the informal arrangements that define the current system. To rectify this, Bangladesh must adopt the modern practice of tax law consolidation, as seen in nations like the United States with its Internal Revenue Code. A specific, actionable reform is required: within 90 days of the passage of the annual Finance Act, a fully revised and consolidated version of the core tax laws must be officially published, creating a single, unambiguous legal document for all stakeholders and taking a critical step toward dismantling the architecture of discretionary corruption.

The accumulated weight of this unchanged legacy—an exclusionary process, an extractive philosophy, and a fragmented legal system—is what finally reached its breaking point in July 2024. The popular uprising was far more than a protest against a job quota system; it was a nationwide referendum against a dysfunctional state apparatus plagued by systemic corruption and deepening inequality. It was a popular mandate born from the lived experience of a system that had failed to deliver on its constitutional promises, a system where "destructive and corrupt pathologies of politics and governance" had exacerbated economic hardship for the many while enriching a few. This report, and the People-Centered Budget it proposes, is a direct response to the "July spirit" and the people's demand for nothing less than national People-Centered. The reform of the national budget is the single most important and powerful instrument the nation possesses to achieve this People-Centered. It is not an accounting tool but the primary weapon for building a just society and achieving sovereign development goals.

The current system, with its debilitating reliance on indirect taxes—which account for approximately 66% of total tax revenue—is fundamentally regressive and an engine of inequality, disproportionately burdening the poor and middle class who spend a larger share of their income on consumption (National Board of Revenue 2025). The central objective of the People-Centered Budget is to reverse this through a radical structural shift from indirect to direct taxation, targeting the vast, untapped resources of illicitly acquired wealth. This new framework is explicitly designed to reduce income inequality, bridge regional disparities, and ensure gender equity. This report, therefore, presents a coherent, evidence-based, and historically-grounded framework for the fundamental People-Centered of Bangladesh's fiscal architecture. It offers a viable, people-centric path toward dismantling a colonial legacy and building a truly developed, just, and prosperous nation that is finally responsive to the will of its people.

Budget & Bureaucracy

Methodological Framework: A People-Centered Approach

The analytical framework for this People-Centered Budget represents a fundamental rupture with the incrementalism and administrative inertia that has long defined state budgeting in Bangladesh. Our methodology is not an extension of the past but a reconstruction of the present, grounded in the rights-based, people-centric philosophy championed by the Bangladesh Economic Association (BEA). It treats the national budget as the primary legal and financial instrument for executing the state's constitutional duties to its citizens. The approach begins by first envisioning the developmental state required to build a just society and then determines the fiscal architecture necessary to finance it. This involves establishing an ambitious but evidence-based total budget size, designing a progressive revenue system to fund it, and allocating expenditures based on a rigorous, needs-first logic.

The scale of our proposed budget—equivalent to approximately 52% of GDP—is a strategic decision benchmarked against the fiscal practices of developed, high-investment nations where public expenditure is understood to be the core engine of development and social cohesion. This target deliberately reframes the role of the state from a passive administrator to the primary driver of national progress. Such an expansion of the state's developmental capacity necessitates a complete overhaul of its revenue model. Consequently, our methodology rejects the prevailing and deeply regressive reliance on indirect taxes. It instead engineers a structural shift toward a progressive system founded on direct taxation. This was achieved through a rigorous analysis of national income, wealth distribution, and corporate profit data to design evidence-based proposals for new and underutilized revenue sources, including taxes on wealth, excess profits, and capital gains, alongside robust measures to reclaim resources lost to tax evasion and illicit financial flows.

The core of our methodology lies in its zero-first, needs-based approach to expenditure allocation, which replaces historical precedent with a logic of constitutional obligation and strategic investment. Sectoral budgets are determined through a two-tiered process. The first tier establishes the non-negotiable funding for foundational human development sectors by costing constitutional mandates. For education, the allocation is not a marginal increase but is calculated based on the real cost of achieving specific, internationally recognized benchmarks, such as the UNESCO-recommended minimum of 20% of total public expenditure, which is essential for ensuring universal access and quality. Similarly, the healthcare budget is determined by the funds required to guarantee universal primary care and drastically reduce the catastrophic out-of-pocket expenditure that impoverishes millions.

Once these foundational rights are fully funded, the second tier prioritizes strategic enablers—those sectors with the highest potential to generate equitable growth, create mass employment, and build a sustainable economy. Allocations for agriculture, small and medium enterprises (SMEs), and green infrastructure are not arbitrary but are based on economic modeling that quantifies their multiplier effect on poverty reduction and job creation. This ensures that public investment actively builds a more inclusive and resilient economy from the ground up, deliberately shifting focus away from capital-intensive mega-projects with limited social returns.

Objectives of the Report

The central objective of this report is to address a fundamental truth: Bangladesh cannot become a developed nation using its current, outdated tax system. The existing fiscal structure is a relic of the past, managed by officials who are more focused on applying old rules than on finding new and fair sources of income in our modern, expanding economy. This has left the country without the strong financial foundation it needs to build a progressive and prosperous society for all its citizens.

Therefore, this paper puts forward a clear and constructive blueprint for a completely new fiscal architecture. It is done by proposing a detailed, item-by-item reconstruction of the entire tax system, moving beyond minor tweaks to suggest a fundamental renovation. This includes practical steps, like expanding the number of direct tax sources to make the system more robust and equitable. In doing so, this report also synthesizes years of valuable research from various expert organizations, consolidating their ideas into a single, actionable plan for the first time.

The ultimate purpose of this new foundation is to build a Bangladesh that is truly developed, just, and equitable. Our specific goals are to create a fiscal system that can:

- Nurture the growth of a large, enlightened, and financially secure middle class.
- Drastically reduce the gaps of inequality, regional disparity, and multi-dimensional poverty.
- Implement a fair redistribution of wealth from parasitic economic activities to support the poor, low-income, and middle-class citizens.
- Give the highest priority to strengthening our domestic economy, especially agriculture and local industries.
- Ensure the state takes full responsibility for creating a society where every person has the opportunity to become educated, healthy, and innovative.
- Pave the way for decent and dignified employment for every citizen.

Table: Comparative analysis of the Government allocation and Proposed National People-Centered Budget with Sectoral rankings for FY25-26 (BDT in Crore)

Allocation Head	Govt. Budget FY 25-26 (BDT)	Govt. Ranking	Proposed FY 25-26 (BDT)	Proposed Ranking	% of total Govt. Budget	% of total Proposed Budget
Public Administration	186,088	1	237,206.16	4	23.56%	8.11%
Local Government and Rural Development	44,895	7	146,204.28	8	5.68%	5.00%
Defense	40,698	9	53,241.59	15	5.15%	1.82%
Public Order and Security	33,542	10	61,700.70	14	4.25%	2.11%
Education and Technology	110,658	3	351,103.24	2	14.01%	12.01%
Health	41,908	8	234,232.87	5	5.30%	8.01%
Social Security and Welfare	45,084	6	614,179.54	1	5.71%	21.00%
Housing	5,110	14	122,907.01	10	0.65%	4.20%
Recreation, Culture and Religion	6,540	13	18,571.49	17	0.83%	0.64%
Electricity and Fuel	22,520	11	118,540.40	11	2.85%	4.05%
Agriculture	46,268	5	262,854.48	3	5.86%	8.99%
Industry and Economic Services	4,272	15	103,948.17	13	0.54%	3.55%
Transport and Communication	71,344	4	174,100.93	6	9.03%	5.95%
Interest	122,000	2	154,587.45	7	15.44%	5.29%
Miscellaneous Expenditure	9,073	12	19,669.52	16	1.15%	0.67%
Ministry of Research, Innovation, Diffusion and Development			111,602.67	12	-	3.82%
Ministry of Public Transport			139,429.08	9	-	4.77%
Total Budget (Crore Taka)	**790,000**		**2,924,079.57**	**-**	**100.00%**	**100.00%**

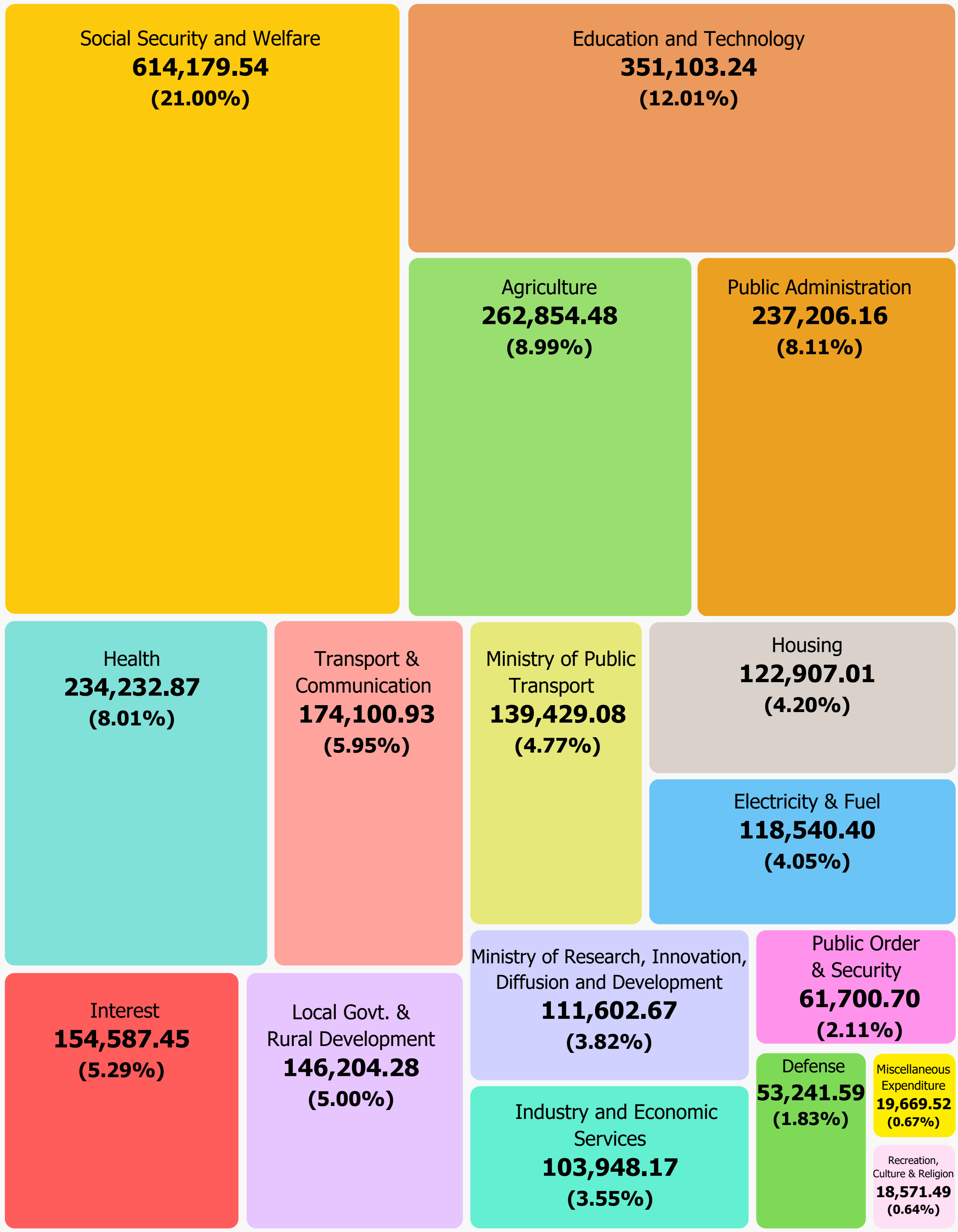
Section - 01

Proposed National People-Centered Budget Spending

Segregation

(Amount & Percentage)

Note: Amount BDT in Crore

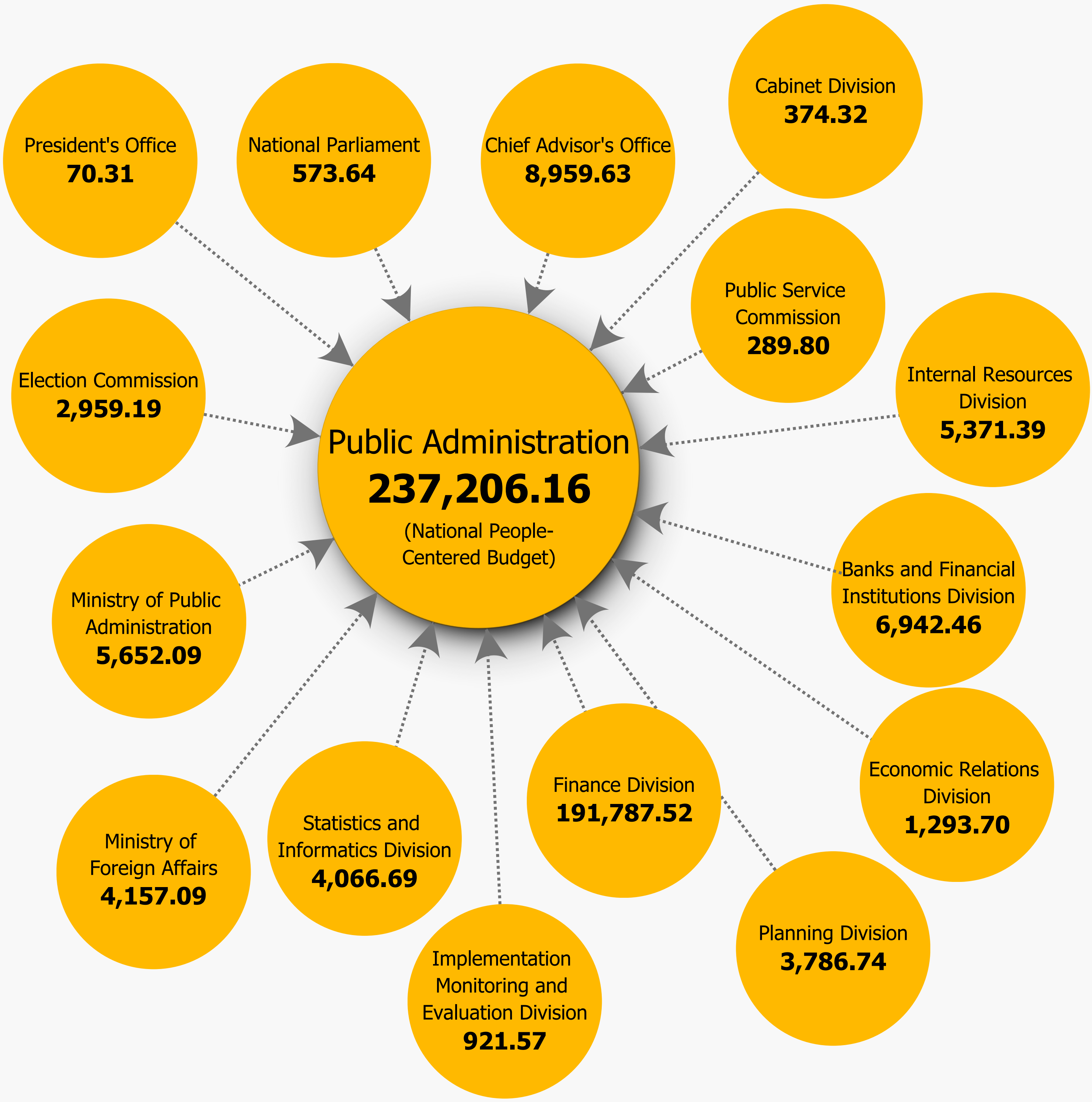


Expenditure Chapter - **1**

Public Administration

Segregation

Note: Amount BDT in Crore



Problem Analysis

The fundamental purpose of public administration in a democratic republic is to serve as the primary instrument for realizing the constitutional promises made to its citizens. For Bangladesh, this is a profound mandate. The Constitution declares that “All powers in the Republic belong to the people” and envisions a state that guarantees fundamental human rights, ensures the dignity and value of the human person, and secures the effective participation of the people through their elected representatives at all levels of administration. Any assessment of the nation’s public administration, therefore, must begin and end with this constitutional benchmark. Yet, the actual administrative situation has significantly deviated from this ideal. The state apparatus, instead of being a facilitator of public will, has often become an impediment, characterized by a governance culture that has been described as a "dystopic stage show" —a performance disconnected from the constitutional spirit and the lived realities of the populace. This disconnect is rooted in twin pathologies that have long afflicted the system: debilitating over-centralization and deeply entrenched systemic corruption.

The over-centralization of all administrative, political, and economic authority in Dhaka is a primary obstacle to equitable national development. This is not a new observation, but its consequences have become increasingly acute. The concentration of government ministries, financial institutions, and decision-making bodies in the capital creates severe bottlenecks, stifles regional growth, and forces citizens from across the country to undertake costly and time-consuming journeys to access basic services . Recent analyses confirm that this hyper-centralization places immense strain on Dhaka's infrastructure and services while simultaneously marginalizing the rest of the country. While Bangladesh has a long history of local government institutions, their potential has been consistently undermined by overwhelming central interference, inadequate financial and administrative authority, and a lack of genuine political will to empower them (World Bank, 2019). This structure supports a model of governance that is unresponsive to local needs and fundamentally inefficient for a nation of Bangladesh's extraordinary population density.

Compounding the problem of centralization is a culture of systemic corruption that has become institutionalized within the public service. This is not merely an issue of individual misconduct but a structural problem enabled by a socio-political ecosystem that allows for impunity. The reality of this is powerfully substantiated by recent empirical data. The Transparency International Bangladesh (TIB) National Household Survey 2023, which covered the period from May 2023 to April 2024, revealed that a staggering 70.9% of households experienced corruption while seeking services from public and private institutions (Transparency International Bangladesh’s (TIB), 2024). An estimated BDT 10,902 crore was paid in bribes during this period as per TIB’s survey. The survey also highlighted that key sectors directly related to public administration were identified as the most corrupt, including law enforcement agencies (74.5% of households reported corruption), judicial services, and land services.

This lived reality is reflected in international metrics; Bangladesh’s score on the 2024 Corruption Perceptions Index remains alarmingly low at 23 out of 100, ranking it 151st among 180 countries and placing it in the 15th percentile globally for "control of corruption" (Corruption Perceptions Index-Transparency, 2025).

CORRUPTION PERCEPTIONS INDEX (2024) **23 OUT OF 100 (LOW)**

151st Bangladesh Ranking for "control of corruption" among 180 countries

The predictable, kinetic manifestation of these deep-seated administrative dysfunctions erupted in the mass student-led protests of 2024. While the initial spark was a controversial government job quota system, the movement rapidly broadened into a popular uprising against systemic failures, including "rampant corruption, large-scale money laundering, failure to ensure good governance, and a shrinking democratic space" (Bangladesh: Country Private Sector Diagnostic-World Bank Group, 2025). The state's subsequent violent response, which culminated in the resignation of the Prime Minister, signified a complete and catastrophic breakdown of trust between the state and its citizens (Dionis, 2025). This national upheaval was not a random crisis but a popular referendum on the entire administrative state. The event, while traumatic, has created a once-in-a-generation opportunity to implement the fundamental reforms necessary to align the public administration with its constitutional mandate and the aspirations of its people (International Crisis Group, 2024).

Review of the Government's Budget

An analysis of the government's proposed FY2025-26 budget reveals a fiscal strategy that conserves the very administrative structure that has proven to be dysfunctional and disconnected from public needs. While the allocation for Public Administration, at BDT 186,088.44 crore, is the largest among all functional classifications, representing 23.5% of the total budget, this top-line figure is misleading. A closer examination of the sub-allocations exposes a set of priorities that favor centralized control over the crucial elements of accountability, transparency, and institutional reform. The budget is not a plan for governance reform but a fiscal mechanism for preserving the existing power structure.

The most telling feature of the official budget is the disproportionate concentration of resources within the Finance Division. This single division is slated to receive BDT 153,655.15 crore, which constitutes an overwhelming 82.6% of the entire budget for the Public Administration sector (Budget 2025-26, Ministry of Finance, 2025). As the nerve center of the state's financial apparatus, the overwhelming funding of this division signals a clear priority: the maintenance and reinforcement of centralized fiscal control. This allocation pattern is a deliberate choice to fund control over accountability, rendering the budget not merely inefficient, but actively counter-reformist.

This prioritization of central control comes at the direct expense of institutions that are vital for good governance and accountability. The government's proposal allocates a mere BDT 183.00 crore to the Implementation Monitoring and Evaluation Division (IMED) and only BDT 467.00 crore to the Statistics and Informatics Division (Budget 2025-26, Ministry of Finance, 2025). These are the very bodies constitutionally mandated to ensure that public money is spent effectively, that development projects are implemented without corruption, and that policymaking is grounded in reliable data rather than political rhetoric or "false speeches" . Similarly, the allocations for the National Parliament (BDT 232.00 crore) and the Public Service Commission (BDT 149.00 crore) are profoundly inadequate for institutions meant to provide robust democratic oversight and safeguard a merit-based civil service, respectively. This chronic underfunding starves the state of the capacity for self-correction and public accountability. The much-touted "digital transformation" is exposed as a superficial exercise when the national data and statistics agency is so poorly resourced. The table 1 provides a comparative illustration of these misplaced priorities.

The government's fiscal choices actively reinforce the centralization and opacity that have eroded public trust and led to crisis. By directing the vast majority of resources toward maintaining the central financial machinery while neglecting the institutions of oversight and data integrity, the official budget fails to address the sector's fundamental problems. This creates a critical gap that the National People-Centered Budget is designed to fill.

Proposed National People-Centered Budget and Action Plan

In response to the deep-seated institutional challenges and the shortcomings of the official budget, this People-Centered budget proposal outlines not just an increase in expenditure but a fundamental re-engineering of the state's administrative priorities. The proposed allocation for Public Administration is BDT 237,206.16 crore, a 1.27-fold increase over the government's figure . This increase represents a necessary and overdue investment in building a modern, accountable, and effective state apparatus. However, the true significance of this proposal lies not in the total amount, but in its strategic reallocation of resources away from simply maintaining the status quo and towards building new institutional capabilities. In the comprehensive National People-Centered Budget, the Public Administration sector is shifted from the government's top priority (at 23.5% of its total budget) to fourth-highest priority (at 8.1%), allowing for greater investment in direct public welfare sectors like Social Security, Education, and Agriculture . This is a conscious choice to prioritize people over bureaucracy.

National People-Centered Budget allocation for Public Administration

BDT **237,206.16** Crore

1.27 Times increase over the government's budget

23.5% Public Administration (government's top priority) OF THE TOTAL BUDGET

FOURTH-HIGHEST PRIORITY (NATIONAL PEOPLE-CENTERED BUDGET) **18.1%** of the total proposed National People-Centered Budget

The core of the proposal is to use fiscal allocation as a surgical tool to build state capacity where it is most needed. Each significant increase is directly linked to solving the problems of corruption, inefficiency, and lack of transparency diagnosed earlier.

A foundational investment is directed towards the Statistics and Informatics Division, with a proposed allocation of BDT 4,066.69 crore—an 8.71-fold increase (Budget 2025-26, Ministry of Finance, 2025). This is a critical step towards building a world-class, independent national data system. Such a system is essential for evidence-based policymaking, enabling a shift away from governance based on rhetoric and towards one based on verifiable facts, a reform strongly advocated by international partners (World Bank-Bangladesh, 2025).

To tackle the culture of poor project execution and impunity, a 5.04-fold increase is recommended for the Implementation Monitoring and Evaluation Division (IMED), raising its budget to BDT 921.57 crore (Budget 2025-26, Ministry of Finance, 2025). This funding is designed to empower an independent monitoring body with the resources and authority to track public spending in real-time, conduct performance audits, and ensure genuine accountability. This directly addresses the systemic corruption highlighted by TIB and the need for stronger institutional checks and balances.

Simultaneously, the budget suggests strengthening the pillars of democracy and meritocracy. The budgets for the National Parliament (a 2.47x increase), the Public Service Commission (a 1.94x increase), and the Cabinet Division (a 3.23x increase) are enhanced to restore institutional health. These investments will bolster legislative oversight, help ensure a non-partisan and meritocratic civil service, and improve the central coordination necessary for implementing wide-ranging reforms. Furthermore, a 1.97-fold increase for the Banks and Financial Institutions Division to BDT 6,942.46 crore is aimed at addressing the severe governance weaknesses and non-performing loan crisis that pose a systemic risk to the national economy (Bangladesh: Country Private Sector Diagnostic-World Bank Group, 2025). Finally, a 2.44-fold increase for the Ministry of Foreign Affairs to BDT 4,157.09 crore will support the establishment of a dedicated "Economic Diplomacy Division," a crucial reform for navigating the global economy and protecting national interests.

Beyond these financial reallocations, the vision for public administration necessitates deep structural reforms. Financial resources are a necessary, but not sufficient, condition for transformation. The call for the geographical decentralization of ministries to other divisional cities is reiterated to dismantle Dhaka's administrative hegemony and foster balanced regional development. Furthermore, state capacity must be built in critical new areas through the creation of new ministries and divisions, such as a Ministry of Research, Innovation, Diffusion, and Development, and a Public Health Protection Division . The political feasibility of such ambitious restructuring, once considered remote, is now significantly greater in the post-2024 reformist environment, with a Public Administration Reform Commission already proposing a rationalization and reduction of ministries.

In conclusion, this National People-Centered Budget for Public Administration is a comprehensive blueprint for transformation. It is a project of state-building, using targeted fiscal policy to create the institutional capabilities in data, monitoring, and oversight that the current state lacks. By strategically investing in transparency, accountability, meritocracy, and decentralization, this budget lays the fiscal groundwork for a public administration that is not a source of public frustration but a trusted, effective, and constitutionally-bound instrument for achieving a more equitable and prosperous future for all citizens of Bangladesh.

Table 1: Comparative Budget Allocation for Public Administration in FY2025-26 (BDT in Crore)

Ministry/Division	Budget by Govt. (BDT)	% of Total Govt. Budget	Proposed Budget (BDT)	% of Total Proposed Budget	Increase Factor (x)
President's Office	**34.00**	**0.02%**	**70.31**	**0.03%**	**2.07**
National Parliament	232.00	0.12%	573.64	0.24%	2.47
Chief Advisor's Office	3,556.00	1.91%	8,959.63	3.78%	2.52
Cabinet Division	116.00	0.06%	374.32	0.16%	3.23
Election Commission	2,956.00	1.59%	2,959.19	1.25%	1.00
Ministry of Public Administration	4,899.37	2.63%	5,652.09	2.38%	1.15
Public Service Commission	149.00	0.08%	289.80	0.12%	1.94
Finance Division	153,655.15	82.6%	191,787.52	80.8%	1.25
Internal Resources Division	3,126.00	1.68%	5,371.39	2.26%	1.72
Banks and Financial Institutions Division	3,521.00	1.89%	6,942.46	2.93%	1.97
Economic Relations Division	584.25	0.31%	1,293.70	0.55%	2.21
Planning Division	10,905.67	5.86%	3,786.74	1.60%	0.35
Implementation Monitoring and Evaluation Division (IMED)	183.00	0.10%	921.57	0.39%	5.04
Statistics and Informatics Division	467.00	0.25%	4,066.69	1.71%	8.71
Ministry of Foreign Affairs	1,704.00	0.92%	4,157.09	1.75%	2.44
Total Public Admin.	186,088.44	100%	237,206.16	100%	1.27

Source: Analysis of Government and Proposed National People-Centered Budget Data

Table 2: Strategic Justification for Key National People-Centered Budget Allocations

Ministry / Division	Core Problem Addressed	Strategic Justification & Link to Reforms
Statistics and Informatics Division	Lack of reliable data; policy based on rhetoric.	To build a world-class, independent National Statistics Office capable of producing credible data for evidence-based policymaking and combating the "culture of false speeches".
IMED	Poor budget implementation; systemic corruption and impunity.	To empower an independent monitoring body with the resources to track ADP implementation in real-time, conduct performance audits, and ensure accountability, directly addressing TIB findings.
National Parliament	Weak democratic oversight; executive dominance.	To strengthen parliamentary committees, research capacity, and legislative scrutiny, restoring the balance of power and enhancing government accountability as per constitutional principles.
Cabinet Division	Inefficient central coordination; weak policy coherence.	To enhance the capacity of the government's core coordinating body to manage the complex process of administrative and structural reform, including decentralization.
Ministry of Foreign Affairs	Ineffective economic diplomacy in a complex global environment.	To fund a new "Economic Diplomacy Division" to proactively manage trade relations, attract quality investment, and recover laundered assets.

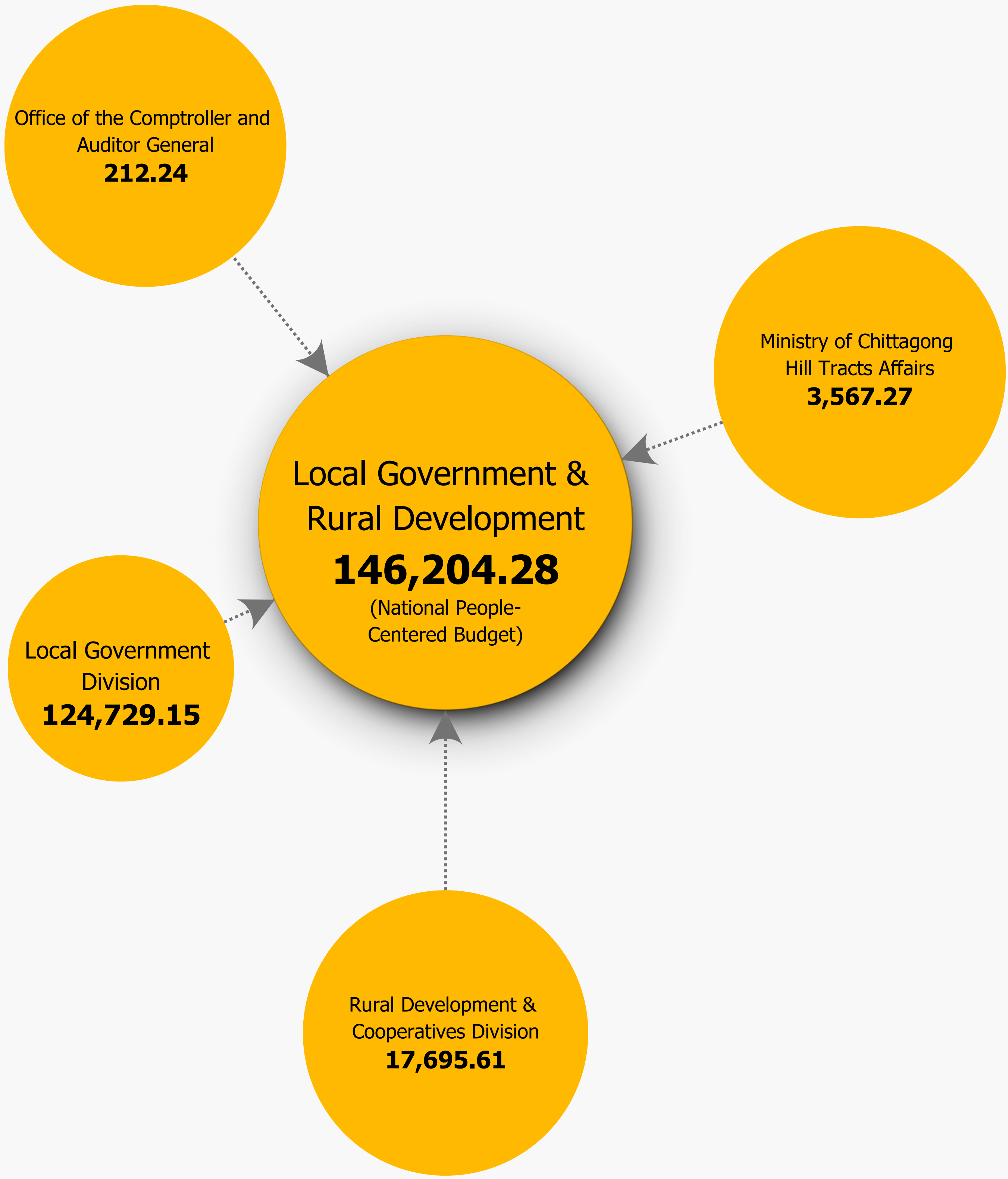
Source: Analysis of proposed allocations and (Transparency International Bangladesh's (TIB), 2024)

Expenditure Chapter - **2**

Local Government and Rural Development

Segregation

Note: Amount BDT in Crore



Problem Analysis

The foundational promise of the People's Republic of Bangladesh, enshrined in its Constitution, is that of a democracy where "all powers in the Republic belong to the people". This power is to be exercised through the effective participation of the people through their elected representatives in administration at all levels. The Constitution is unequivocal in mandating the establishment of robust local government institutions (LGIs) entrusted with the responsibility for local administration, public services, and economic development. However, the reality of local governance in Bangladesh presents an obvious and troubling contrast to this constitutional vision. Decades of entrenched centralisation have rendered local government bodies institutionally weak, financially dependent, and administratively subordinate, perpetuating a model of governance that stifles rural development and deepens regional disparities. This systemic failure is not merely a matter of inefficient policy but represents a fundamental deviation from the nation's democratic and constitutional mandate.

The institutional paralysis of local government in Bangladesh is rooted in a system seemingly designed for dependency. The most critical flaw is a profound lack of financial autonomy. LGIs are overwhelmingly dependent on conditional grants from the central government, with their own-source revenue generation being minimal (Asian Development Bank-Local Government PPP Landscape, 2019). Studies confirm that LGIs possess negligible funding discretion, with central transfers often tied to specific, top-down projects that leave little room for local planning or response to community-specific needs (UNDP-Roundtable Discussion, 2024). This financial strangulation is compounded by administrative subjugation. A persistent and debilitating conflict exists between elected local representatives, such as Upazila Chairmen, and centrally appointed bureaucrats, primarily the Upazila Nirbahi Officers (UNOs), who often wield the substantive executive power. This dynamic reduces LGIs to mere extensions of the central administration rather than a distinct and empowered tier of governance. Furthermore, these institutions are beset by a severe deficit in capacity, including a shortage of skilled personnel for financial management and project implementation, and inadequate training for newly elected officials (Julfiker, 2025). This creates a vicious cycle: the central government justifies withholding autonomy by citing a lack of local capacity, yet this very lack of capacity is a direct consequence of the financial and administrative control that prevents LGIs from developing their own capabilities.

The consequences of this centralised model are most acutely felt in rural Bangladesh, where progress has stagnated and disparities have deepened. The failure of local governance is a primary driver of persistent rural poverty. The latest Household Income and Expenditure Survey (HIES) from 2022 reveals a significant poverty gap, with the rural poverty rate at 20.5% compared to 14.7% in urban areas (HOUSEHOLD INCOME AND EXPENDITURE SURVEY HIES 2022, 2023). While national poverty has declined, the pace of this reduction has notably slowed in rural regions (World Bank-Bangladesh, 2025). This economic distress is exacerbated by a severe rural infrastructure deficit. It is estimated that only 40% of the rural population has access to all-weather roads, impeding access to markets, education, and healthcare and trapping communities in a cycle of underdevelopment (ADB-Agriculture and natural resources, 2025). The World Bank continues to flag the resolution of these infrastructure gaps as a critical national priority.

The formal institutions tasked with fostering grassroots economic activity are similarly hamstrung. The Rural Development and Cooperatives Division (RDCD) remains chronically under-resourced and constrained by bureaucratic inertia and outdated operational systems (Rural Development and Co-Operatives Division, Ministry of Finance, 2025). Ambitious programmes like the "Ektee Bari Ektee Khamar" (One House One Farm) project, despite laudable intentions, have struggled to meet targets and have been marred by implementation challenges, pointing to systemic weaknesses that transcend any single initiative (Dr. Abul Barkat, 2017). The Chittagong Hill Tracts (CHT) serve as a particularly clear case study of this systemic neglect. The region lags behind the rest of the country in nearly every development indicator, with an estimated 60% of households living below the poverty line (Golam Rasul, 2016). The non-implementation of key provisions of the 1997 Peace Accord, unresolved land disputes, severe water scarcity, and a lack of market access represent a complex web of challenges that demand targeted, substantial, and locally-driven investment—something the current centralised model is ill-equipped to provide (Golam Rasul, 2016). Ultimately, rural underdevelopment is not an unfortunate byproduct but a direct and predictable outcome of a governance model that systematically extracts resources and political power from the periphery to the centre.

Review of the Government's Budget and Priorities

An analysis of the government's budgetary allocations for the Local Government and Rural Development sector for Fiscal Year 2025-26 reveals a fiscal framework that continues, rather than resolves, the deep-seated problems of centralisation and rural neglect. The proposed budget, while appearing substantial in absolute terms, is structured in a manner that reinforces administrative control from the centre while starving the very institutions meant to foster grassroots economic empowerment. The government has proposed a total allocation of BDT 44,894.86 crore for the sector, a figure that masks a profound strategic imbalance in its internal distribution.

A deconstruction of the government's priorities becomes evident when examining the allocations to the sector's constituent parts. The Local Government Division (LGD), which functions primarily as the administrative and oversight arm of the central government, is set to receive a commanding BDT 42,433 crore. In contrast, the Rural Development and Cooperatives Division (RDCD), the designated engine for fostering local economic initiatives and cooperative-based development, is allocated a mere BDT 1,100 crore. This staggering disparity, where the administrative body receives nearly 39 times the funding of the development-focused body, is the clearest possible fiscal evidence of the government's priorities. A budgetary strategy genuinely aimed at local empowerment and poverty alleviation would channel significant capital into the RDCD to build a vibrant, autonomous cooperative sector. The current budget does the opposite. It heavily funds the LGD's machinery for managing centrally-controlled development projects, such as those under the Annual Development Programme (ADP), while denying the RDCD the capital required to create independent local economic power bases. The budget is not merely failing to solve the problem of centralisation; it is actively financing the mechanisms that sustain it.

The allocation for the Ministry of Chittagong Hill Tracts Affairs (MoCHTA), set at BDT 1,361.86 crore, further illustrates the gap between rhetoric and reality reality (Budget 2025-26, Ministry of Finance, 2025). This sum is critically insufficient to address the region's profound and complex challenges, including the full implementation of the Peace Accord, the operationalization of a land commission to resolve disputes, and investment in climate-resilient infrastructure tailored to the region's unique topography (Golam Rasul, 2016). The allocation represents an incremental, status-quo approach to a problem that demands transformative investment.

Govt.: **7,465.01**
People-Centered: **17,138.41**
2.30 times Increase
Operation Development

Govt.: **37,429.85**
People-Centered: **129,065.82**
3.45 times Increase
Operation Development

Govt.: **44,894.86**
People-Centered: **146,204.23**
3.26 times Increase
Local Government and Rural Development

Note: All Amount in BDT Crore

This fiscal strategy stands in direct contradiction to the nation's stated policy goals, such as those outlined in the Seventh Five-Year Plan and the ambition to achieve inclusive growth as a developing nation (Bangladesh: Country Private Sector Diagnostic-World Bank Group, 2025). By underfunding the RDCD, the budget ensures that cooperatives remain weak and dependent, incapable of serving as the engines of poverty reduction they are envisioned to be in official policy documents. The government's budget for Local Government and Rural Development for FY25-26 is, therefore, a blueprint for maintaining the status quo—a fiscal framework that prioritises central control over local empowerment and administrative oversight over genuine rural development.

Proposed National People-Centered Budget and Action Plan

In direct response to the systemic failures and misplaced priorities identified in the preceding analysis, this National People-Centered Budget presents a fiscal blueprint for the genuine decentralisation and inclusive growth of Bangladesh. The proposal is not merely an increase in expenditure but a fundamental restructuring of investment to align with the nation's constitutional principles and unlock the vast, untapped potential of its rural communities. The suggested budget has a total allocation of BDT 146,204.28 crore for the Local Government and Rural Development sector—a 3.26 times increase over the government's budget. This figure represents a strategic national investment designed to empower local institutions, revitalise the rural economy, and address long-standing regional inequities. The proposal's emphasis is overwhelmingly on development, with BDT 129,066 crore earmarked for capital investment against BDT 17,138 crore for operations, signalling a decisive shift from maintenance to transformation.

Each major allocation within this National People-Centered Budget is purposefully designed to close the specific gaps identified in the government's approach and to provide the fiscal impetus for structural reform.

Empowering the Local Government Division (Total: BDT 124,729.15 Crore):

The proposed 3.06 times increase for the LGD, driven by a more than doubling of its development budget to BDT 110,497.29 crore, is designed to directly dismantle the system of financial dependency that paralyses LGIs. This massive capital injection is not intended for expenditure by the central ministry itself. Instead, its primary purpose is to fund the transfer of substantial, predictable, and largely untied block grants to Union, Upazila, and Zila Parishads. This action directly facilitates the "bottom-up planning" and "financial independence" that development experts advocate for (UNDP-Roundtable Discussion, 2024). It provides LGIs with the sovereign resources to plan, finance, and execute their own local infrastructure projects—such as roads, markets, and water supply systems—and to invest in building their own institutional capacity. This allocation is the fiscal tool required to transform Articles 59 and 60 of the Constitution from aspirational text into administrative reality, shifting the locus of development from Dhaka to the villages and towns of Bangladesh.

Revitalizing the Rural Development and Cooperatives Division (Total: BDT 17,695.61 Crore):

The strategy for rural economic transformation prioritizes a dramatic increase in the allocation for the RDCD, with its development budget rising 35.42 times to BDT 15,644.01 crore, resulting in an overall 16.09-fold increase in total allocation. This is a direct and decisive response to the foundational logic of people-centric, cooperative-based development. This capital is intended to recapitalise and revolutionise the entire cooperative sector. It will finance the establishment of genuine, member-owned financial cooperatives capable of providing accessible credit, freeing rural entrepreneurs from the debt traps of predatory lending (Khatun & Islam, 2016). It will support the formation of production and marketing cooperatives to break the exploitative grip of intermediary cartels, ensuring farmers and artisans receive fair prices for their produce.

Furthermore, it will allow for the reform and proper funding of programmes like "Ektee Bari Ektee Khamar," transforming them into truly community-owned and managed enterprises that can avoid the implementation failures of the past. This allocation is designed to create a powerful, decentralised, and alternative economic pathway for the rural majority.

A Meaningful Commitment to the Chittagong Hill Tracts (Total: BDT 3,567.27 Crore):

The proposed 2.62 times increase for the Ministry of Chittagong Hill Tracts Affairs is a deliberate political and economic signal. It provides the necessary financial weight to move beyond symbolic gestures and commence the vital work of fully implementing the CHT Peace Accord and addressing the region's unique challenges. This enhanced funding will be targeted towards the CHT Development Board and Regional Council to finally operationalise the Land Commission for resolving land disputes—a primary source of conflict and a key demand of the local population (Golam Rasul, 2016). It will also support investments in climate-resilient agriculture, water management systems adapted to the hill topography, and the development of culturally appropriate tourism and local enterprises that ensure economic benefits flow to the communities themselves, not just to external investors.

In conclusion, this National People-Centered Budget offers a coherent and actionable plan for structural reform. By strategically allocating BDT 146,204.28 crore, it seeks to re-engineer the fundamental relationship between the central state and its localities. This proposal directly confronts the core problems of financial dependency, administrative subjugation, and rural economic stagnation by providing the fiscal means for local autonomy, grassroots economic empowerment, and targeted regional development. It is a budget designed to build a more equitable, resilient, and prosperous nation by finally vesting power where the Constitution intended it to be: with the people.

Table 1: Comparative Budget Allocation for Local Government and Rural Development (FY25-26, BDT in Crore)

Ministry / Division	Expenditure Type	Budget by Govt. (BDT)	Proposed Budget (BDT)	Increase (x times)
Local Government Division	Operation	6,331.88	14,231.86	2.25
	Development	36,101.12	110,497.29	3.06
	Total	42,433.00	124,729.15	2.94
Rural Development and Cooperatives Division	Operation	658.39	2,051.60	3.12
	Development	441.61	15,644.01	35.42
	Total	1,100.00	17,695.61	16.09
Ministry of Chittagong Hill Tracts Affairs	Operation	474.74	783.24	1.65
	Development	887.12	2,784.03	3.14
	Total	1,361.86	3,567.27	2.62
Sector Total	Operation	7,465.01	17,138.41	2.30
	Development	37,429.85	129,065.82	3.45
	Grand Total	44,894.86	146,204.23	3.26

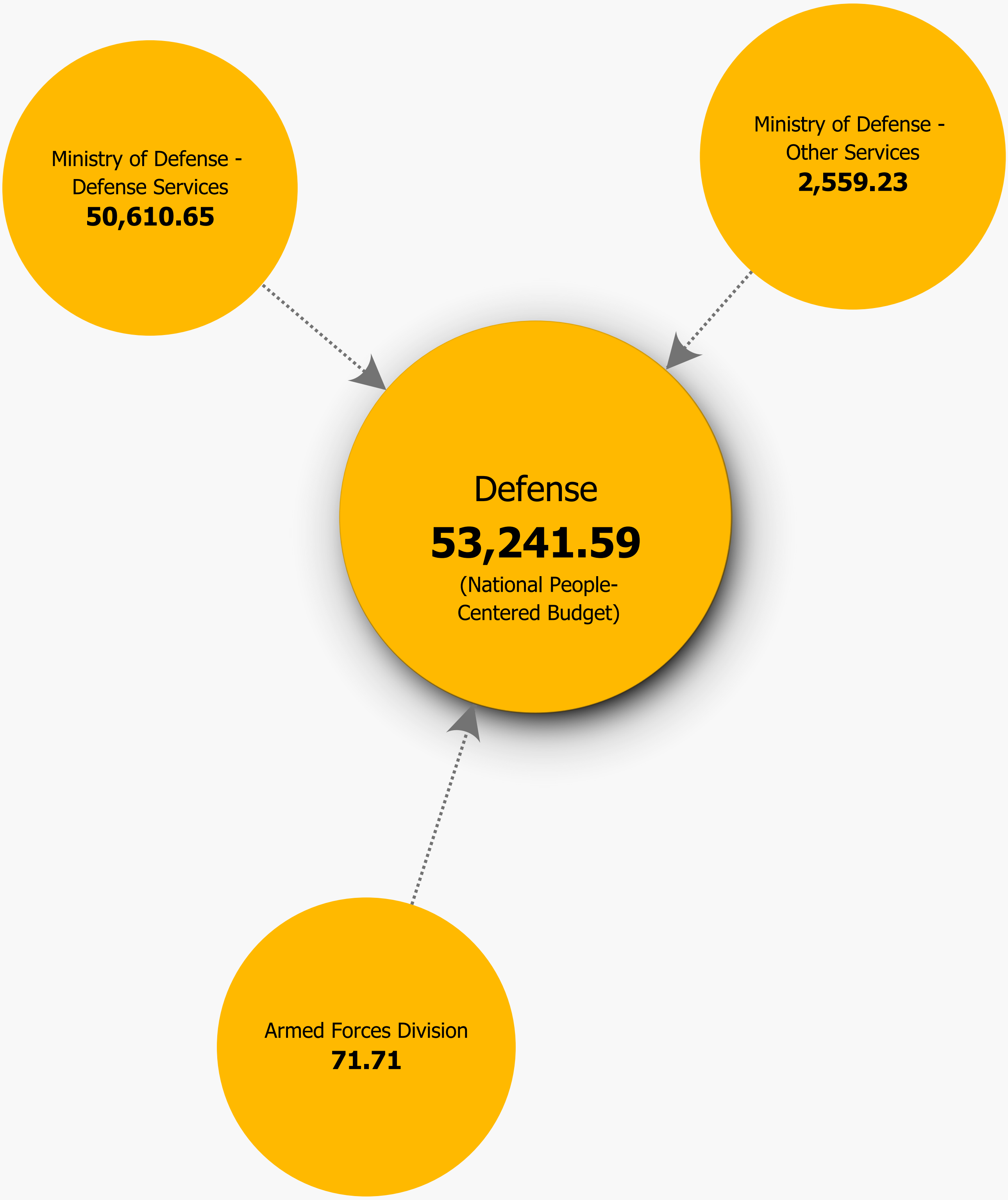
Source: Analysis of Government and Proposed National People-Centered Budget Data

Expenditure Chapter - **3**

Defense

Segregation

Note: Amount BDT in Crore



Problem Analysis

The discourse on national defense in Bangladesh requires a fundamental reframing, moving beyond the conventional calculus of military hardware and force strength to a more holistic, people-centric doctrine. In this conception, the armed forces are not an end in themselves but a critical enabler of national development, stability, and the constitutional promise of a society where citizens can thrive. The ultimate objective of defense policy is to safeguard national sovereignty, not merely for the sake of territorial integrity, but to create a secure environment for economic prosperity, social justice, and human flourishing. This perspective forces a re-evaluation of national priorities, posing essential questions: Is a nation better defended by a new squadron of fighter jets or by eradicating endemic diseases? Is true security achieved through the acquisition of a new tank regiment or by ensuring maternal nutrition and drastically reducing child mortality? The foundational premise of a robust defense strategy, therefore, must be that the people are the ultimate defenders of the nation, and the state's primary responsibility is to invest in their well-being, resilience, and capacity as the bedrock of national power.

This philosophical underpinning is particularly salient given Bangladesh's contemporary strategic environment. The nation faces a complex array of security challenges that necessitate a modern, capable, and technologically advanced military. These challenges range from managing instability along the 271-kilometre border with Myanmar to securing vast maritime resources within its 118,813 square-kilometre exclusive economic zone, a domain critical to the nation's "blue economy" aspirations (Mohammad, 2025). Furthermore, the armed forces are indispensable contributors to United Nations peacekeeping operations, national development projects, and disaster relief efforts, underscoring their multifaceted role (United Nations Peacekeeping, 2019). In response to these imperatives, the government has articulated a comprehensive modernization plan, "Forces Goal 2030." Initiated in 2009 and updated in 2017, this ambitious program aims to transform the Bangladesh Armed Forces into a three-dimensional force capable of conducting multi-domain operations, equipped with modern technology and organized to meet 21st-century threats (Bangladesh - Global Security, 2025). The plan envisions significant capability enhancements across all services, including the establishment of new infantry divisions, the acquisition of modern main battle tanks and artillery for the Army, the expansion of the Navy with new submarines and frigates, and the procurement of multi-role combat aircraft and advanced air defense systems for the Air Force.

However, the central challenge confronting the defense sector is a chronic and structural gap between the strategic aspirations of "Forces Goal 2030" and the financial resources allocated to achieve them. This persistent underfunding creates a significant "aspiration-capability mismatch," a disconnect between the stated mission and the means provided to execute it. This gap carries the tangible risk of creating a "hollow force"—a military that may possess some advanced platforms on paper but lacks the requisite funding for adequate training, maintenance, munitions, and logistical support to employ them effectively and sustainably in a conflict. Inconsistent and insufficient capital investment not only stalls the procurement of critical assets but also stifles the development of a domestic defense industrial base, perpetuating a long-term dependency on foreign suppliers and undermining the goal of strategic autonomy. The core problem, therefore, is not a lack of strategic vision but a failure to consistently resource that vision, leaving the armed forces in a precarious position of being tasked with a modern mission while operating with a budget that often prioritizes short-term fiscal management over long-term strategic investment.

Review of the Government's Budget and Priorities

An analysis of the government's proposed budget for Fiscal Year 2025-26 reveals a continued adherence to a fiscal model that is misaligned with the nation's declared strategic objectives. The total allocation for the defense sector is proposed at BDT 40,698.05 crore (Budget 2025-26, Ministry of Finance, 2025). This figure, which represents a nominal decrease of BDT 1,316 crore from the previous fiscal year's proposed budget of BDT 42,014 crore, is a clear indicator of a policy orientation toward fiscal restraint rather than strategic investment (Budget 2025-26, Ministry of Finance, 2025). While fiscal discipline is a laudable goal, its application in this context appears disconnected from the pressing security imperatives and the explicit requirements of the "Forces Goal 2030" modernization program.

GOVERNMENT'S PROPOSED
BDT 40,698.05 CRORE
BUDGET IN DEFENSE SECTOR

The primary defense services
Over 97% of the budget

Modernization, acquisition, and capability enhancement
LESS THAN 3%

The most telling aspect of the government's budget is the profound imbalance between operational and development expenditure. The allocation for Defense Services, the largest component, earmarks BDT 37,812.00 crore for operational costs, while designating a mere BDT 916.05 crore for development (Budget 2025-26, Ministry of Finance, 2025). This means that over 97% of the budget for the primary defense services is directed towards sustaining the existing force, leaving less than 3% for modernization, acquisition, and capability enhancement. This allocation structure traps the defense sector in a "maintenance over modernization" cycle. As legacy equipment ages, its maintenance costs inevitably rise, consuming an ever-larger share of the operational budget. Simultaneously, the introduction of a small number of new, technologically advanced systems further inflates operational expenses, as these platforms require more sophisticated and costly upkeep. This creates a vicious cycle: rising maintenance costs for both old and new equipment crowd out the fiscal space available for development spending in subsequent budgets. Consequently, the pace of modernization stalls, and the force becomes a fragmented patchwork of old and new systems, with the newer assets being under-utilized due to prohibitive running costs.

The government's budgetary priorities, as deduced from these allocations, create critical gaps that directly undermine the viability of "Forces Goal 2030." The development budget of BDT 916.05 crore is insufficient to fund any of the high-value strategic procurements central to the modernization plan. For context, a single modern multi-role combat aircraft can cost upwards of $80 million, and a modern frigate can cost several hundred million dollarsdollars (Military Equipment List, 2022). The current development allocation cannot support meaningful progress on such acquisitions, let alone the broader goals of expanding the submarine fleet or equipping new army divisions (Bangladesh Military Forces, 2025). Furthermore, this level of funding precludes any significant investment in building an indigenous defense industrial base. The development of domestic manufacturing, assembly, and R&D capabilities, which is essential for achieving long-term strategic autonomy and reducing import dependency, requires substantial and sustained capital investment and partnerships for technology transfer. By prioritizing immediate operational sustainment at the expense of capital investment, the budget fails to address the core challenge of the aspiration-capability mismatch, effectively deferring the true costs of modernization and jeopardizing the nation's long-term security posture.

Proposed National People-Centered Budget and Action Plan

In response to the identified strategic shortfalls, this National People-Centered Budget proposes a total allocation of BDT 53,241.59 crore for the defense sector in FY2025-26. This represents a 30.8% increase over the government's proposal and reflects a deliberate strategic realignment of resources away from mere maintenance and toward proactive capability-building. This is not simply an arbitrary increase but a targeted investment designed to close the modernization-funding gap, break the cycle of under-resourcing, and set the armed forces on a sustainable path to achieving the objectives of "Forces Goal 2030." The proposal allocates a total of BDT 50,581.39 crore to operational expenditure and BDT 2,660.21 crore to development expenditure, fundamentally rebalancing the nation's defense investment portfolio .

NATIONAL PEOPLE-CENTERED BUDGET PROPOSAL FOR DEFENSE SECTOR

(30.8% INCREASE COMPARED TO GOVERNMENT BUDGET)

BDT 53,241.59 CRORE

Proposal Allocates **95% to operational expenditure and rest to Development**

The justification for these allocations is rooted in the people-centric defense philosophy. The proposed operational budget for the Ministry of Defense and Armed Forces Division is BDT 50,653.15 crore (combining BDT 47,950.44 crore for Defense Services, BDT 2,559.23 crore for Other Services, and BDT 71.71 crore for the Armed Forces Division). This 33% increase over the government's operational allocation of BDT 39,782 crore is essential not only to cover the higher sustainment costs of modern equipment but, more importantly, to invest in the human capital of the armed forces. This funding will enable enhanced and realistic training, improved compensation and welfare to attract and retain high-quality personnel, and the establishment of robust logistical support chains. An effective military is defined not just by its equipment but by the skill, morale, and readiness of its people, a core tenet of the people-centric security doctrine .

The main feature of this National People-Centered Budget is the proposed development allocation of BDT 2,660.21 crore for Defense Services—an almost threefold increase compared to the government's previous allocation of BDT 890.05 crore (Budget 2025-26, Ministry of Finance, 2025). This substantial injection of capital is specifically designed to resource "Forces Goal 2030" and address the critical gaps left by the official budget. This funding provides the necessary financial leverage to make tangible progress on multiple fronts. It would allow for significant down payments or phased acquisitions of high-priority strategic assets, such as multi-role combat aircraft (e.g., J-10C), modern naval vessels, and advanced artillery and air defense systems (e.g., Turkish TGR-300 MLRS) (Rahman, 2025). Crucially, it provides the seed capital required to foster an indigenous defense industrial base. These funds can be used to enter into joint ventures and technology transfer agreements with strategic partners, such as Turkey and Japan, to gradually shift from being a net importer of defense hardware to a nation with sovereign production capabilities. This investment is vital for building future capabilities in emerging domains like cyber warfare, unmanned systems, and surveillance technology, ensuring the armed forces are prepared for the threats of tomorrow.

By decisively closing the modernization-funding gap, this National People-Centered Budget charts a new path forward for Bangladesh's defense sector. It moves beyond a posture of fiscal restraint and reactive maintenance, embracing instead a proactive strategy of investment in credible deterrence and strategic autonomy. This approach directly addresses the challenges of a complex regional environment and provides the armed forces with the resources needed to fulfill their constitutional mandate. Ultimately, this investment in a modern, self-reliant, and effective military is an investment in national stability, the protection of economic interests, and the security of the maritime and land domains upon which the nation's prosperity depends. A well-resourced defense sector is not a drain on the national exchequer; it is a fundamental prerequisite for achieving a secure and prosperous future for all citizens of Bangladesh.

Table 1: Comparative Budget Allocation for Defense (FY25-26, BDT in Crore)

Budget Head	Government Budget (BDT)	Proposed Budget (BDT)	Change (Times)	Implied Strategic Priority by Govt.	Implied Strategic Priority Proposed
		Ministry of Defense - Defense Services			
Operational	37,812.00	47,950.44	1.27	Sustaining Current Force	Enhancing Personnel & Readiness
Development	916.05	2,660.21	2.90	Minimal Modernization	Aggressive Modernization (Forces Goal 2030)
Sub-Total (Defense Services)	38,728.05	50,610.65	1.31		
Ministry of Defense - Other Services	1,923.00	2,559.23	1.33	Maintenance	Support Enhancement
Armed Forces Division	47.00	71.71	1.53	Basic Operations	Command & Control Modernization
Total Defense Sector	40,698.05	53,241.59	1.31		

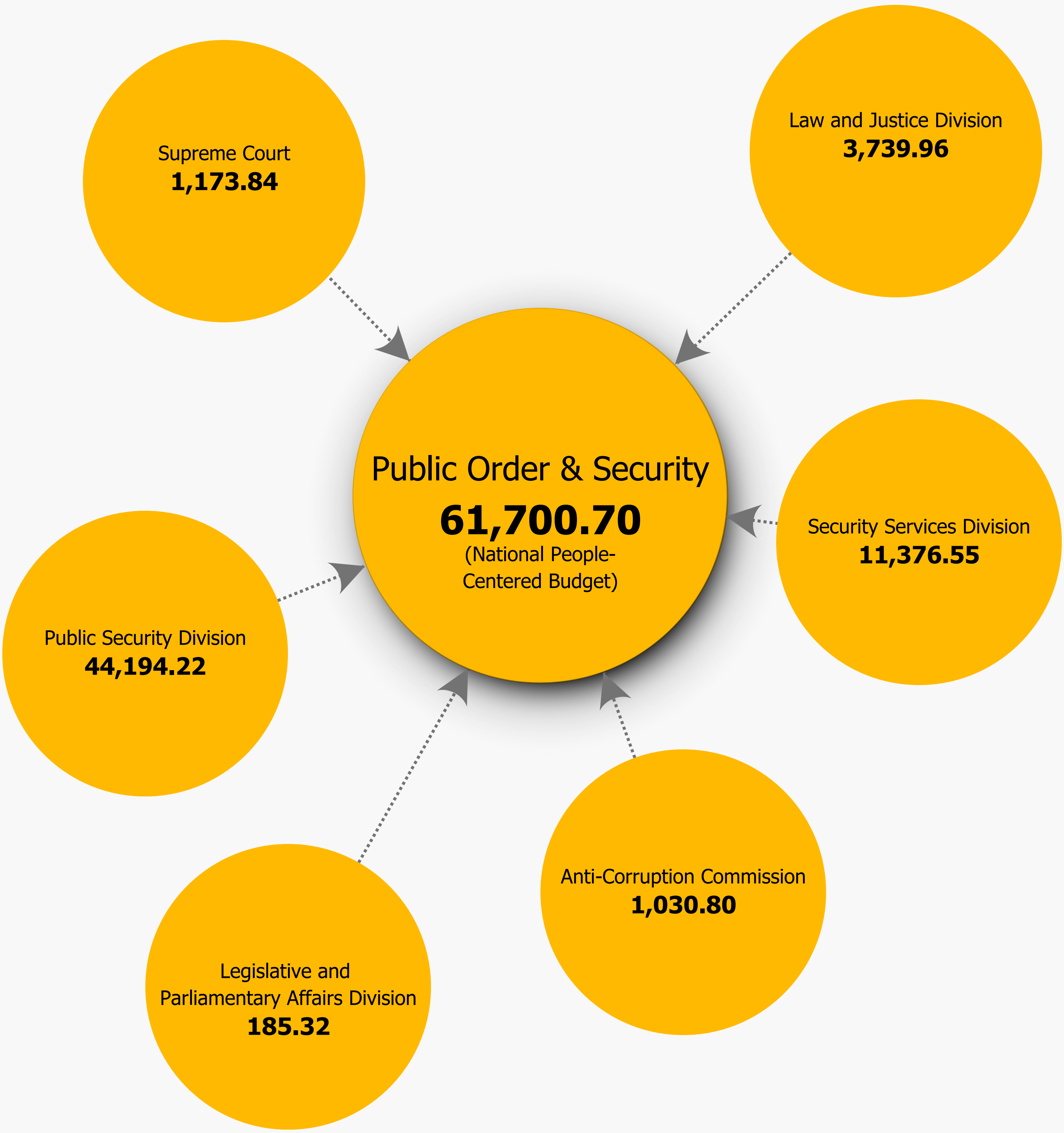
Source: Analysis of Government and Proposed National People-Centered Budget Data

Expenditure Chapter - **4**

Public Order and Security

Segregation

Note: Amount BDT in Crore



Problem Analysis

The Public Order and Security sector serves as the bedrock upon which a just, equitable, and democratic state is built. Its function transcends mere enforcement; it is the primary mechanism through which the state upholds its constitutional contract with the citizenry, guaranteeing the security of life and property, ensuring access to justice, and maintaining the rule of law. The philosophical underpinning of a people-centric state, as enshrined in the Constitution of Bangladesh, posits that true security is unattainable amidst pervasive inequality, systemic corruption, and a breakdown in governance . Currently, this sector is confronting a polycrisis—a convergence of failing institutions, eroding public trust, and deep-seated corruption—that conventional fiscal policies have proven inadequate to address. The challenges are not isolated but are deeply interconnected, creating a vicious cycle where a paralyzed justice system fuels impunity, a distrusted police force fosters insecurity, and rampant corruption undermines the integrity of the entire state apparatus.

The systemic deficiencies within the Public Order and Security sector manifest across multiple fronts, beginning with the near-collapse of the justice system. The case backlog across all courts in Bangladesh has reached a crisis point, with over 4.2 million cases pending (UNDP, 2024). This staggering figure, which includes more than 589,000 cases in the High Court Division and over 3.89 million in subordinate courts, is not merely a statistical anomaly but represents a fundamental denial of justice for millions of citizens and businesses (Ashutosh Sarkar, 2025). Such delays create immense economic friction by impeding commercial dispute resolution and undermining contract enforcement, which are critical for investment and sustainable development. This paralysis is a direct consequence of chronic and severe underfunding. For a nation of 170 million people, the judiciary operates with a skeleton crew of approximately 1,700 to 2,000 judges and a budget that is dwarfed by other sectors (BRAC-Workshop, 2025). This resource scarcity makes it impossible to hire a sufficient number of judges, modernize court infrastructure through a national e-judiciary system, or establish a truly independent judicial secretariat—a critical reform repeatedly demanded by the Chief Justice to ensure structural autonomy from the executive branch (UNDP-Seminar for justice reform, 2025). The crisis in the judiciary is more than just inefficiency; it functions as a regressive "justice tax" on the population. When legal recourse is delayed by years, it imposes direct costs on ordinary citizens while simultaneously acting as a subsidy for powerful actors who can exploit these delays to evade accountability, thereby perpetuating and deepening the very inequalities a just system is meant to resolve.

4.2 MILLION CASES PENDING

HIGH COURT DIVISION
MORE THAN 589,000 CASES

SUBORDINATE COURTS
OVER 3.89 MILLION

Concurrent with the crisis in the judiciary is a severe erosion of public safety and trust in law enforcement. Since the political transition of August 2024, Bangladesh has experienced a sharp increase in violent crime. In January 2025 alone, registered murder cases rose to 294 from 231 in the same month of the previous year, while robberies surged from 114 to 171 (Saqlain Rizve, 2025a). This trend is compounded by a disturbing rise in mob violence, which saw 179 deaths in 2024, the highest in a decade, signaling a dangerous breakdown in the state's monopoly on force (Saqlain Rizve, 2025b). This deterioration of public safety is mirrored by a deep and persistent trust deficit in the police. A 2025 survey revealed that among university students seeking police services, 38% faced harassment and 31% paid bribes (Rifat Mahmud, 2025). Other recent studies show only a "moderate" level of trust among urban men and a "comparatively low level" of trust among urban women, with older demographics expressing significantly greater skepticism (Hasan et al., 2025). This lack of public confidence is a critical impediment to effective policing, as it discourages citizen cooperation and undermines the legitimacy of law enforcement. The need for profound reform is widely acknowledged, culminating in the establishment of the Police Reform Commission in October 2024, which produced 108 sweeping recommendations for modernization and accountability (Saqlain Rizve, 2025b). The surge in mob violence is not an isolated phenomenon but a direct consequence of the dual collapse of faith in both the police and the judiciary. When citizens feel unprotected by law enforcement and simultaneously believe the courts cannot deliver timely justice, a vacuum of authority emerges. In this vacuum, communities may resort to extra-legal measures, a perilous regression that indicates a fracturing of the social contract.

Underpinning these failures is the entrenched challenge of systemic corruption. Bangladesh's score in the 2024 Corruption Perceptions Index (CPI) fell to 23 out of 100, its worst performance in 13 years, placing it 151st out of 180 countries and cementing its position as the second-most corrupt nation in South Asia (Transparency International Bangladesh's (TIB), 2024). This objective, external validation confirms that corruption is a worsening, systemic crisis that demands an extraordinary response. The state's primary anti-graft body, the Anti-Corruption Commission (ACC), exhibits a debilitating performance paradox. Following the political changes in 2024, the Anti-Corruption Commission (ACC) filed a record 451 cases; however, its conviction rate plummeted to 48.17%, a sharp decline from 72% in 2020 (Mamun Abdullah, 2025). This highlights deep institutional weaknesses in investigation and prosecution. Compounding this issue is the perception of political selectivity, evidenced by the abandonment of approximately 90% of cases lodged before the August 2024 transition (Mamun Abdullah, 2025). The ACC's low conviction rate is not an isolated failure but a symptom of a broken justice supply chain. A successful prosecution requires a strong chain of events: a credible inquiry, a robust investigation, effective prosecution in court, and timely adjudication. A failure at any point in this chain—from weak evidence gathering by the ACC to the extensive delays and stays on proceedings within the overburdened judiciary—results in impunity (Mamun Abdullah, 2025). This systemic breakdown ensures that even when action is initiated, the final outcome is often acquittal, reinforcing a public perception that the powerful remain untouchable.

Review of the Government's Budget and Priorities

In the face of the multifaceted crisis gripping the Public Order and Security sector, the government's fiscal response for FY2025-26 can be characterized as a strategy of incrementalism, one that is fundamentally disconnected from the scale and urgency of the required reforms. The total government budget allocation for the sector is BDT 33,542.39 crore, which constitutes a mere 4.2% of the national budget (Budget 2025-26, Ministry of Finance, 2025). This modest allocation fails to acknowledge the systemic nature of the challenges and instead perpetuates a cycle of under-resourcing that guarantees the persistence of the status quo. A direct comparison between the government's proposed budget and the alternative proposal reveals a profound philosophical and strategic divergence, highlighting the gap between a maintenance-level approach and a transformative investment strategy.

Public Order and Security sector

4.2% of the national budget	**2.11%** of the National People-Centered Budget

An analysis of the government's allocations reveals critical gaps between its stated priorities and the fiscal commitments necessary to achieve them. For the judiciary, the proposed BDT 250 crore for the Supreme Court and BDT 2,015 crore for the Law and Justice Division represent a maintenance budget for a system in collapse (Budget 2025-26, Ministry of Finance, 2025). While framed as an increase, these figures are wholly insufficient to address the exponential growth of the 4.5 million case backlog or to fund the essential reforms needed to restore judicial functionality (Ashutosh Sarkar, 2025). The allocation cannot support the large-scale recruitment of new judges, the nationwide implementation of a modern e-judiciary system, or the establishment of a fully independent and resourced judicial secretariat, which is a keystone of ensuring judicial independence from the executive (UNDP-Seminar for justice reform, 2025). The government's fiscal priority appears to be merely keeping the courts open, not fixing the systemic rot within.

Similarly, the allocation for public security demonstrates a commitment to the status quo rather than to meaningful reform. The BDT 27,001 crore for the Public Security Division is justified by goals of maintaining law and order and improving service quality (Public Security Division, MoF, 2025). However, this budget is inadequate to finance the sweeping, capital-intensive reforms outlined in the Police Reform Commission's 108 recommendations (Mamun Abdullah, 2025). The widespread deployment of body cameras and GPS trackers, the redesign of training curricula to embed human rights standards, and the establishment of independent oversight bodies all require a level of investment that the current budget does not provide. The government is funding the police force as it currently exists, not the professional, accountable, and people-friendly force that Bangladesh needs and that its own reform commissions have called for.

The most telling disconnect between rhetoric and resources is found in the allocation for the Anti-Corruption Commission. A budget of just BDT 191 crore is allocated to combat a crisis that has earned the country a dismal international ranking and involves illicit financial flows estimated in the trillions of Taka . The government's own budgetary document for the ACC identifies "strengthening prevention activities" and "institutional capacity building" as key priorities (Anti Corruption Commission, MoF, 2025). Yet, the provided funding renders these objectives purely aspirational. Such a meager allocation signals a profound lack of political will to empower the ACC to a degree where it can independently and effectively challenge high-level, systemic corruption. It is a budget that ensures the watchdog remains leashed, incapable of threatening the powerful interests that benefit from graft.

Proposed National People-Centered Budget and Action Plan

In contrast to a strategy of incrementalism, the proposed National People-Centered Budget of BDT 61,700.70 crore for the Public Order and Security sector represents a deliberate and transformative investment package. This is not merely an increase in expenditure but a qualitative shift in philosophy, moving from a budget of maintenance and control to one of reform and empowerment. Each allocation is strategically designed to address the specific systemic failures identified in the problem analysis and to close the critical priority-gaps exposed in the government's fiscal plan. The underlying logic is rooted in the foundational principle that a robust rule of law, an independent judiciary, and accountable security services are not expenses to be minimized but essential prerequisites for equitable economic development and a just society .

The strategic investments are targeted to fund concrete solutions. A 4.7 times increase for the Supreme Court to BDT 1,173.84 crore and a substantial boost for the Law and Justice Division to BDT 3,739.96 crore constitute a direct assault on the case backlog and the crisis of judicial independence. These funds are earmarked for a multi-year action plan to revitalize the judiciary by financing the large-scale recruitment and training of judges to address the critical shortage; the full implementation of a national e-judiciary and Integrated Case Management System (ICMS) to modernize and streamline court processes; and the establishment of a fully independent and empowered Supreme Court Secretariat to ensure administrative and financial autonomy from the executive, a key reform for insulating the judiciary from political influence (Shahdeen Malik, 2024).

To reform public security and rebuild public trust, the proposed allocations of BDT 44,194.22 crore for the Public Security Division and BDT 11,376.55 crore for the Security Services Division are designed to finance the comprehensive modernization of law enforcement. This budget will directly fund key recommendations of the Police Reform Commission, including the procurement of technology like body-worn cameras and GPS trackers to enhance transparency and accountability; the complete redesign of training curricula to focus on human rights, de-escalation, and community-oriented policing; and the establishment of independent accountability mechanisms such as the proposed Police Commission and local watchdog committees (Mamun Abdullah, 2025). Furthermore, the increased allocation will enhance the capacity of the Security Services Division to manage emerging threats, including border instability and cross-border crime, which have been identified as growing challenges.

To break the cycle of impunity, the proposal allocates BDT 1,030.80 crore to the Anti-Corruption Commission (ACC), a 5.4 times increase. This transformative investment is designed to empower the ACC as a formidable and truly independent institution, a central pillar of the fight against inequality . The funds will enable the ACC to attract elite talent by offering competitive compensation for investigators and prosecutors; build state-of-the-art digital forensic capacity to handle complex financial crimes; finance expensive international investigations into money laundering and pursue asset recovery; and, most importantly, ensure operational independence by reducing its reliance on government goodwill, thereby insulating it from the political pressures that have historically undermined its effectiveness.

Finally, a 3.96 times increase for the Legislative and Parliamentary Affairs Division to BDT 185.32 crore serves as a critical enabling investment. This division is the "engine room" for all legal reforms, and this enhanced budget will expand its capacity to draft, vet, and manage the vast legislative workload required to anchor these systemic changes in law.

In summary, the proposed National People-Centered Budget moves beyond funding the symptoms of a failing system. By strategically investing in an independent judiciary, an accountable police force, a powerful anti-corruption body, and a robust legislative process, this budget lays the essential fiscal groundwork for a state that can effectively guarantee public order and security for all its citizens. It is a targeted, evidence-based plan to rebuild the core institutions of governance, fostering a future that is not only more secure and just, but also more prosperous and equitable for Bangladesh.

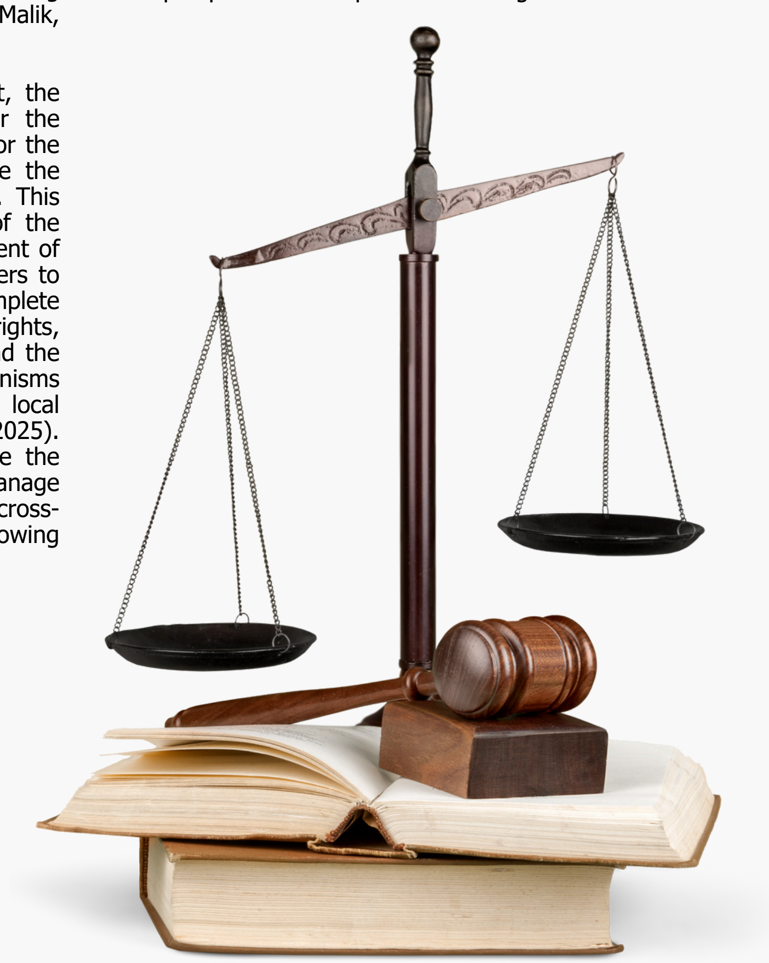


Table 1: Comparative Budget Allocations for Public Order and Security in FY2025-26 (BDT in Crore)

Ministry/Division	Government Budget (BDT)	Proposed Budget (BDT)	Increase (Times)
Supreme Court	250.00	1,173.84	4.70
Law and Justice Division	2,014.79	3,739.96	1.86
Public Security Division	27,001.47	44,194.22	1.64
Legislative and Parliamentary Affairs Division	46.75	185.32	3.96
Anti-Corruption Commission	191.00	1,030.80	5.40
Security Services Division	4,038.38	11,376.55	2.82
Total	33,542.39	61,700.70	1.84

Source: Analysis of Government and Proposed National People-Centered Budget Data

Education and Technology

Segregation

Note: Amount BDT in Crore

Problem Analysis

The strategic importance of education and technology as the primary engines for national development and the cultivation of an enlightened citizenry cannot be overstated. The foundational philosophy guiding a nation's investment in this sector must be rooted in the objective of creating complete human beings—individuals who are knowledgeable, ethically advanced, and capable of fostering harmony between personal growth and societal progress. Education should not be treated as a mere expenditure item in a fiscal ledger but as the most critical social investment for building a prosperous, equitable, and resilient nation. However, the prevailing approach in Bangladesh has increasingly veered towards the commodification of education, a policy direction that creates profound inequalities and severs the link between formal instruction and true knowledge acquisition. This has resulted in a system beset by deep-seated structural problems, which are not isolated failures but symptoms of a flawed philosophical and fiscal paradigm.

The most glaring symptom of this flawed approach is chronic and severe underfunding. For decades, public investment in education has remained dangerously low, consistently failing to meet internationally recognized benchmarks. For the fiscal year 2025-26, the government's proposed allocation for the education sector continues this trend, representing a figure estimated to be between 1.7% and 2.1% of the Gross Domestic Product (GDP) (Musharraf Tansen, 2025). This is significantly below the minimum 4-6% of GDP recommended by the UNESCO Education 2030 Framework for Action, a target embraced by nations committed to building a knowledge-based economy (Musharraf Tansen, 2025). World Bank data from 2023 corroborates this long-standing issue, reporting Bangladesh's public expenditure on education at a mere 1.775% of GDP (Trading Economics-Bangladesh Public Spending, 2025). This level of investment is not only insufficient for progress but is barely adequate to maintain the existing, strained infrastructure, perpetuating a cycle of mediocrity.

THE GOVERNMENT'S PROPOSED
ALLOCATION FOR THE EDUCATION SECTOR

1.7% AND 2.1% OF THE GROSS DOMESTIC PRODUCT (GDP)

RECOMMENDED BY THE UNESCO
EDUCATION 2030 FRAMEWORK FOR ACTION
MINIMUM 4-6% OF GDP

The direct consequence of this fiscal neglect is a tangible and deepening crisis in educational quality. Despite achieving high gross enrollment rates, learning outcomes remain alarmingly poor. The National Student Assessment of 2022 revealed that over 60% of third-grade students and 70% of fifth-grade students lack grade-level proficiency in mathematics, with similarly poor results in Bangla (Shadique Mahbub Islam, 2024). This deficit in foundational skills is a critical failure that reverberates through the entire system, culminating in a workforce ill-equipped for the demands of a modern economy.

The crisis is further reflected in the global standing of the nation's academic institutions; no Bangladeshi university features in the top 800 of the Times Higher Education (THE) World University Rankings for 2025 (World University Rankings, 2024), and the country ranks a dismal 112th out of 133 in the 2023 Global Knowledge Index (Global Knowledge Index, 2023). This combination of low investment and poor outcomes has created a state of "learning poverty," a term used by the World Bank to describe a situation where a majority of primary-aged children cannot read or comprehend an age-appropriate text (World bank- Bangladesh Learning Poverty Brief, 2024). This is not merely an educational challenge; it is a fundamental economic impediment that limits future productivity and traps the nation in a low-skill equilibrium.

2023 Global Knowledge Index ranks a dismal **112th OUT of 133 Countries**

Times Higher Education (THE)
World University Rankings for 2025
No Bangladeshi university features in the top **800**

Compounding the crisis of quality are the twin divides of systemic inequity and a growing technological chasm. The education system is fragmented into at least eleven distinct streams at the primary level alone, creating vast disparities in curriculum, quality, and opportunity from the very beginning of a child's life. The concerning trend of one in every three students enrolling in a madrasa is not a simple matter of parental choice but is identified as a direct consequence of the state's constitutional failure to provide a unified, high-quality, and secular education for all its citizens. This systemic inequity is now being amplified by the digital divide. While the government has made capital investments in hardware, such as the establishment of thousands of "Sheikh Russel Digital Labs," these resources remain largely underutilized (Fund for Innovation in Development (FID), 2024). The gap in access is noticeable, with urban internet usage (71.4%) being nearly double that of rural areas (36.5%) (Quarterly Report of Bangladesh Bureau of Statistics July-September, 2024). During the COVID-19 pandemic, fewer than one in five children nationwide could participate in remote learning, a figure that dropped to a catastrophic 5.7% in Mymensingh division, laying bare the brutal reality of digital exclusion (UNICEF, 2023). This reveals a critical strategic failure: investment in physical infrastructure without a corresponding investment in human capital—specifically, teacher training in digital pedagogy and content development—yields a negligible return and fails to bridge the very divide it purports to address (Ropum & Islam, 2023).

Internet Use

71.4%	36.5%
Urban Area	Rural Area

Review of the Government's Budget and Priorities

An analysis of the government's budget for fiscal year 2025-26 reveals a fundamental disconnect between its stated ambitions and its fiscal allocations. The total proposed allocation for the Education and Technology sector is BDT 110,658 crore, a figure that, while appearing large in nominal terms, is wholly insufficient to address the systemic crises outlined previously (Budget 2025-26, Ministry of Finance, 2025). The budget speech emphasizes the creation of a "science-based, technology-driven and employment-oriented education" system (Budget 2025-26, Ministry of Finance, 2025). However, the financial commitments underpinning this vision are strikingly modest. The Information and Communication Technology (ICT) Division, central to any technology-driven transformation, is allocated a mere BDT 2,144 crore, while the Ministry of Science and Technology receives BDT 12,869 crore (Budget 2025-26, Ministry of Finance, 2025). These figures are dwarfed by the scale of the digital divide and the nation's research and development deficit, exposing a significant gap between rhetoric and reality.

The government's fiscal posture can be best described as a maintenance budget, not a transformative one. The allocations are structured to cover recurrent expenditures such as salaries, stipends, and basic operational costs, thereby ensuring the system continues to function at its current, suboptimal level (Budget 2025-26, Ministry of Finance, 2025). There is no evidence of the scale of investment required for systemic reform, capacity building, or the closing of major quality and equity gaps. This approach prioritizes the preservation of the status quo over the pursuit of meaningful change, a policy choice that effectively continues the very problems it claims to address. This is further evidenced by the consistent underutilization of allocated funds, with reports indicating that 15-20% of the education budget remains unspent each year (Budget 2025-26, Ministry of Finance, 2025). This points to a critical deficit in implementation capacity within the ministries, a governance bottleneck that the budget fails to acknowledge or fund, rendering even its modest allocations less effective.

15-20%
Education budget remains unspent each year

32.85%
secondary school dropout rate

A granular review of the sub-sector allocations further highlights the critical gaps between the government's actions and the sector's real needs. The BDT 35,403 crore for the Ministry of Primary and Mass Education is inadequate to properly fund the flagship Fourth Primary Education Development Program (PEDP4), a multi-partner initiative aimed at improving quality, or to tackle the foundational learning crisis affecting the majority of students. For the Secondary and Higher Education Division, the allocation of BDT 47,564 crore is insufficient to launch comprehensive teacher training reforms or make a significant impact on the secondary school dropout rate, which stands at an alarming 32.85% (Bangladesh Education Statistics, 2023). The allocation for the Technical and Madrasah Education Division, BDT 12,678 crore, is too small to meaningfully upgrade vocational training to meet modern industry needs or to begin the complex process of integrating madrasah education with mainstream skills development, a key reform priority. By continuing to bundle these two distinct areas, the budget obscures the unique challenges and reform requirements of each, a flaw the People-Centered proposal seeks to correct.

Proposed National People-Centered Budget and Action Plan

In contrast to the government's incremental and inadequate fiscal strategy, this National People-Centered Budget proposes a standard shift in investment for the Education and Technology sector. The budget has a total allocation of BDT 351,103.24 crore for FY2025-26. This figure is not arbitrary; it is a calculated, strategic investment designed to meet the internationally recognized benchmark of allocating approximately 6% of GDP to education. This represents a decisive break from the cycle of underfunding and a commitment to treating human capital development as the nation's foremost priority. It moves beyond a "maintenance" mindset to an "investment" mindset, providing the necessary resources to dismantle structural inequities and build a system capable of producing enlightened, skilled, and globally competitive citizens. The following table illustrates the profound difference in scale and strategic intent between the government's proposal and the People-Centered model.

National People-Centered Budget allocation to education sector
Approximately 6% Of GDP

HUMAN CAPITAL DEVELOPMENT
AS THE NATION'S FOREMOST PRIORITY

ICT Division 12.93 times increase

Each allocation within the National People-Centered Budget is precisely targeted to close the specific gaps identified in the preceding analysis. The 12.93 times increase for the ICT Division is a strategic imperative to move beyond mere hardware provision. This fund is designated for a nationwide teacher digital literacy program focused on advanced pedagogy (TPACK), the development of high-quality, interactive digital content in Bangla, and ensuring last-mile internet connectivity, thereby finally unlocking the potential of existing infrastructure like the Sheikh Russel Digital Labs (Fund for Innovation in Development (FID), 2024). The 5.19 times increase for the Ministry of Science and Technology is designed to create a genuine national R&D ecosystem by funding university-industry research partnerships, providing substantial grants for innovation, and upgrading laboratory infrastructure across the country.

The 2.64 times increase for Primary and Mass Education will enable the full and effective implementation of programs like PEDP4, the launch of a universal school feeding program to enhance nutrition and attendance, and a massive investment in teacher training to resolve the foundational learning crisis at its source. Furthermore, the creation of a new Women's Science Education Division with an inaugural budget of BDT 8,370.20 crore is a direct structural intervention. It implements the foundational principle of using fiscal policy to promote equity by funding scholarships, mentorship programs, and dedicated labs to systematically dismantle the barriers preventing girls and women from excelling in STEM fields.

In conclusion, the chasm between the government's budget and this People-Centered proposal is not merely numerical but deeply philosophical. The official budget, with its incremental adjustments and chronic underfunding, tacitly accepts the status quo of mediocrity and growing inequality. It is a plan that manages decline rather than engineering success. The proposed National People-Centered Budget, in contrast, offers a clear, decisive, and evidence-based roadmap for transformation. By embracing education as the nation's primary social and economic investment and allocating the necessary resources to match this vision, this budget is designed to close the quality and technology gaps, dismantle structural inequities, and unlock the vast human potential required to build a prosperous, innovative, and truly equitable future for Bangladesh.

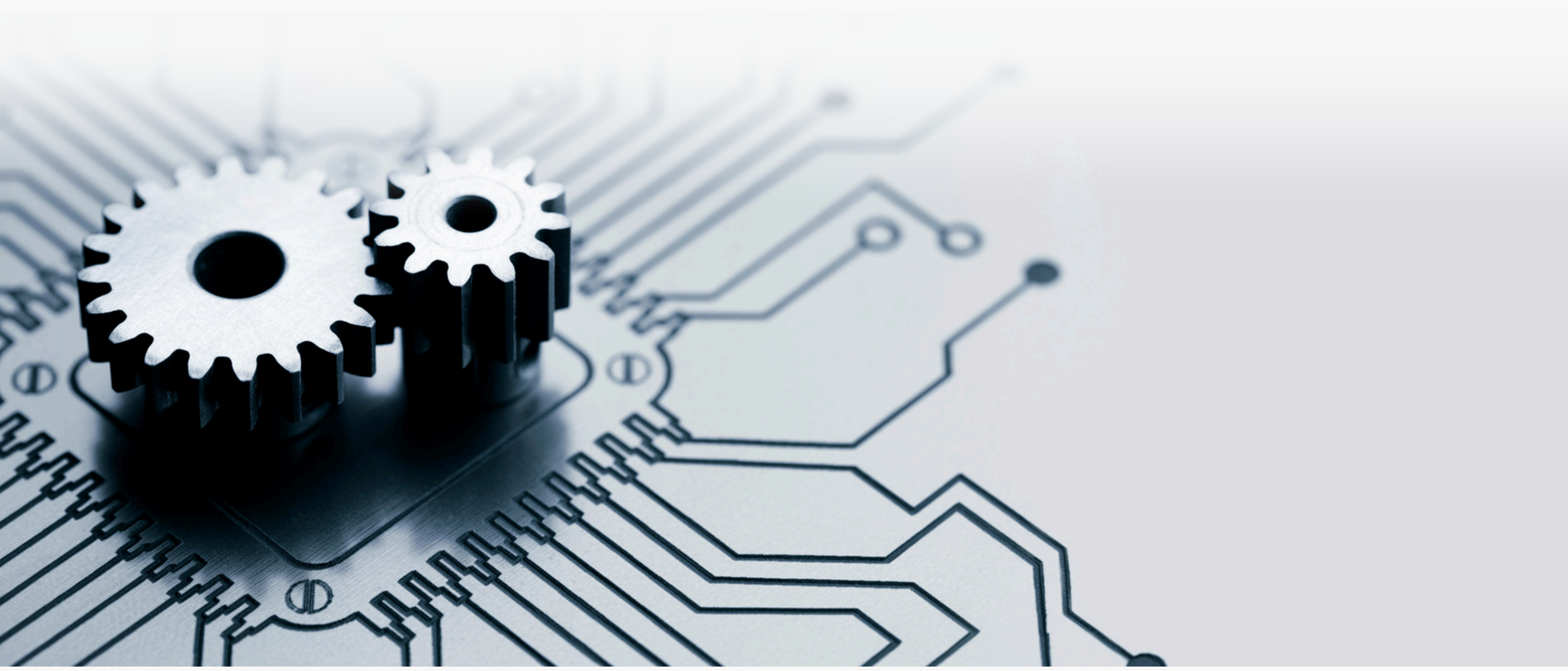


Table 1: Comparative Budgetary Allocations for Education and Technology in FY2025-26 (BDT in Crore)

Ministry / Division	Government Allocation (BDT)	Proposed Budget (BDT)	Proposed Increase (Times)	Strategic Justification
Ministry of Primary and Mass Education	35,403.00	93,390.03	2.64	To aggressively address the foundational learning crisis, fully fund PEDP4, and improve teacher quality and infrastructure.
Secondary and Higher Education Division	47,564.00	105,924.52	2.23	For comprehensive curriculum reform, upscaling teacher training, and implementing programs to reduce high dropout rates.
Ministry of Science and Technology	12,869.00	66,796.83	5.19	To build a national ecosystem for research and development, fostering genuine innovation.
Information and Communication Technology Division	2,144.00	27,732.37	12.93	A strategic blitz to close the digital divide through infrastructure, teacher digital literacy, and curriculum development.
Technical and Madrasah Education Division	12,678.00	48,889.28	3.86	To modernize Technical and Vocational Education & Training (TVET) to meet industry needs and integrate Madrasah education with mainstream skills.
New: Women's Science Education Division	-	8,370.20	New Initiative	A targeted intervention to systematically address the gender gap in STEM fields.
Total Sector Allocation	**110,658.00**	**351,103.24**	**3.17**	To meet the 6% of GDP target required for systemic transformation and human capital development.

Source: Government and Proposed Budget Data for FY2025-26. (Budget 2025-26, Ministry of Finance, 2025)

Expenditure Chapter - **6**

Health

Segregation

Note: Amount BDT in Crore

Problem Analysis

The health of a nation's people is the foundational pillar upon which its economic prosperity and social stability are built. In Bangladesh, the provision of healthcare is not merely a policy objective but a constitutional responsibility of the state, enshrined as a fundamental principle of governance. However, a persistent and widening chasm exists between this constitutional mandate and the reality on the ground. The central challenge confronting the health sector is its systemic drift away from a state-guaranteed right towards an unregulated, market-driven commodity. This has resulted in a deeply inequitable, two-tiered system where access to quality care is increasingly determined by an individual's ability to pay rather than their medical need. This abdication of state responsibility is not a passive failure but an active process, where chronic underfunding of the public system creates a vacuum that a profit-oriented private sector has eagerly filled, perpetuating a vicious cycle of public neglect and private commercialization (Redwan Rahman, 2020).

The crisis is most clearly highlighted by the state's ongoing and severe lack of investment. For fiscal year 2025, the government's health allocation remains stagnant at approximately 0.74% of Gross Domestic Product (GDP), a figure that has seen negligible improvement for years and is a fraction of the 5% recommended by the World Health Organization (WHO) (Huque et al., 2024). This places Bangladesh among the countries with the lowest public health expenditure globally according to the World Bank. The direct and devastating consequence of this policy choice is one of the world's highest rates of out-of-pocket (OOP) health expenditure. Recent World Bank data shows that citizens are forced to bear an alarming 73% of their healthcare costs directly, a figure that has been rising steadily. This is not just a statistic; it is a primary driver of poverty, pushing an estimated 6.13 million people below the poverty line annually and forcing households to make impossible choices between healthcare and other basic necessities as per Household Income and Expenditure Survey (HIES) 2022. The survey also states that the bulk of this crippling expenditure is on purchasing medicines (54.4%) and diagnostic services (27.5%), functions that a robust public system should provide affordably. The table 1 provides a comparative snapshot of this systemic deficit.

citizens bear **73%** of their healthcare costs directly

Government's health allocation **0.74%** GDP

World Health Organization (WHO) recommended health allocation **5%** GDP

6.13 million below the poverty line annually

Household Expenditure

54.4%	27.5%
purchasing medicines	diagnostic services

Physicians per 10,000 Population

Approx. 7.2	22.8
Bangladesh Figure	WHO Recommendation

Hospital Beds per 1,000 Population

Approx. 0.9	3.5
Bangladesh Figure	WHO Recommendation

MATERNAL MORTALITY

115 PER 100,000 live births

INFANT MORTALITY RATE

24 PER 1,000 live births (Around)

These financial and policy failures manifest as critical deficits in capacity. The human resource pipeline is severely constricted, with a physician-to-population ratio of approximately 7.2 per 10,000 people (SDG Country Profiles-United Nation, 2023), far below the WHO recommendation of 22.8 (United Nations in Bangladesh, 2024). This leads to dangerously brief consultation times, averaging a mere 48 seconds per patient, which fundamentally compromises the quality and accuracy of care (Irving et al., 2017). The situation is equally dire for nursing and midwifery personnel. Infrastructurally, the system is just as strained. With only 0.9 hospital beds per 1,000 people, public facilities are chronically overcrowded, pushing even those with modest means towards the expensive and poorly regulated private sector (Ceicdata-Bangladesh Hospital bed, 2019). These systemic weaknesses are directly reflected in health outcomes that, despite some progress, remain unacceptably poor. The maternal mortality rate of approximately 115 per 100,000 live births (UNICEF-Maternal Death, 2023) and an infant mortality rate of around 24 per 1,000 live births are high for a country with Bangladesh's economic aspirations (Trading Economics- Infant Mortality Rate, 2023). The dual burden of communicable "diseases of poverty," such as tuberculosis, and a rising tide of non-communicable diseases (NCDs) further strains a system that is already at its breaking point.

Perhaps the most profound failure, exposed with brutal clarity by the COVID-19 pandemic, is the absence of a coherent public health security framework. The national response to public health emergencies remains reactive and fragmented. This is reflected in the Global Health Security Index, which gives Bangladesh a low score of 35.5 out of 100, ranking it poorly in critical areas like prevention (23.7), rapid response (28.6), and the overall risk environment (48.9) (GHS Index, 2021). This is not merely a health vulnerability; it is a grave threat to national security and economic stability, leaving the country perpetually exposed to the next pandemic.

Global Health Security Index

35.5 out of 100

ranking it poorly in critical areas like prevention (23.7), rapid response (28.6), and the overall risk environment (48.9)

Review of the Government's Budget and Priorities

Transitioning from the deep-seated structural problems, an analysis of the government's proposed budget for fiscal year 2025-26 reveals a troubling disconnect between the scale of the crisis and the proposed response. The government has allocated a total of BDT 41,908 crore for the Health sector, comprising BDT 24,388 crore for operational expenses and BDT 17,520 crore for development. This total is divided into BDT 31,022 crore for the Health Services Division and BDT 10,886 crore for the Health Education and Family Welfare Division. This figure represents a negligible increase from the previous fiscal year's allocation of BDT 41,407 crore (Budget 2025-26, Ministry of Finance, 2025). When factoring in persistent inflation, this nominal rise likely translates into a real-term stagnation or even a decrease in purchasing power, continuing the decades-long pattern of chronic underfunding.

The composition of the allocation reveals the government's underlying priorities. The budget can best be described as a "maintenance budget," with a significant portion directed towards non-developmental, operational costs such as salaries and administrative overheads, rather than transformative investments in capacity or reform. This approach is designed to preserve the deficient status quo, not to build a resilient and equitable health system for the future. It signals a profound lack of political ambition to undertake the fundamental reforms that the sector so desperately needs. While the government aims to achieve universal healthcare by 2030, its fiscal commitments fall drastically short of this goal, reflecting a strategy that is conflicting with its own stated objectives.

The most critical gap in the government's budget is its failure to internalize the primary lesson of the recent global health crisis. There is a complete absence of any significant, dedicated allocation for establishing a national public health security framework. No line item in the official budget corresponds to the strategic imperative for a centralized body focused on pandemic preparedness, biosecurity, integrated disease surveillance, and proactive prevention, a core recommendation of the analytical framework. This omission is not a minor oversight; it is a fundamental strategic failure. By choosing not to invest in prevention and preparedness, the government is prioritizing short-term fiscal conservatism over long-term national resilience. This leaves the nation’s health and economy dangerously exposed to future shocks and provides the central justification for the cornerstone of People-Centered proposal.

Proposed National People-Centered Budget and Action Plan

In contrast to the government's incremental and inadequate approach, this National People-Centered Budget proposes a paradigm shift in how Bangladesh invests in its most valuable asset: its people. The recommended budget includes a total allocation of BDT 234,232.87 crore for the Health sector for fiscal year 2025-26. This represents a 5.6-fold increase over the government's proposal and is rooted in the philosophy that health expenditure is not a cost to be minimized but a critical investment in poverty reduction, economic productivity, and national security. This budget is strategically designed to move from a maintenance model to a transformation model, directly addressing the structural failures identified in the preceding analysis. The comparative scale and strategic intent of the proposal are outlined below.

The proposed budget is built on three strategic pillars designed to systemically overhaul the health sector. The first and most crucial pillar is the establishment of a new Public Health Protection Division, with a dedicated allocation of BDT 83,627.75 crore. This division is the strategic linchpin of the proposed budget, directly rectifying the most dangerous gap in the government's plan. This allocation is justified as an essential investment in national security and economic stability. Drawing its logic directly from the foundational analysis, this division will be tasked with creating an integrated system for disease surveillance, managing biosecurity and biosafety protocols, developing rapid response capabilities for public health emergencies, and fostering domestic capacity for vaccine research and production. This proactive framework is designed to insulate the nation from the catastrophic economic and social costs of future health crises.

The second pillar is the revitalization of direct healthcare through a BDT 122,934.46 crore allocation to the Health Services Division. This increase is a direct intervention to remedy the chronic deficits in public infrastructure and service delivery. This funding will be targeted at specific, high-impact areas: increasing the number of hospital beds to approach WHO standards; modernizing diagnostic and treatment equipment in upazila and district hospitals; and ensuring a consistent, reliable supply chain for essential medicines and supplies to drastically reduce the burden of out-of-pocket expenditure on citizens. Furthermore, it will support the expansion of services for non-communicable diseases, a rapidly growing health burden. This substantial investment is designed to restore public trust in the government health system and establish it as the provider of choice for all citizens, irrespective of their income.

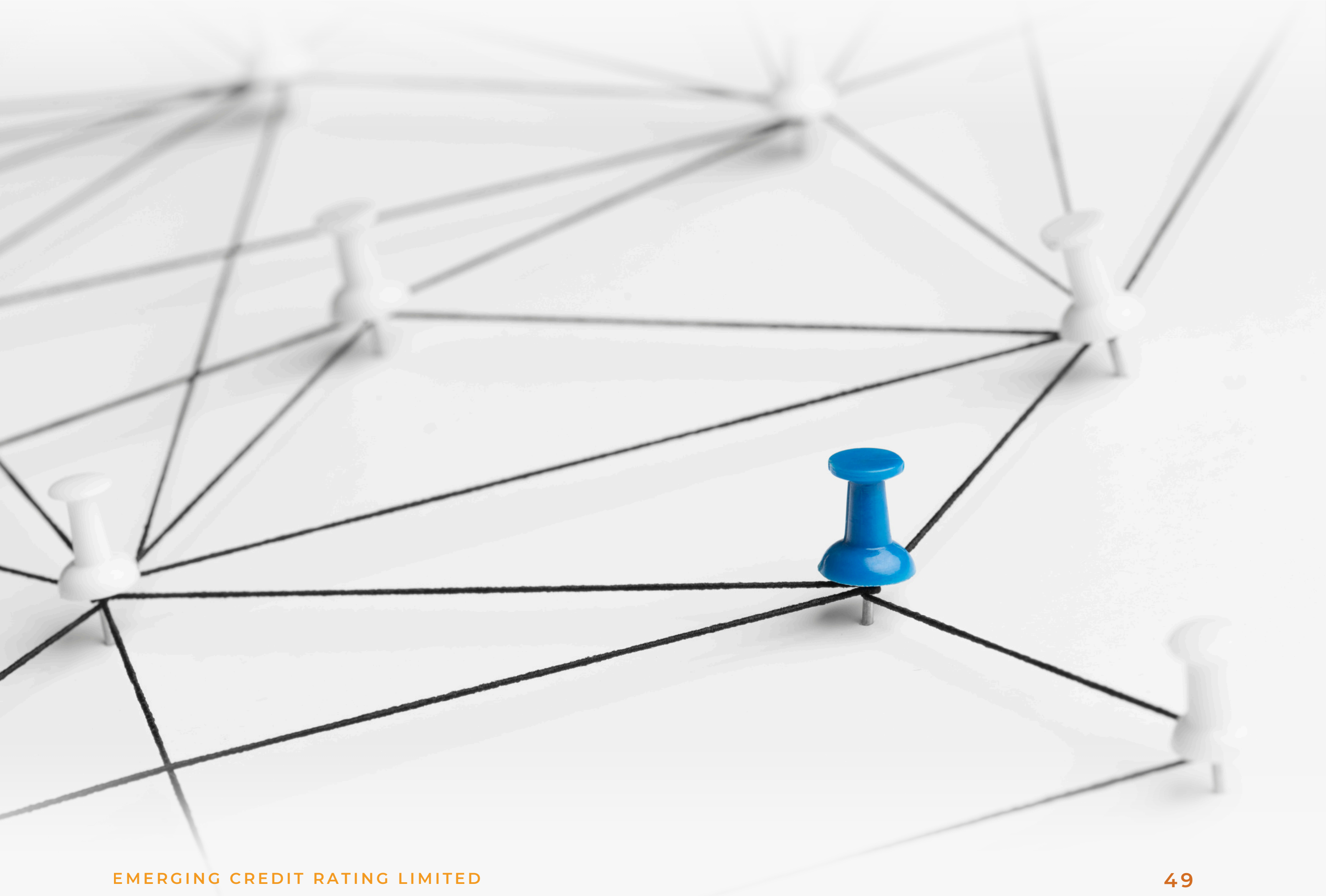
The third pillar focuses on long-term sustainability by allocating BDT 27,670.67 crore to the Health Education and Family Welfare Division. This 2.5-fold increase is indispensable for resolving the critical human resource bottleneck that plagues the sector. These funds will be directed towards expanding capacity in medical colleges and nursing institutes, enhancing the quality of training curricula, and creating a robust and sustainable pipeline of qualified doctors, nurses, midwives, and technicians to meet the country's needs. A well-staffed system is a prerequisite for the effective utilization of investments in infrastructure and services. This allocation will also strengthen foundational public health programs, including maternal and child health services and family planning, which are essential for the well-being of the population.

In conclusion, this National People-Centered Budget offers a coherent, systemic solution that moves beyond the timid, piecemeal measures of the past. By prioritizing public health security, revitalizing service delivery, and investing in human capital, this budget lays the groundwork for a resilient, equitable, and high-performing health system. Such a system will not only improve health outcomes and eliminate the crippling financial burden on millions of families but will also cultivate the healthy, productive human capital that is the ultimate engine for Bangladesh's journey towards sustainable development and shared prosperity.

Table 1: Comparative Health Budget Allocation in FY2025-26 (BDT in Crore)

Division/Entity	Government Budget (BDT)	Proposed Budget (BDT)	Increase (Times)	Strategic Rationale
Health Services Division	31,022.00	122,934.46	3.96	To close the infrastructure and service delivery gap, reduce OOP costs, and restore public trust.
Health Education & Family Welfare Division	10,886.00	27,670.67	2.54	To build the human resource pipeline (doctors, nurses, technicians) for a sustainable system.
Public Health Protection Division (New)	-	83,627.75	N/A	To build national resilience against future pandemics and health emergencies.
Total	41,908.00	234,232.87	5.59	A transformative investment in national health and security.

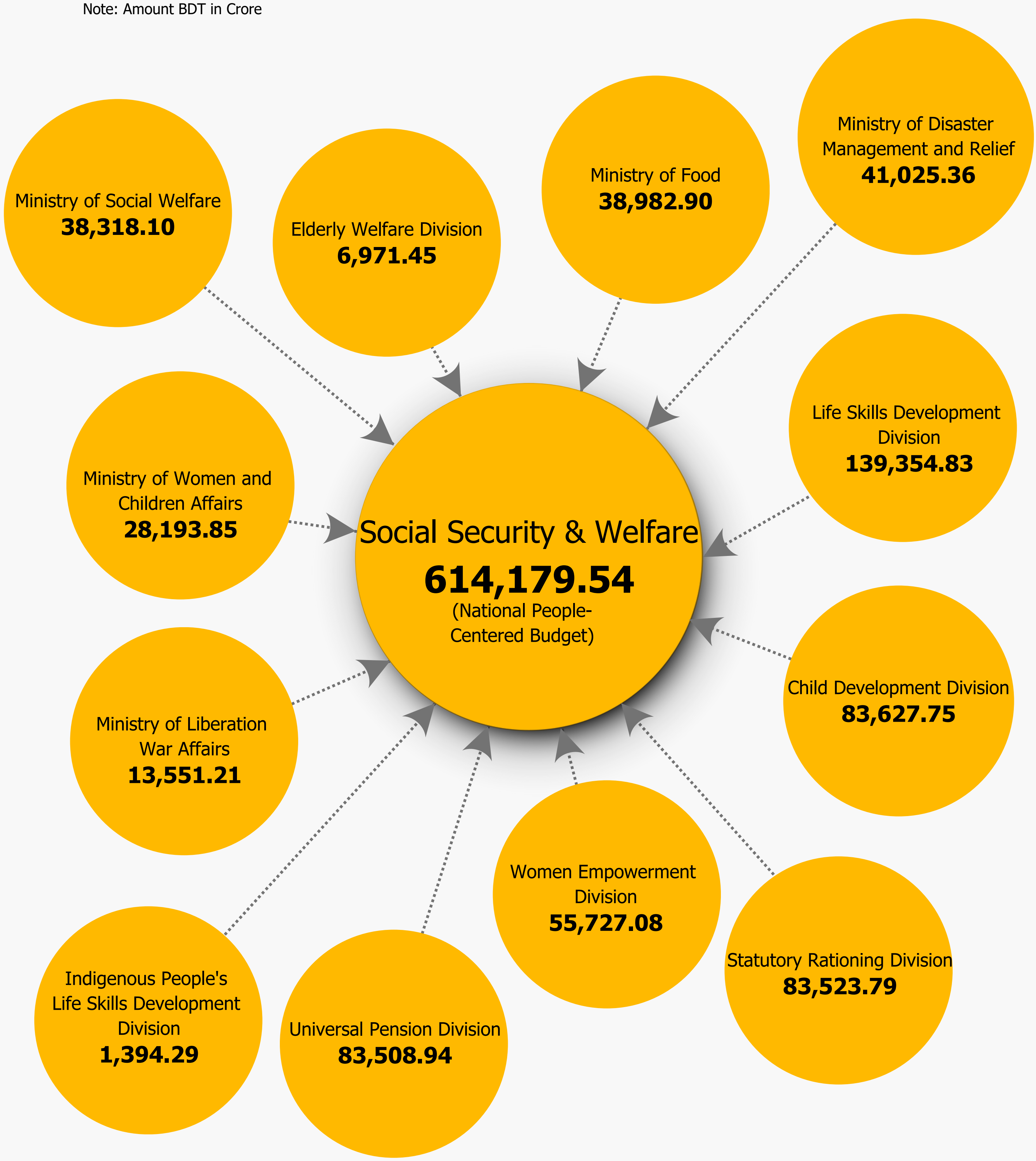
Source: Analysis of Government and Proposed National People-Centered Budget Data



Social Security and Welfare

Segregation

Note: Amount BDT in Crore



Problem Analysis

The Social Security and Welfare sector is essential for a just and equitable society, acting as the primary means through which the state meets its constitutional obligation to uphold the dignity and well-being of its citizens. In Bangladesh, this sector's strategic importance is magnified by persistent economic vulnerabilities and deepening social cleavages. Its core components—ranging from cash and food transfers to welfare services for the elderly, women, children, and persons with disabilities—are intended to form a comprehensive safety net. However, the prevailing approach to social protection is fundamentally misaligned with the nation's needs. It is rooted in a philosophy of discretionary charity rather than a rights-based, constitutional imperative, a flaw that supports a cycle of dependency and fails to build genuine human resilience. This conceptual shortcoming is compounded by systemic inefficiencies and chronic underfunding, rendering the current framework incapable of addressing the scale of the challenges at hand.

The current system's inadequacy is clearly shown by alarming developmental reversals. After years of progress, key indicators of social well-being are deteriorating. The national poverty rate is projected to climb in 2025, while the Gini index, a critical measure of income inequality, is forecast to worsen from over the same period (Macro Poverty Outlook 2025-World Bank). This trend indicates that the existing social safety nets lack the robustness to shield the population from economic shocks like persistent high inflation. The World Food Programme reported in 2023 that 36% of Bangladeshis face food insecurity, a direct consequence of a system that fails to guarantee the most basic of human needs (Abu Afsarul Haider, 2025).

This crisis of vulnerability is exacerbated by profound systemic inefficiencies. The problem is not merely a lack of resources, but the gross misallocation and ineffective delivery of what is available. The system is plagued by what are known as "inclusion and exclusion errors," where benefits fail to reach the intended recipients while often being diverted to the non-poor. As of 2022, a mere 44% of social protection benefits reached the bottom 40% of households, marking a decline from 51% in 2016 (Budget 2025-26, Ministry of Finance, 2025). This statistical failure translates into a deep-seated trust deficit; one study found that a staggering 88.33% of respondents believed the beneficiary selection process was unjust, implicating the influence of local leaders (Esha et al., 2025). This perception is reinforced by a lack of transparency and a fragmented governance structure that invites political interference and corruption.

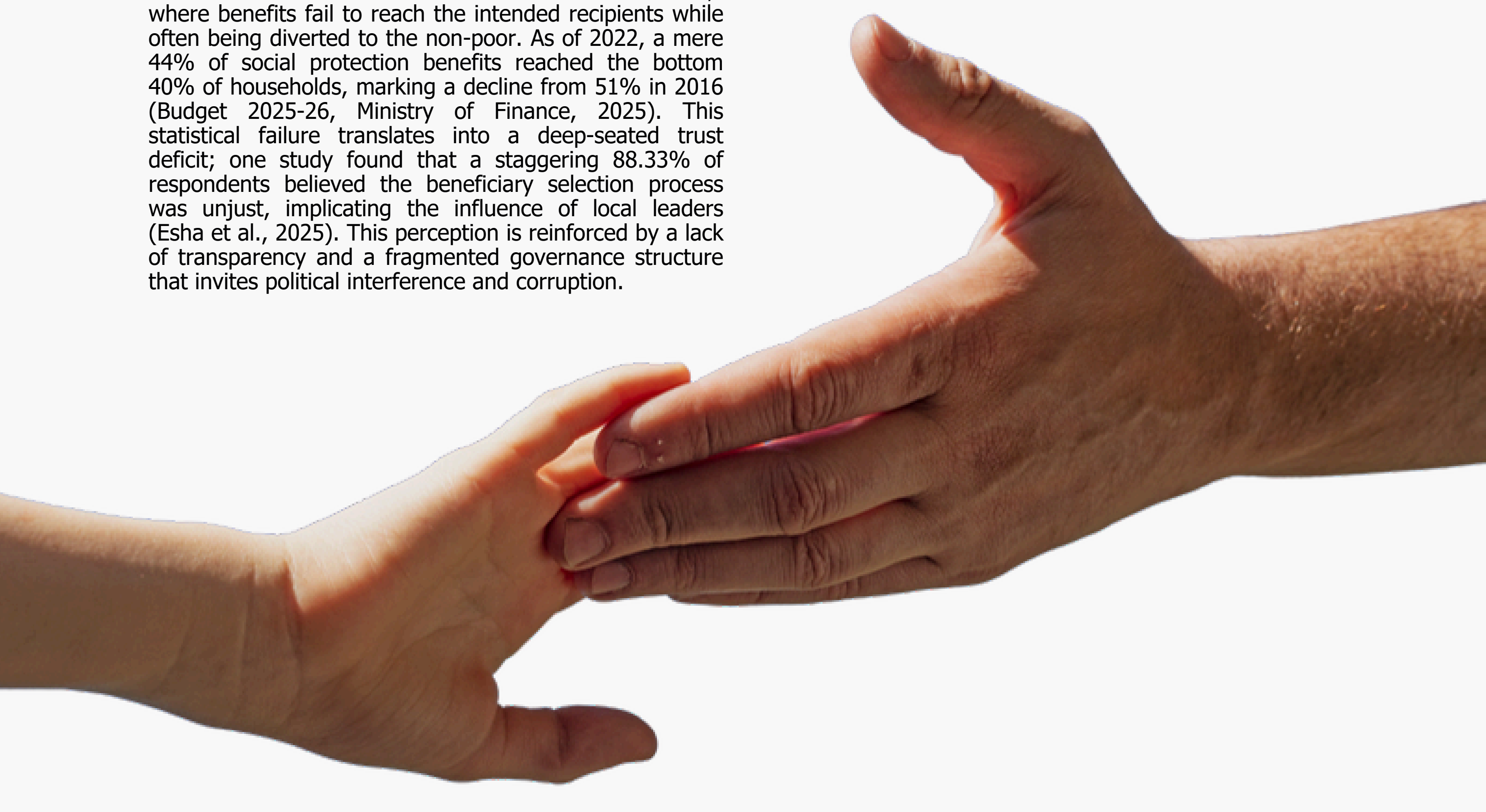
This failing system has a disproportionate impact on specific demographic groups. Bangladesh's population is aging rapidly, with projections indicating that one in every ten citizens will be over 60 by 2025 (Tapash Paul, 2023). Yet, the country lacks formal care models, and the traditional family support structure is eroding due to urbanization, leaving the elderly increasingly isolated and vulnerable (Akter et al., 2025). Women face formidable barriers to economic empowerment, with a labour force participation rate of 42.77%—barely half that of men (80%) (Labour Force Survey-2022, 2023)—and are systematically excluded from financial and digital services. Children, who constitute a third of the population, are critically underserved, receiving only 8% of social protection support, while investments in crucial early childhood development remain dangerously underfunded (Roundtables-UNICEF (Keynote Presentation), 2025).

Compounding this is the reality for the 85% of the nation's workforce engaged in the informal sector, who exist without any form of social protection, job security, or access to decent wages, leaving them entirely exposed to economic volatility (Abu Afsarul Haider, 2025). The current social welfare architecture is, therefore, not just failing to keep pace with these challenges; it is structurally incapable of addressing them.

BY 2025 Every ten citizens will be over 60

Women labour force participation rate **42.77%**

80% Men labour force participation rate



Review of the Government's Budget and Priorities

An analysis of the government's budgetary allocations for the Social Security and Welfare sector reveals priorities that are fundamentally inconsistent with the scale and nature of the challenges outlined. The budget reflects a strategy of minimal poverty management rather than transformative social investment. The proposed government allocation for the sector in Fiscal Year 2025-26 amounts to BDT 45,083.56 crore (Budget 2025-26, Ministry of Finance, 2025). While this figure may appear substantial in isolation, it is grossly insufficient when measured against the escalating poverty, widening inequality, and the comprehensive needs of a population of over 170 million. The allocation represents a policy of containment, providing benefits that are too meager to lift people out of poverty, thereby perpetuating a cycle of dependency.

This insufficiency is further compounded by a critical lack of transparency in how the social security budget is defined and presented. The headline figure often cited for social safety net programmes is artificially inflated by including expenditures that are not genuinely pro-poor. Items such as pensions for retired government officials, interest payments on national savings certificates, and agricultural subsidies have been bundled into the social protection budget, accounting for as much as 46% of the total allocation in FY2025 (Khatun et al., 2024). When these non-welfare items are excluded, the actual allocation for genuine social safety nets shrinks dramatically, revealing a far more precarious fiscal reality.

The government's approach is also characterized by a fragmented, ministry-based structure that undermines efficiency and effectiveness. Allocations are spread across the Ministry of Social Welfare, Ministry of Women and Children Affairs, Ministry of Food, Ministry of Disaster Management and Relief, and the Ministry of Liberation War Affairs, among others (Budget 2025-26, Ministry of Finance, 2025). This siloed approach, lacking a coherent, overarching strategy, inevitably leads to overlapping programmes, poor coordination, and significant administrative waste (Byron & Habib, 2025). There is no evidence of a life-cycle approach that addresses the evolving needs of citizens from childhood to old age. Instead, a patchwork of disparate schemes operates with little synergy, failing to create integrated pathways out of poverty. The result is a system that is less than the sum of its parts, where administrative complexity and targeting errors diminish the impact of every taka spent. The official budget, therefore, falls short not only in its quantum but, more critically, in its strategic vision, failing to address the structural drivers of poverty and inequality.

Proposed National People-Centered Budget and Action Plan

In direct response to the systemic failures and strategic gaps identified, this National People-Centered Budget proposes a fundamental re-imagining of the Social Security and Welfare sector. It moves beyond incremental adjustments to advocate for a transformative investment of BDT 614,179.54 crore, comprising BDT 121,250 crore for operations and BDT 492,930 crore for development. This allocation is not merely a quantitative increase; it represents a paradigm shift from a fragmented, program-based model to an integrated, rights-based, and life-cycle approach. The core of this proposal is the establishment of new, heavily funded divisions, each designed to build a permanent institutional pillar to address a specific, critical vulnerability in the nation's social fabric.

At the core of this action plan is the establishment of dedicated divisions tasked with addressing the structural drivers of poverty and inequality, ensuring a more targeted and sustainable approach to social and economic transformation. A Life Skills Development Division, with a proposed allocation of BDT 139,354.83 crore, will directly confront the challenges of youth unemployment and the precarity of the informal sector. Moving beyond passive cash transfers, this division will fund active human capital development, integrating structured apprenticeships with essential life skills and financial literacy, a model proven effective by initiatives like the RAISE project (Palli Karma-Sahayak Foundation (PKSF), 2022). To rectify the chronic neglect of the nation's future, a Child Development Division is proposed with an allocation of BDT 83,627.75 crore. This massive investment is justified by the profound long-term economic returns of ensuring proper health, nutrition, and foundational learning in early childhood, thereby breaking the inter-generational cycle of poverty and deprivation (Roundtables-UNICEF (Keynote Presentation), 2025).

To guarantee the basic right to sustenance, a Statutory Rationing Division is proposed with BDT 83,523.79 crore. This provides a direct, non-market solution to the food insecurity that affects over a third of the population, replacing unreliable relief efforts with a guaranteed entitlement for the most vulnerable (Abu Afsarul Haider, 2025). In a forward-looking move to address the impending crisis of an aging population, a Universal Pension Division is proposed with BDT 83,508.94 crore. While the government has initiated a scheme, this allocation ensures it is adequately funded and universally accessible from its inception, establishing it as a right for all citizens, not a contributory option for a select few (Akter et al., 2025).

Furthermore, targeted investments are proposed to address deep-seated inequalities. A Women Empowerment Division, with an allocation of BDT 55,727.08 crore, will provide dedicated resources for skills development, financial inclusion, and enterprise support to dismantle the structural barriers that hinder women's economic participation. An Elderly Welfare Division, with BDT 6,971.45 crore, will begin the vital work of creating the formal health and social care systems that are currently absent, ensuring dignity in old age. These new divisions, alongside substantially increased funding for existing ministries, form a cohesive and integrated social architecture. This National People-Centered Budget is, therefore, more than a fiscal document; it is an actionable roadmap. It closes the gaps in the government's approach by replacing a fragmented, underfunded, charity-based model with an integrated, well-resourced, rights-based system. This strategic investment in the nation's human capital is the most effective and sustainable path toward a more prosperous and equitable future for Bangladesh.

Table 1: A Comparative Analysis of Government vs. National People-Centered Budget Allocations for Social Security and Welfare in FY2025-26 (BDT in Crore)

Ministry/Sector	Government Allocation (BDT)	Proposed Allocation (BDT)	Increase Factor (x)
Ministry of Social Welfare	13,991.21	38,318.10	2.74
Ministry of Women and Children Affairs	5,077.89	28,193.85	5.55
Ministry of Food	8,322.28	38,982.90	4.68
Ministry of Disaster Management and Relief	10,362.18	41,025.36	3.96
Ministry of Liberation War Affairs	7,330.00	13,551.21	1.85
Total Sector Allocation (including New Divisions)	45,083.56	614,179.54	13.62

Source: (Budget 2025-26, Ministry of Finance, 2025); Government total includes allocations for the five listed ministries. The National People-Centered Budget total includes these ministries plus allocations for new proposed divisions.

Table 2: An Action Plan for Systemic Reform: Proposed National People-Centered Budget by Ministry and New Divisions in FY2025-26 (BDT in Crore)

Ministry/ Proposed Division	Proposed Operational Budget (BDT)	Proposed Development Budget (BDT)	Total Proposed Allocation	Core Justification
Life Skills Development Division	21,092.57	118,262.25	139,354.83	To empower the informal sector workforce and unemployed youth through structured training and apprenticeships.
Child Development Division	14,061.71	69,566.03	83,627.75	To invest in early childhood health, nutrition, and education to break the inter-generational poverty cycle.
Statutory Rationing Division	4,218.51	79,305.28	83,523.79	To guarantee food security for the most vulnerable through a rights-based, non-market distribution system.
Universal Pension Division	2,812.34	80,696.60	83,508.94	To establish a robust, universal pension system to ensure financial security and dignity for the aging population.
Women Empowerment Division	7,030.86	48,696.22	55,727.08	To tackle structural barriers to women's economic participation with targeted financial and skills support.
Ministry of Food	8,909.50	30,073.40	38,982.90	To strengthen national food security operations and public food distribution systems.
Ministry of Disaster Management and Relief	13,652.52	27,372.84	41,025.36	To enhance disaster resilience and expand effective social safety net coverage in response to climate shocks.
Ministry of Social Welfare	26,586.48	11,731.62	38,318.10	To expand and improve core welfare services for persons with disabilities, orphans, and other vulnerable groups.
Ministry of Women and Children Affairs	10,419.73	17,774.12	28,193.85	To fund programs for child protection, combatting gender-based violence, and supporting women's rights.
Elderly Welfare Division	1,406.17	5,565.28	6,971.45	To create dedicated formal care systems and health services for the specific needs of the elderly.
Ministry of Liberation War Affairs	10,778.30	2,772.90	13,551.21	To ensure the welfare and honor of freedom fighters and their families through allowances and support programs.
Indigenous People's Life Skills Development Division	281.23	1,113.06	1,394.29	To provide culturally appropriate skills development and livelihood support for indigenous communities.

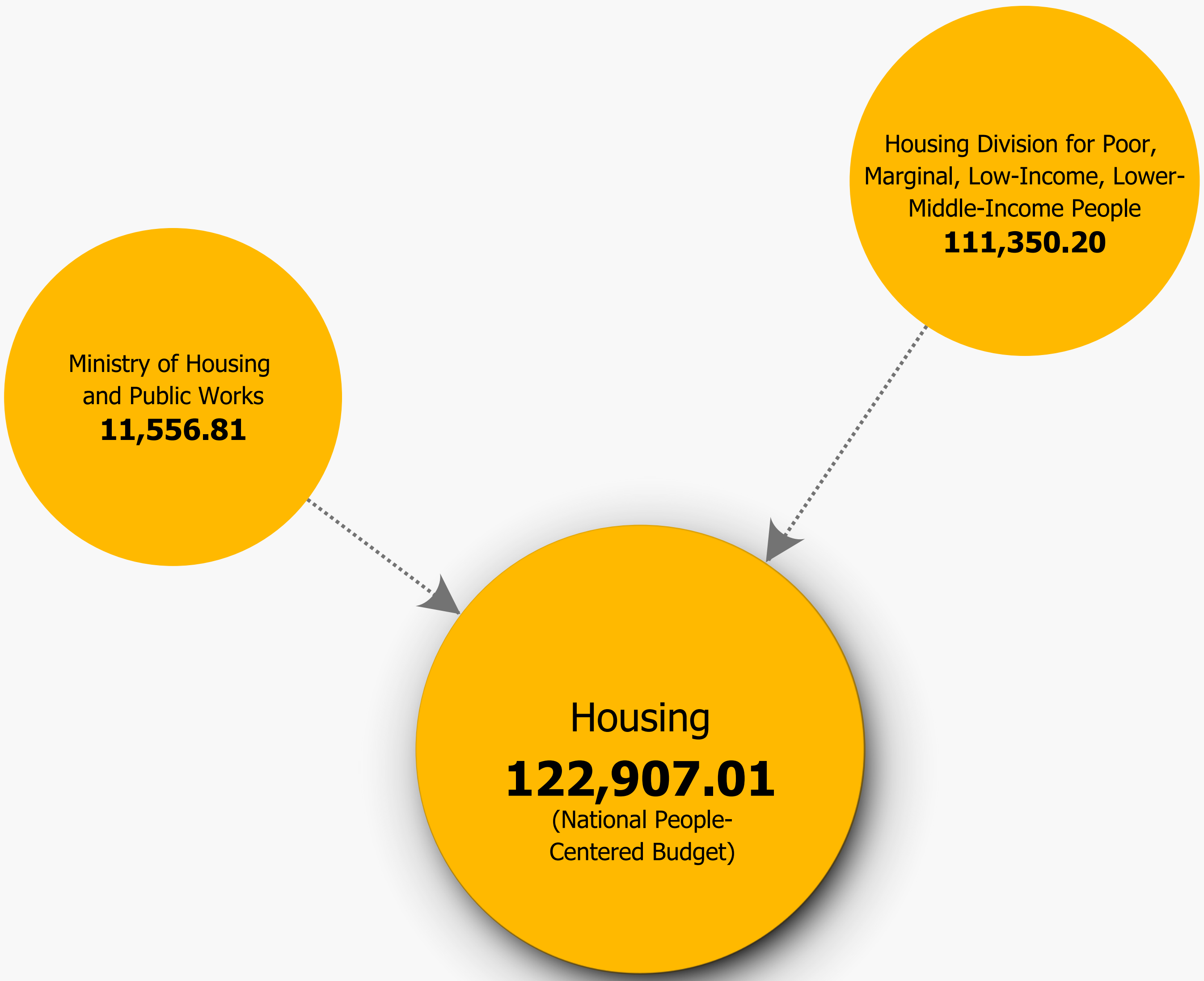
Source: Based on National People-Centered Budget of Bangladesh Economic Association and analysis all figures are in BDT Crore.

Expenditure Chapter - **8**

Housing

Segregation

Note: Amount BDT in Crore



Problem Analysis

The provision of adequate and secure housing for all citizens is not a matter of charity or market convenience; it is a foundational pillar of a just society and a non-negotiable obligation of the state. This principle is deeply embedded within the constitutional fabric of the People's Republic of Bangladesh, which guarantees fundamental human rights and entrusts all power to the people. Consequently, the national budget must serve as a primary instrument for realizing these rights, transforming from a simple accounting exercise into a democratic tool aimed at eliminating discrimination and fostering a decent, or shovon, society. This perspective frames housing as a socially justiciable right, demanding a proactive and substantial state role that stands in direct opposition to neoliberal ideologies that would relegate this basic human necessity to the unpredictable and often inequitable forces of the market.

This constitutional imperative is rendered all the more urgent by the sheer scale of Bangladesh's housing crisis, which has reached critical proportions. The national housing deficit is currently estimated at a staggering 6 million units, a figure projected to escalate to 10.5 million by 2030 if current trends persist. The crisis is most acute within the affordable housing segment, which accounts for an overwhelming 70% of this unmet demand. The formal private sector, driven by profit motives, has proven structurally incapable of addressing this need. Annually, Bangladesh requires between 100,000 and 120,000 new housing units to keep pace with demand; however, private developers supply only about 8% of this requirement, leaving a vast and growing chasm. The human cost of market failure is evident in informal settlements. Over 1.7 million people nationwide are officially recorded as living in slums, a figure that many experts consider a significant underestimate (United Nations Bangladesh 2024). In the capital, Dhaka, the situation is particularly dire, with some analyses indicating that over half of the city's population resides in slum-like conditions, deprived of basic services and security (World Bank 2022).

6 million units Total Housing Deficit	**10.5 million units** Projected Deficit by 2030
70% Share of Demand for Affordable Housing	**100,000-120,000** Annual Housing Requirement
8% of requirement Annual Supply by Formal Sector	**>1.7 million** National Slum Population

The crisis is fueled by a confluence of powerful socio-economic forces. Relentless urbanization, with the urban population swelling from 30 million in 2000 to 70 million by 2023, places immense and continuous pressure on housing stock (United Nations Bangladesh 2024). This migration is compounded by rising poverty and the emergence of a "new poor" (nobodoridro) class, created by economic shocks and inflation, who are exceptionally vulnerable to housing insecurity. For these low and middle-income groups, formal homeownership is an increasingly distant prospect. The cost of essential construction materials like cement and steel has surged by 20-30% in the last five years, while land prices in urban centers have reached prohibitive levels (Dhaka Chamber of Commerce & Industry 2025). This is exacerbated by a critically underdeveloped housing finance market. Mortgage penetration in Bangladesh stands at a mere 3% of GDP, a fraction of the 10% seen in neighboring India, and most low-income households lack the formal documentation required to access loans, creating an insurmountable barrier to entry (PRI Bangladesh 2025). This confluence of high costs, low incomes, and inaccessible finance ensures that the housing crisis is not merely a static problem but an accelerating driver of social and economic inequality, trapping millions in a cycle of precarity from which the market offers no escape.

Construction material price surged 20%-30%

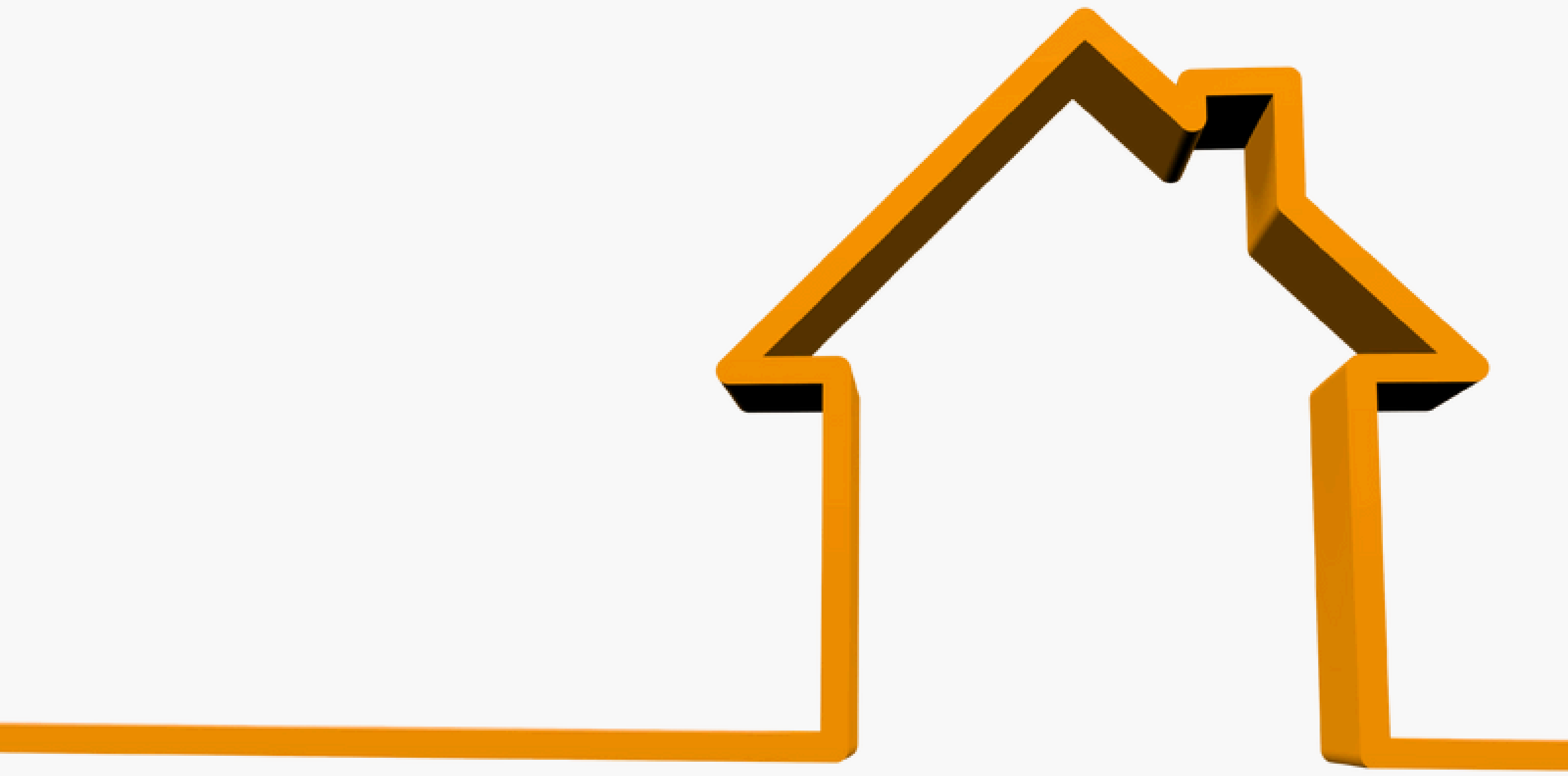
Mortgage Penetration 3% GDP

Review of the Government's Budget and Priorities

An examination of the government's fiscal commitments reveals a profound disconnect between the magnitude of the housing crisis and the scale of the official response. The proposed budget for Fiscal Year 2025-26 allocates a total of BDT 5,110.43 crore to the Ministry of Housing and Public Works (Budget 2025-26, Ministry of Finance 2025). This figure, representing just 0.65% of the total national budget, positions housing as the 14th priority out of 15 major sectors, a clear signal of its peripheral importance in the national policy framework. This allocation is not only insufficient to make a meaningful impact on a 6-million-unit deficit but is also less than the revised budget of the preceding year, indicating a troubling trend of diminishing, rather than escalating, commitment.

This fiscal neglect is compounded by a fragmented and incoherent implementation strategy. While the official Ministry of Housing and Public Works is chronically underfunded, the government's flagship housing initiative, the Ashrayan project, is managed separately under the Prime Minister's Office and commands a significantly larger, albeit ad-hoc, budget. This bifurcation of responsibility sidelines the primary state agency tasked with housing policy, preventing the development of a coherent, long-term, and institutionalized approach. Instead, the nation's main housing intervention is executed as a politically-driven special project, which, despite its commendable scale, suffers from systemic flaws that undermine its sustainability and effectiveness.

While the Ashrayan project is lauded as the world's largest government rehabilitation program, having provided shelter to over half a million families, its implementation has been beset by well-documented problems. Numerous reports have highlighted issues of poor construction quality and the use of substandard materials, leading to the collapse of newly built homes. Site selection has often been flawed, with houses constructed in disaster-prone areas such as low-lying lands and riverbanks, making them vulnerable to flooding and erosion. Furthermore, the beneficiary selection process has faced criticism for a lack of transparency, with allegations of political nepotism resulting in the exclusion of genuinely needy families in favor of those with local connections. Perhaps the most critical strategic failure is the project's "shelter-first, livelihood-last" approach. By providing physical structures in locations often detached from economic opportunities, the project fails to create viable communities. Consequently, many beneficiaries are forced to abandon their new homes to seek work elsewhere, leaving a trail of locked and empty houses that stand as testaments to a policy that addresses the symptom of homelessness without tackling its root causes.



Proposed National People-Centered Budget and Action Plan

In contrast to the strategy of insufficiency, this National People-Centered Budget proposes a paradigm shift in the state's approach to housing. It is a plan rooted in the principles of constitutional rights, economic justice, and broad-based development. The proposed total allocation for the housing sector is BDT 122,907.01 crore, a more than 24 times increase over the government's figure. This is not presented as a mere expenditure but as a transformative national investment designed to fulfill the state's constitutional duty, reduce deep-seated inequality, and act as a powerful engine for economic growth by creating jobs and stimulating domestic demand.

This proposal emphasizes the establishment of a new, powerful, and specialized institution: a 'Housing Division for Poor, Marginal, Low-Income, and Lower-Middle-Income People'. This division would be endowed with a dedicated budget of BDT 111,350.20 crore, comprising BDT 4,218.51 crore for operations and a massive BDT 107,131.69 crore for development activities. This institutional innovation is designed to rectify the strategic flaws of the current system. By creating a single, professionalized entity with a clear mandate and the requisite financial power, it overcomes the fragmentation of a sidelined Housing Ministry and the ad-hoc, politicized nature of existing projects. It aims to replace short-term handouts with a permanent, institutional solution to a systemic crisis.

The sheer scale of this proposed investment is intended to match the scale of the problem. According to the Executive Committee of the National Economic Council (ECNEC), the development fund of BDT 107,131.69 crore, based on the latest estimated construction cost of BDT 2.4 lakh per unit from the Ashrayan project, could finance the construction of over 4.46 million housing units (Budget 2025-26, Ministry of Finance 2025). This would be sufficient to address the vast majority of the current 6-million-unit deficit in a single, concerted push. However, the strategy moves beyond mere construction. Learning directly from the failures of past initiatives, the funds are allocated for an integrated community development model. This includes large-scale land banking and acquisition to overcome the primary barrier of high land costs; planning for high-density, climate-resilient housing to ensure sustainability and efficient land use, drawing inspiration from successful international models like Singapore; and the co-development of essential services such as schools, clinics, and transport links to create viable, thriving communities. A significant portion of the funding would also be dedicated to establishing low-cost financing mechanisms, such as state-backed mortgages and rental schemes, to finally close the affordability gap for low-income families.
This National People-Centered Budget, therefore, represents more than a housing plan; it is a comprehensive industrial and social policy. A state-led program of this magnitude would catalyze one of the largest industrial undertakings in the nation's history, creating millions of jobs in construction and ancillary sectors like cement and steel manufacturing. It would foster the development of domestic supply chains and build a more stable, secure, and productive workforce. By treating housing not as a standalone issue but as a central pillar of national development, this proposal seeks to build a physical and social foundation for a more equitable and prosperous future for all citizens of Bangladesh.

Table 1: Comparative Budgetary Allocations for Housing (FY2025-26) (BDT in Crore)

Allocation Area	Government Proposal (BDT)	Alternative Proposal (BDT)	Increase (Times)
Ministry of Housing and Public Works	5,110.43	11,556.81	2.26
Housing Division for Poor, Marginal, Low-Income, Lower-Middle-Income People	-	111,350.20	-
Total Sectoral Allocation	**5,110.43**	**122,907.01**	**24.05**

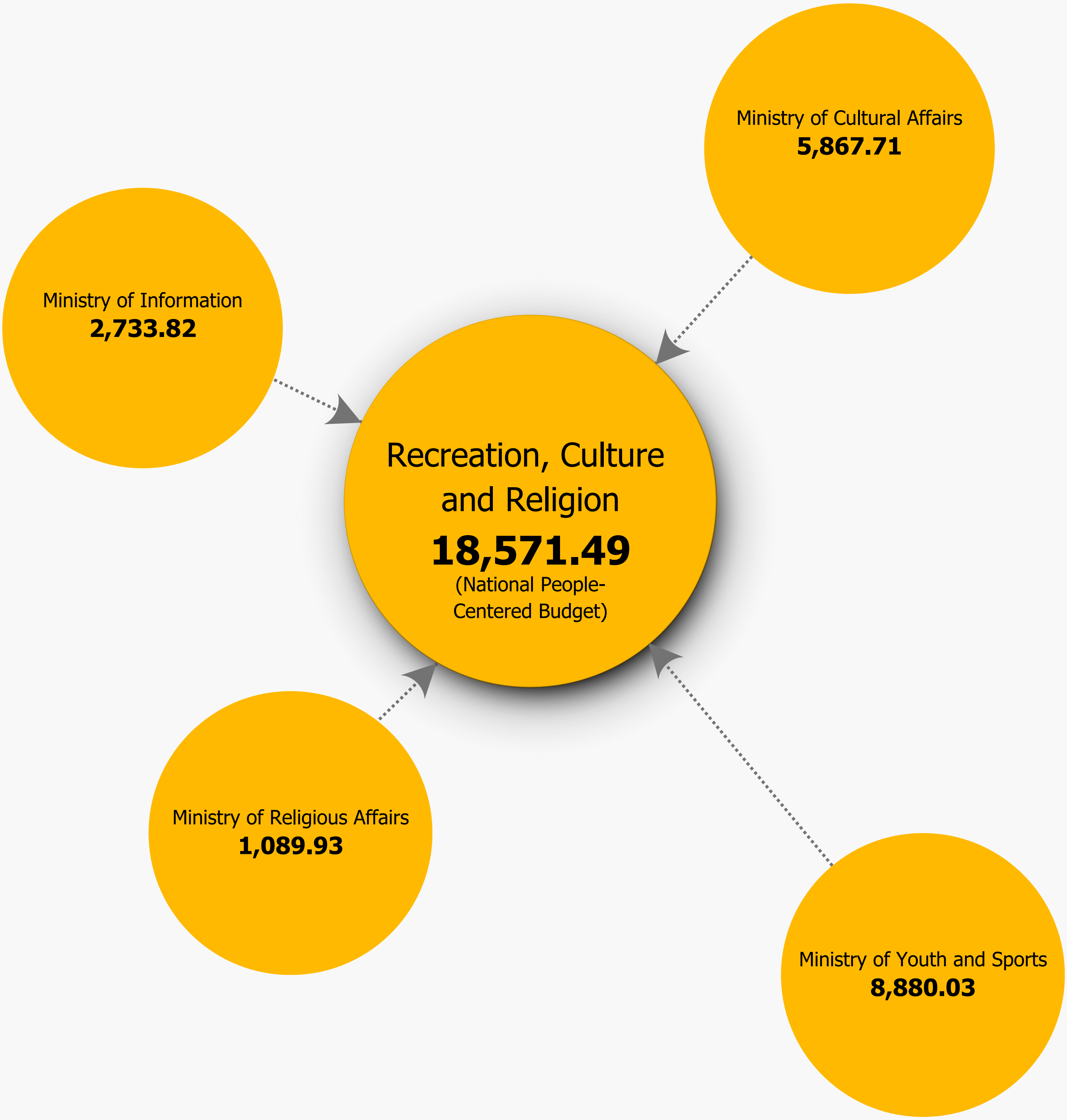
Table 2: Mandate and Funding of the Proposed Housing Division for the Poor

Component	Description	Proposed Budget (BDT Crore)
Mandate/Objectives	To plan, finance, and execute a national program to provide secure, affordable, and climate-resilient housing for the bottom 50% of the population, fulfilling the state's constitutional obligation.	-
Target Beneficiaries	Poor, marginal, landless, low-income, and lower-middle-income households in both urban and rural areas, including slum dwellers and those displaced by climate change.	-
Operational Budget	For salaries, administration, research, urban planning, and management of the national housing program.	4,218.51
Development Budget	For land acquisition and banking, construction of housing units, development of integrated infrastructure (water, sanitation, roads, schools), and establishment of low-cost financing schemes.	107,131.69
Total Budget	Total allocation for the new division to spearhead the national housing mission.	111,350.20

Recreation, Culture and Religion

Segregation

Note: Amount BDT in Crore



Problem Analysis

The Recreation, Culture, and Religion sector, far from being a peripheral area of state expenditure, represents a foundational pillar for national development and the cultivation of a just, enlightened, and creative society. The constitutional mandate of the People's Republic of Bangladesh envisions a nation where human dignity, social justice, and the flourishing of its people are paramount. Investment in this sector is, therefore, not a discretionary expense but a direct and strategic investment in the nation's most valuable asset: its human capital and social fabric. It is through the robust support of recreation, the nurturing of a diverse cultural landscape, and the promotion of religious harmony that the state can foster an enlightened citizenry —one that is critical, compassionate, and capable of steering the nation towards a prosperous and equitable future. However, a close examination of the current state of this sector reveals deep-seated challenges and systemic neglect that undermine these national aspirations, creating significant social and economic impediments.

A primary challenge lies in the profound neglect of the nation's youth and the corresponding deficit in recreational opportunities. The youth unemployment rate for 2025 stands at a troubling 16.8%, a figure that has shown a persistent upward trend (International Labor Organization 2025). This statistic is not merely an economic indicator; it is a reflection of a society failing to harness the potential of its demographic dividend. This economic vulnerability is compounded by a severe scarcity of public spaces for recreation and sports. A survey by the Bangladesh Bureau of Educational Information and Statistics (BANBEIS) revealed that only 55% of secondary schools possess dedicated playgrounds, a figure that is alarmingly low for fostering holistic child development. The situation is particularly acute in urban centers, where, for instance, 37 of Dhaka's 129 wards have no parks or playgrounds whatsoever. This chronic underinvestment creates a vicious cycle. The absence of accessible, safe public spaces for sports and creative activities contributes directly to youth idleness and frustration, impeding the development of crucial soft skills such as teamwork, discipline, and resilience. This, in turn, negatively impacts employability and leaves young people more susceptible to anti-social behaviors, thereby undermining the very social cohesion the state aims to promote. The failure to invest in youth recreation is thus a significant missed opportunity, incurring a substantial long-term cost to national development.

Simultaneously, the nation's cultural infrastructure and identity face a steady erosion due to systemic underfunding and policy misalignments. Cultural institutions across Bangladesh grapple with a chronic lack of funding, resources, and public awareness, which hampers their ability to preserve and promote the nation's rich heritage. This is acutely visible in the deteriorating condition of archaeological sites and the limited capacity of public libraries. These libraries, which should serve as vital community hubs for lifelong learning and adult literacy, are often unable to fulfill their mandate due to funding shortages and the persistent digital divide. This institutional decay is exacerbated by concerning policy directions. The recent government proposal to amend the "Small Ethnic Group Cultural Institute Act, 2010" by substituting the specific, legally recognized term "small ethnic group" with the abstract and undefined concept of "ethnic diversity" has raised significant alarm (Ministry of Cultural Affairs 2025). Critics, including indigenous leaders who were reportedly excluded from direct participation in the amendment process, argue that this semantic shift could dilute the unique, constitutionally protected rights of indigenous peoples, submerging their distinct identities into a generic and legally ambiguous framework. The underfunding of culture is, therefore, not merely about neglecting old buildings; it is about weakening the very "software" of a pluralistic democracy. When institutions like the Bangla Academy or indigenous cultural centers are starved of resources, the state loses its most effective tools for fostering critical thought, mutual respect, and a shared national identity that is both unified and diverse.

Finally, the roles of the Ministries of Information and Religious Affairs in fostering a cohesive society appear misaligned with their budgetary allocations. A people-centric budgetary philosophy posits that the state's role is not to favor any single faith but to cultivate an environment of harmony and mutual respect for all religious communities. Similarly, the Ministry of Information is responsible for ensuring the free and unrestricted flow of information, which is essential for democratic accountability—a point highlighted in recent human rights reports. Current spending patterns, however, suggest a focus on physical infrastructure rather than on the programmatic initiatives needed to achieve these goals. Significant expenditure on construction projects under the Ministry of Religious Affairs may not be the most effective means of fostering inter-faith dialogue, while insufficient funding for the Ministry of Information could impede its ability to support a diverse and independent media landscape, which is essential for countering misinformation and strengthening democratic discourse.

16.8% Youth Unemployment rate, 2024	**55%** Dedicated playgrounds are available in secondary schools

Review of the Government's Budget and Priorities

An analysis of the government's proposed budget for fiscal year 2025-26 reveals a profound disconnect between the stated development goals and the actual allocation of resources for the Recreation, Culture, and Religion sector. The official budget demonstrates a pattern of chronic under-investment and a strategic misalignment of priorities, favoring tangible construction over the intangible yet crucial development of human and social capital. This approach not only fails to address the sector's deep-seated problems but also risks exacerbating them. A quantitative comparison between the government's proposal and the People-Centered model framework clearly illustrates the differing philosophies.

The government has proposed a total of BDT 6,540 crore for the entire sector, an amount that is critically insufficient to meet the challenges outlined previously. The BDT 824 crore allocated for the Ministry of Cultural Affairs is barely adequate for the routine maintenance of existing institutions, let alone for launching the transformative programs required to foster cultural literacy and preserve national heritage. Similarly, the BDT 2,423 crore for the Ministry of Youth and Sports falls far short of what is needed to address the interconnected crises of high youth unemployment and the nationwide deficit of recreational infrastructure. These allocations reflect a view of culture and recreation as non-essential expenditures rather than as vital investments in the nation's future.

More telling than the overall underfunding is the misallocation of resources within the sector, which reveals a clear preference for "hardware" over "software." The government's budget for the Ministry of Religious Affairs stands at BDT 2,183 crore, with a staggering 82% of this amount, or BDT 1,789.18 crore, designated for the development budget (Budget 2025-26, Ministry of Finance 2025). A review of the ministry's activities indicates that these development funds are overwhelmingly directed towards capital-intensive construction projects, such as the establishment of model mosques. This heavy investment in physical infrastructure stands in contrast to the meagre development funds allocated for culture and youth programs. This disparity demonstrates a fundamental misunderstanding of how an enlightened and cohesive society is built. It is not primarily through brick-and-mortar projects but through sustained investment in the "software" of society: cultural literacy programs, youth engagement initiatives, community sports, and inter-faith dialogues. The current budget funds the construction of buildings but starves the very activities that give these buildings purpose and meaning, representing a significant misalignment of national priorities.

Proposed National People-Centered Budget and Action Plan

In contrast to the government's incremental and misaligned approach, this National People-Centered Budget proposes a strategic and substantial reinvestment in the Recreation, Culture, and Religion sector. A total allocation of BDT 18,571.49 crore, a 2.84 times increase over the government's budget, is suggested. This is not an arbitrary inflation of expenditure but a calculated reallocation of national resources designed to address the sector's systemic deficiencies and unlock its immense potential for fostering long-term prosperity, social stability, and national well-being. This budget represents a paradigm shift, treating culture, youth development, and social harmony as indispensable pillars of a thriving nation.

The justification for this significant increase is rooted in a targeted, evidence-based action plan for each constituent ministry. For the Ministry of Youth and Sports, the proposed allocation amount is BDT 8,880.03 crore, which is a 3.66 times increase over the government's figure. This substantial investment is a direct response to the dual crises of youth unemployment and social stagnation. The funds will support a comprehensive, two-pronged strategy. First, it will finance large-scale vocational and freelancing training programs aimed at equipping hundreds of thousands of young people with marketable skills, directly addressing the 16.8% youth unemployment rate (International Labour Organisation 2025). Second, it will launch a nationwide infrastructure project to construct and upgrade sports facilities, including the development of mini-stadiums at the upazila level, thereby creating accessible recreational spaces that promote physical and mental health while fostering a new sports economy. This is a critical investment in transforming Bangladesh's demographic potential into a tangible economic and social asset.

The centrepiece of the vision for an enlightened society is the revitalization of the Ministry of Cultural Affairs, for which a landmark allocation of BDT 5,867.71 crore is proposed, a 7.12 times increase. This is not discretionary spending but an essential nation-building investment designed to reverse decades of neglect. The funds will be directed towards a clear and actionable plan to address the challenges of cultural erosion and institutional decay.

For the Ministry of Information, an allocation of BDT 2,733.82 crore is proposed, a 2.46 times increase. This funding is designed to strengthen the core infrastructure of democracy. It will be used to enhance public service broadcasting, provide grants to support independent community media outlets, and launch nationwide digital and media literacy campaigns. These initiatives are crucial for empowering citizens to discern credible information from the rising tide of misinformation, a critical need for ensuring democratic accountability and social stability.

Finally, for the Ministry of Religious Affairs, the propose a revised allocation of BDT 1,089.93 crore, representing a 50% reduction from the government's budget. This is a fiscally responsible and philosophically coherent reallocation, not a diminishment of the commitment to religious harmony. By reducing the allocation from BDT 2,183 crore to BDT 1,090 crore, over BDT 1,000 crore in public funds is freed up. This sum can be strategically redeployed to cover a significant portion of the required increase for the critically underfunded Ministry of Cultural Affairs. The remaining BDT 1,090 crore is more than sufficient for the Ministry of Religious Affairs to pivot away from capital-intensive construction and toward more effective, high-impact, and low-cost "software" programs. These would include initiatives for inter-faith dialogue, community-based outreach, and the promotion of shared ethical values—the true drivers of social cohesion as envisioned in the guiding philosophy. This approach demonstrates a holistic, efficient, and people-centric strategy for the entire sector.

In conclusion, this National People-Centered Budget for Recreation, Culture, and Religion is a deliberate and calculated investment in the soul of the nation. By nurturing creativity, promoting the physical and mental health of our youth, preserving our diverse heritage, and fostering an environment of mutual respect and social harmony, this budget lays the essential groundwork for a more prosperous, resilient, and truly enlightened Bangladesh.

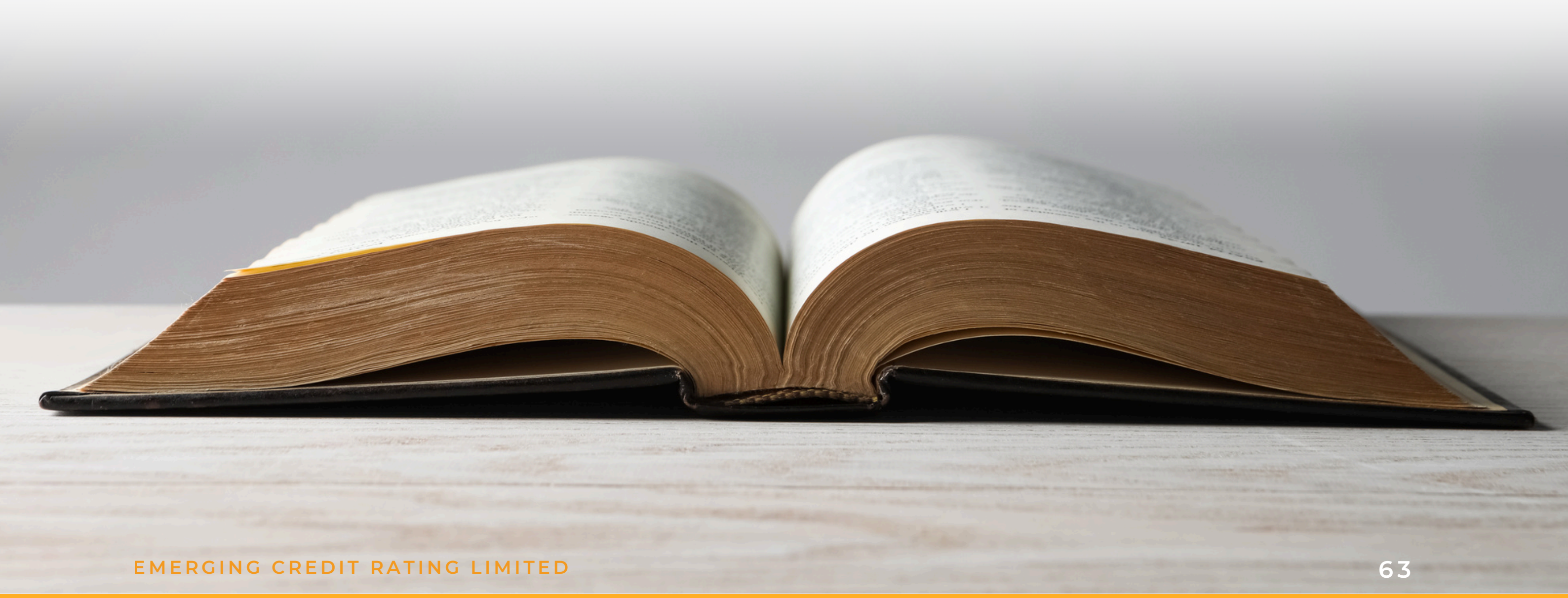


Table 1: Comparative Budget Allocation for Recreation, Culture, and Religion (FY2025-26, BDT in Crore)

Ministry	Government Proposal (BDT)	Proposed Budget (BDT)	Increase/Decrease (X)
Ministry of Information	1,110.00	2,733.82	2.46
Ministry of Cultural Affairs	824.00	5,867.71	7.12
Ministry of Religious Affairs	2,183.00	1,089.93	0.50
Ministry of Youth and Sports	2,423.00	8,880.03	3.66
Total	**6,540.00**	**18,571.49**	**2.84**

Source: Analysis of Government and Proposed National People-Centered Budget Data

Table 2: Proposed Action Plan and Justification for the Ministry of Cultural Affairs

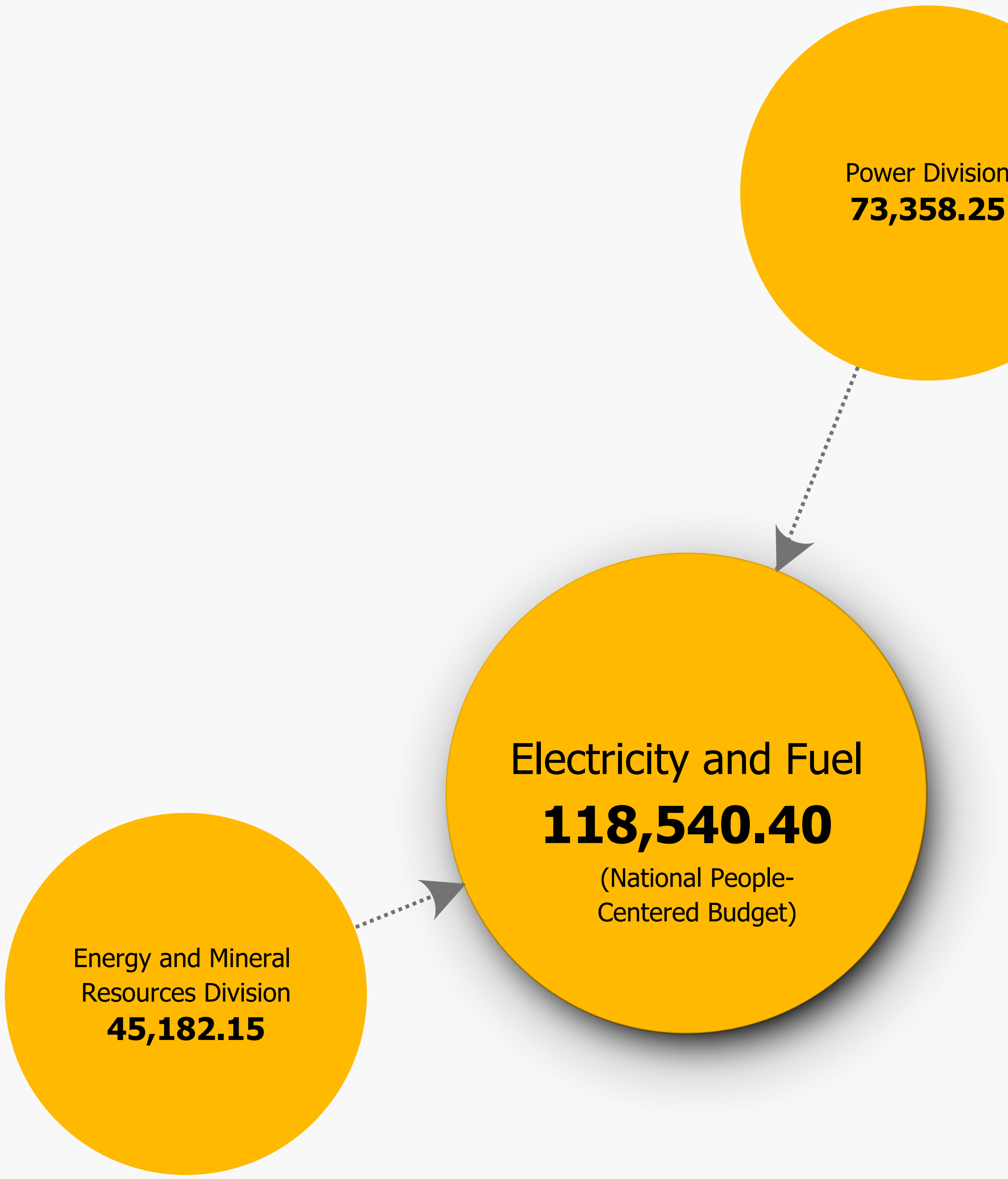
Initiative	Justification & Link to Problem Analysis
National Heritage Conservation Fund	To provide dedicated, long-term funding for the restoration and preservation of all archaeological and heritage sites, including those of indigenous communities. This directly addresses the chronic underfunding and risk of cultural erasure identified in recent reports and policy debates.
Public Library Revitalization Program	To modernize public libraries across the country, equipping them with digital resources, expanding their collections, and transforming them into vibrant community learning hubs. This initiative aims to bridge the digital divide and support adult literacy, tackling the challenges highlighted by library advocates.
Grants for District Shilpakala Academies	To empower district-level arts councils to develop local cultural programming, support local artists, and organize festivals. This decentralizes cultural activities and ensures that arts and culture flourish beyond the capital, as seen in the vibrant activities of various district academies.
National Theatre and Arts Development Fund	To provide grants and support for theatre troupes, filmmakers, writers, and other artists, fostering a dynamic and critical creative sector. This addresses the funding challenges faced by creative industries and reinforces the role of the arts in a healthy democracy.

Expenditure Chapter - **10**

Electricity and Fuel

Segregation

Note: Amount BDT in Crore



Problem Analysis

A secure, affordable, and sovereign energy sector is not merely an economic utility but the foundational pillar upon which Bangladesh's industrial ambitions, economic stability, and public welfare must be built. The uninterrupted availability of electricity and fuel is the lifeblood of a modern economy, powering everything from manufacturing and agriculture to education and healthcare. However, the current state of the sector is defined by a condition of profound energy insecurity, stemming from a debilitating dependence on volatile global markets and a fiscally unsustainable power generation model. This chapter argues that years of strategic errors and poor fiscal priorities have resulted in significant structural issues that jeopardize the nation's long-term economic outlook. The analysis that follows will deconstruct these core challenges, demonstrating with current data how these long-standing issues have become more acute, necessitating a fundamental re-evaluation of national strategy and budgetary allocation.

The most critical structural deficiency is the continued adherence to a high-cost power generation model that imposes an unsustainable fiscal drain on the national exchequer. The strategic over-reliance on imported fuel, particularly expensive furnace oil and diesel for rental and independent power producers (IPPs), has created a massive and escalating burden of subsidies and capacity payments. The power sector's subsidy requirement is projected to soar by 55% in fiscal year (FY) 2024-25, a startling increase that persists even after significant electricity tariff hikes (Alam 2025). To manage mounting arrears, the government has already been compelled to increase the power subsidy allocation to BDT 620 billion in the revised budget for the outgoing fiscal year (Budget 2025-26, Ministry of Finance 2025). The legacy of capacity payments—fees paid to private power plants for their availability, regardless of whether they produce electricity—is a staggering liability. According to the Ministry of Finance (MoF), between FY2019 and FY2023, a total of BDT 783.7 billion was paid as capacity charges, a period during which over 40% of the country's power plant capacity often remained idle. By June 2024, the government's total liabilities to private power producers had ballooned to BDT 360.74 billion. This policy has created a vicious cycle: the immense fiscal pressure from subsidies and arrears consumes a vast portion of the sector's budget, thereby starving long-term, cost-effective solutions of necessary capital. This, in turn, conserves the very import dependency that drives the high costs, locking the country into a structurally flawed and expensive energy model. The recent repeal of the 'Quick Enhancement of Electricity and Energy Supply (Special Provision) Act 2010 is a welcome acknowledgement of past policy errors, but it is an insufficient step that does not address the underlying economic distortions or the burdensome long-term contracts signed under its authority.

Compounding this issue is the systemic neglect of domestic gas exploration, a critical strategic failure that forces the nation into ever-deeper reliance on expensive and volatile Liquefied Natural Gas (LNG) imports. According to Petrobangla, the state-owned exploration company, BAPEX, remains critically underfunded and underutilized. Its performance continues to be alarmingly weak, supplying only 104 million cubic feet of gas per day —a mere 5% of the total daily supply—despite holding the largest number of gas fields in the country. Rather than increasing, its production has been on a downward trend, declining by at least 3,000 million cubic feet over the last three fiscal years. Consequently, the gap between domestic gas production and distribution has widened significantly, from 3,492 million cubic feet in FY2020 to 6,479 million cubic feet in FY2024, according to the Centre for Policy Dialogue (CPD). While the government has announced plans for BAPEX to drill more wells, its historical underperformance and persistent operational issues—including the lack of a proper fixed asset register and delays in converting government equity to paid-up capital—cast serious doubt on its ability to deliver without a transformative injection of capital and expertise (Energy and Mineral Resources Division). This is not merely an operational failure but a clear policy choice reflected in the national budget. The chronic underfunding of the Energy and Mineral Resources Division relative to the Power Division is the fiscal evidence of a strategy that prioritizes managing the expensive consequences of import dependency (i.e., paying for power generation) over investing in the solution (i.e., finding domestic fuel). This strategic choice externalizes Bangladesh's energy security, making the national economy acutely vulnerable to global commodity price shocks, geopolitical instability, and exchange rate fluctuations.

Simultaneously, the sector is constrained by severe infrastructural bottlenecks in its transmission and distribution networks. The national grid is weak, outdated, and incapable of ensuring a reliable supply of electricity, let alone supporting the integration of a modern, renewables-based energy mix. This inadequacy is a primary obstacle to scaling up renewable energy, as the grid cannot efficiently absorb intermittent power sources like solar and wind. The gas distribution network is similarly plagued by inefficiency, with system losses hovering around 7%, far above the 2% international standard as per Petrobangla (Shafiqul Alam 2025). This results in the wastage of valuable gas, which in 2024 amounted to an estimated 68.6 billion cubic feet, necessitating higher LNG imports to compensate. The Asian Development Bank (ADB) has repeatedly identified insufficient investment in grid modernization as a key constraint on the country's energy transition (Asian Development Bank 2025). This weak infrastructure creates a "chicken-and-egg" dilemma that stifles renewable energy development. Private investors are unwilling to commit to large-scale projects without a grid capable of handling their output, while the government is slow to make the necessary large-scale grid investments. This deadlock prevents the country from tapping into its significant renewable potential and can only be broken by a decisive, state-led investment program to modernize the entire network.

Finally, there exists a profound and counterproductive gap between the government's stated renewable energy policy and its actual implementation. Bangladesh has set ambitious targets to generate 30-40% of its electricity from renewable sources by 2040. Yet, the current share remains a dismal 2-4.5% of total capacity (International Trade Administration 2024). The proposed budget for FY2025-26 offers no new incentives for renewables and, alarmingly, removes the modest BDT 1 billion renewable energy fund that was allocated in the previous year's budget (Alam 2025). The government's own Integrated Energy and Power Master Plan (IEPMP) further dilutes this goal by conflating proven renewables with unproven and expensive technologies like ammonia and hydrogen under a vague "clean energy" umbrella, with true renewables targeted to constitute only 8.8% of the energy mix by 2040 (Tachev 2024). Meeting the 2030 renewable target alone requires an annual investment of up to US$980 million, a massive increase from current levels that is nowhere reflected in the national budget (World Economic Forum 2025). This glaring contradiction between policy rhetoric and fiscal reality creates significant policy uncertainty, which is a major deterrent to the private and foreign investment essential for the energy transition. This policy-implementation gap is the single greatest non-technical barrier to unlocking Bangladesh's vast renewable potential.

BAPEX Supply Merely
16.8%
daily gas demand

BAPEX gas production declined At least
3,000
million cubic feet

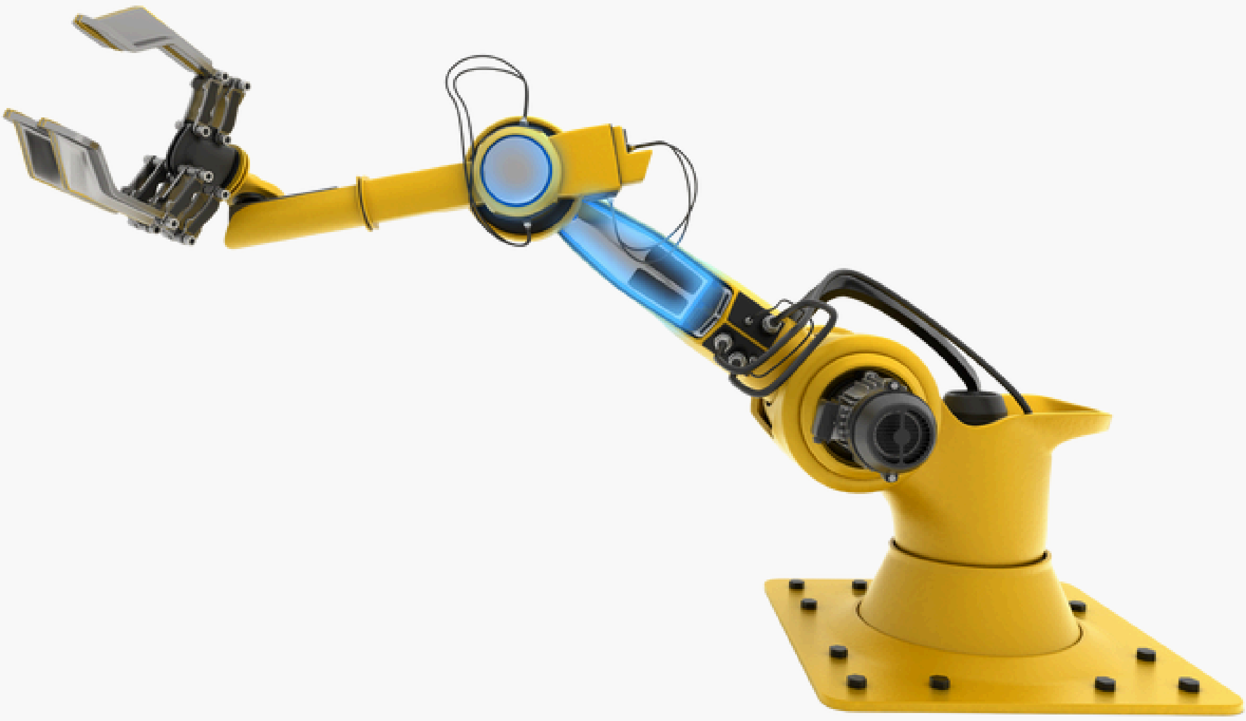
Review of the Government's Budget and Priorities

An analysis of the government's proposed budget for FY2025-26 reveals a fiscal strategy that is fundamentally misaligned with the urgent need for structural reform in the Electricity and Fuel sector. The total allocation for the sector is BDT 22,520 crore, a figure that represents a slight decrease from the revised budget of the previous fiscal year. This allocation includes BDT 20,342 crore for the Power Division and a significantly inadequate BDT 2,178 crore for the Energy and Mineral Resources Division (Budget 2025-26, Ministry of Finance 2025). A close examination of these figures and their underlying implications indicates a continuation of a reactive, short-sighted approach rather than a proactive investment in long-term energy security and sustainability.

The budget reflects a contractionary and complacent stance that fails to match the scale of the challenges outlined previously. In the face of an escalating subsidy crisis, deepening import dependency, and a stalled renewable energy transition, the proposed allocation is little more than a maintenance-level expenditure. It lacks the ambition and strategic foresight required to catalyze the transformative changes the sector desperately needs. Instead of a bold investment plan to refothe energy system, the budget signals an acceptance of the status quo, which is a path toward continued fiscal strain and economic vulnerability.

The most telling evidence of the government's misplaced priorities lies in the critical imbalance of its allocations. The Power Division, which is primarily responsible for generating electricity from largely imported fuels, receives nearly ten times the funding of the Energy and Mineral Resources Division, the entity tasked with exploring and developing domestic fuel sources (Budget 2025-26, Ministry of Finance 2025). This 10-to-1 spending ratio is a clear fiscal choice that prioritizes managing the high-cost symptoms of the energy crisis—namely, paying for expensive power generation—over investing in the cure, which is the development of indigenous fuel supplies. This approach is economically irrational, as it perpetuates the very cycle of import dependency and fiscal drain that has crippled the sector. It ensures that the nation will continue to spend vast sums of foreign currency on imported fuel while its own potential resources remain unexplored and underdeveloped.

Furthermore, while the government has taken some positive but limited steps, such as repealing the Quick Enhancement of Electricity and Energy Supply (Special Provision) Act and outlining plans for BAPEX to drill more wells, these actions are rendered largely symbolic without the corresponding fiscal commitment. A plan to drill wells is operationally meaningless if the responsible division is starved of the massive capital investment required for modern, large-scale exploration and development. Similarly, repealing a controversial law does not undo the burdensome, long-term financial contracts signed under its protection, which will continue to drain the national budget for years to come. The government's budget, therefore, represents a missed opportunity to initiate genuine reform. It identifies some of the problems but fails to allocate the resources necessary to solve them, opting instead to continue funding a broken and unsustainable model.



Proposed National People-Centered Budget and Action Plan

In contrast to the government's maintenance-level budget, this People-Centered proposal puts forth a decisive, front-loaded strategic investment designed to correct decades of underinvestment and fundamentally realign the Electricity and Fuel sector towards a sustainable and sovereign future. The proposed budget includes a total allocation of BDT 118,540.40 crore for the sector, a more than five-fold increase over the government's budget. This substantial commitment is not merely an increase in spending but a strategic reallocation of national resources aimed at tackling the root causes of the energy crisis, rather than perpetually managing its costly symptoms. The proposed budget is strategically divided, allocating BDT 45,182.15 crore to the Energy and Mineral Resources Division and BDT 73,358.25 crore to the Power Division. This rebalancing is central to our vision for achieving energy independence and economic resilience.

POWER DIVISION AND ENERGY AND MINERAL RESOURCES DIVISION

10-TO-1 SPENDING RATIO AS PER GOVERNMENT ALLOCATION

Alternate Budget vision

achieving energy independence and economic resilience

The table 1 provides a clear comparison of the fiscal priorities embedded in the government's budget versus this People-Centered proposal, highlighting the dramatic strategic shift advocated.

The justification for this realigned fiscal strategy is grounded in the problem analysis presented earlier. Each major allocation is designed to close a specific, critical gap left by the official budget. The core of the strategy is to revitalize domestic exploration, for which BDT 45,182.15 crore is proposed for the Energy and Mineral Resources Division. 21 times increase over the government's allocation is a direct and necessary intervention to break the cycle of import dependency. This funding is designed to aggressively empower BAPEX and other domestic agencies to conduct extensive onshore and offshore seismic surveys and drilling programs. It will finance the comprehensive modernization of BAPEX's equipment, technology, and human resources, directly addressing its historical underperformance. The primary objective is to substantially increase domestic gas production, thereby reducing the long-term need for costly LNG imports, saving billions in foreign currency, and insulating the national economy from global price volatility.

Concurrently, the proposal aims to build a modern, resilient, and green power system through an allocation of BDT 73,358.25 crore to the Power Division. This 3.6 times increase is designed to tackle the twin challenges of an outdated grid and a stalled renewable energy transition. A significant portion of this budget will be dedicated to a comprehensive grid modernization program, enhancing capacity and stability to reliably evacuate power and integrate large-scale, intermittent renewable sources. Crucially, a dedicated fund within this allocation will provide viability gap funding, duty waivers on components, and other financial incentives to de-risk private investment in solar and wind projects. This directly addresses the policy-implementation gap and will unlock the private capital needed to meet national renewable energy targets. This enhanced budget also provides the fiscal space to systematically phase out inefficient, high-cost oil-fired power plants, further reducing the subsidy burden and overall generation costs.

The table 2 explicitly links the sector's primary challenges to the targeted solutions embedded within the National People-Centered Budget, illustrating the evidence-based foundation of the proposal.

In conclusion, this National People-Centered Budget offers a coherent and actionable roadmap to resolve the sector's long-standing crises. By strategically reallocating resources from managing expensive symptoms to investing in permanent solutions, this proposal aims to build an energy sector that is not a drain on the national exchequer but a powerful driver of economic growth and stability. It charts a clear course towards reduced import dependency, lower energy costs, enhanced national security, and a sustainable energy mix, thereby fostering a more effective, equitable, and prosperous future for Bangladesh.

Table 1: Comparative Budget Allocation for Electricity and Fuel in FY2025-26 (BDT in Crore)

Ministry/Division	Allocation Type	Government Proposal (BDT)	Proposed Budget (BDT)	Increase (Times)
Energy and Mineral Resources Division	Operation	91.68	170.15	1.86
	Development	2,086.32	45,012.01	21.57
	Total	2,178.00	45,182.15	20.74
Power Division	Operation	58.38	213.74	3.66
	Development	20,283.62	73,144.51	3.61
	Total	20,342.00	73,358.25	3.61
Total Electricity and Fuel Sector	**Total**	**22,520.00**	**118,540.40**	**5.26**

Source: Analysis of Government and Proposed National People-Centered Budget Data

Table 2: Linking Sectoral Challenges to National People-Centered Budget Solutions

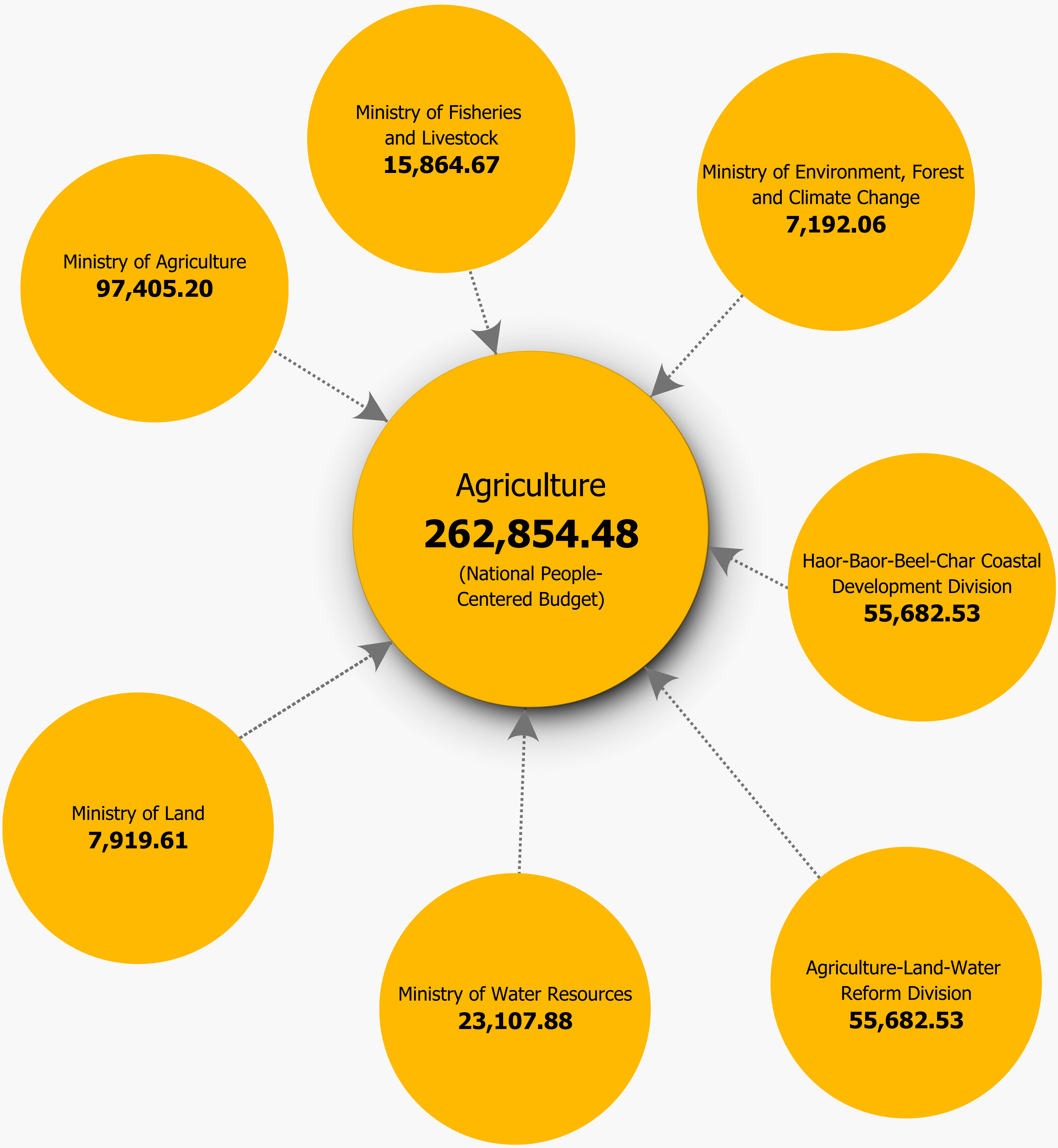
Identified Challenge	National People-Centered Budget's Strategic Response
Crippling fiscal drain from power subsidies and capacity payments due to high-cost imported fuel.	BDT 45,182.15 crore for the Energy and Mineral Resources Division to fund aggressive domestic gas exploration, reducing long-term reliance on expensive LNG and oil imports, thereby lowering generation costs and the need for subsidies.
Chronic underperformance and underfunding of domestic exploration agency BAPEX, leading to deepening import dependency.	A 20.74x increase in the Energy Division's budget, specifically to capitalize and modernize BAPEX, enabling it to execute its drilling and exploration mandate and reverse the decline in domestic production.
Stalled renewable energy transition due to policy-implementation gaps and lack of financial incentives for private investors.	A dedicated portion of the BDT 73,358.25 crore Power Division budget allocated for viability gap funding, duty waivers, and risk-mitigation instruments to de-risk private investment and unlock the capital needed to meet national renewable energy targets.
Outdated and fragile grid infrastructure that cannot support reliable supply or integrate intermittent renewables.	A major component of the Power Division's development budget will fund a comprehensive grid modernization program, enhancing stability and capacity to support a modern, diversified energy mix.

Expenditure Chapter - **11**

Agriculture

Segregation

Note: Amount BDT in Crore



Problem Analysis

The agriculture sector of Bangladesh, encompassing crops, fisheries, livestock, land, water, and forests, stands as the bedrock of the nation's food security, rural employment, and social stability. Its strategic importance transcends its direct contribution to the Gross Domestic Product (GDP); it is a constitutional imperative, deeply embedded in the nation's founding principles. The Constitution of Bangladesh, particularly in Article 16, mandates the state to pursue a "radical transformation of rural areas" through an "agricultural revolution" to progressively remove the disparity in standards of living between urban and rural areas (Legislative and Parliamentary Affairs Division 2019). This directive frames agricultural policy not as a mere economic choice, but as a fundamental state obligation to achieve social justice and equity for the majority of its citizens. However, the sector is currently navigating a period of profound stress, where its performance is undermined by a confluence of deep-rooted structural impediments, market failures, and escalating environmental threats.

A critical analysis of the sector reveals a persistent crisis of productivity and profitability. Provisional data from the Bangladesh Bureau of Statistics (BBS) indicates that agricultural GDP growth slowed to a concerning 2.42% in FY2024-25, a fall from 4.02% in the preceding year (Bangladesh Bureau of Statistics 2025). This slowdown is not an anomaly but a symptom of systemic dysfunctions. A vast and exploitative price gap between the farm gate and the retail market remains a primary driver of rural impoverishment. Farmers consistently receive a fraction of the final consumer price, with research indicating that the retail price of some produce can be over ten times the wholesale price. This dynamic represents a massive, informal transfer of wealth away from rural producers to a chain of intermediaries, a form of systemic extraction that suppresses farmer incomes and stifles reinvestment. This is compounded by crippling input costs for essentials like fertilizer, seeds, and fuel, which have risen and severely limited access to affordable formal credit, pushing farmers towards predatory informal lenders. This combination of low revenue and high costs creates a vicious cycle: financial distress forces farmers into immediate post-harvest "distress sales" at peak supply and lowest prices, perpetuating a low-investment, low-productivity trap that the state has failed to dismantle.

AGRICULTURAL GDP
2.42% IN FY2024-25
(a fall from 4.02% in the preceding year)

(2024)
40%
rural households are landless

(2024)
36%
farmers cultivate only their land

INCREASED Agricultural Input cost

Climate change could
reduce rice and wheat production by
8%-32%

Annual economic losses estimated at $3.72 billion (UNDP, 2023)

Parallel to this economic struggle is a crisis of rights and resources, rooted in the state's failure to implement comprehensive land and water reforms. The constitutional principle that natural resources belong to the people, with the state acting as custodian, remains largely unrealized. An estimated 40% of rural households are landless, and about 36% of farmers cultivate only their land (International Food Policy Research Institute 2024). Millions of acres of khash (public) land and water bodies, which should be allocated to the landless and marginal poor, remain illegally occupied by powerful vested interests, often with political patronage. This failure to redistribute public resources represents a profound disconnect between state policy and its constitutional mandate for social justice. The lack of any significant, targeted budgetary mechanism for land reform signifies an implicit acceptance of this inequitable status quo, undermining the very foundation of a just rural economy.

Overlaying these structural challenges is the existential threat of climate change, which acts as a crisis multiplier. Bangladesh is ranked the seventh most climate-vulnerable country globally, facing annual economic losses from natural hazards estimated at $3.72 billion (UNDP 2023). Projections indicate that climate change could reduce rice and wheat production by 8 % and 32 %, correspondingly by 2050, and could shrink the nation's annual GDP by up to 2.0% (Md. Arfanuzzaman 2024). These are not distant threats; they are present realities. Increased salinity intrusion in coastal areas, erratic rainfall, prolonged droughts, and more frequent and intense floods are already devastating crops, reducing yields, and displacing communities. The impact is disproportionately borne by the poorest communities in the most vulnerable regions, such as the coastal belt and the haor (wetland) areas. Climate change is therefore not merely an environmental issue but a core economic and social justice challenge that directly exacerbates poverty, threatens food security, and fuels inflation. Any credible budgetary framework for agriculture must address these interconnected crises with the scale, ambition, and structural focus they demand.

Review of the Government's Budget and Priorities

An examination of the government's budgetary allocations for FY2025-26 reveals a set of priorities that appear fundamentally misaligned with the scale and nature of the challenges confronting the agriculture sector. The proposed total allocation for the broader agriculture domain—comprising the Ministries of Agriculture; Fisheries and Livestock; Environment, Forest and Climate Change; Land; and Water Resources—stands at BDT 46,268.02 crore. While this represents a nominal figure, a deeper analysis exposes critical gaps in ambition, structural focus, and strategic foresight, suggesting an approach of incremental maintenance rather than the necessary transformative investment.

The government's fiscal stance is most clearly revealed in its core allocation to the Ministry of Agriculture, set at BDT 27,224 crore, a significant portion of which is directed towards subsidies for inputs like fertilizer (Ministry of Finance 2025). While such subsidies provide essential short-term relief to farmers grappling with high input costs, this focus represents a reactive, palliative strategy. It addresses a symptom—the high cost of production—without curing the underlying disease of a dysfunctional and extractive value chain. This approach fails to empower farmers with the long-term tools of resilience and profitability, such as robust public investment in post-harvest infrastructure like cold storage and transport, which would grant them leverage against middlemen. Furthermore, the persistent underperformance in implementing the Annual Development Programme (ADP) indicates that even planned capital investments are not materializing effectively, with overall ADP spending hitting a 14-year low in FY24, according to the latest report from the Implementation Monitoring and Evaluation Division (IMED). This points to a systemic incapacity to translate budgetary intent into tangible developmental outcomes.

The most telling deficiency in the government's budget is its near-total silence on the deep structural reforms that are prerequisites for an equitable agricultural system. The budget lacks any significant, ring-fenced allocation for the comprehensive land and water reforms advocated as a constitutional necessity. The modest funding for the Ministry of Land (BDT 2,303.64 crore) and the Ministry of Water Resources (BDT 11,204.00 crore) is directed towards routine administrative functions and isolated projects, not the systemic recovery and redistribution of khas resources to the landless poor. This omission sustains the foundational inequality that traps millions in poverty and represents a failure to align fiscal policy with the constitutional vision of popular sovereignty over natural resources.

Similarly, the government's response to the climate crisis is severely lacking. The allocation for the Ministry of Environment, Forest and Climate Change is a mere BDT 2,144.00 crore. This figure is manifestly insufficient to confront a threat that is projected to cost the nation up to 2% of its GDP annually and is already wreaking havoc on agricultural production and livelihoods (Md. Arfanuzzaman 2024). By treating climate change as a peripheral environmental concern rather than a central economic and security threat, the budget fails to protect the sector's future. It lacks a dedicated, large-scale mechanism to fund adaptation and resilience in the most vulnerable regions, leaving them exposed to escalating risks. In essence, the official budget is a document of short-term fixes that maintains an unsustainable and inequitable status quo. It lacks the ambition to restructure markets, the courage to reform resource ownership, and the foresight to build climate resilience at the required scale.

Proposed National People-Centered Budget and Action Plan

In direct response to the deep-seated structural challenges and the manifest inadequacies of the official fiscal plan, this National People-Centered Budget proposes a transformative investment framework for the agriculture sector. Grounded in the constitutional imperative for social justice and a pragmatic assessment of the sector's needs, the proposal calls for a total allocation of BDT 262,854.48 crore for FY2025-26.This figure, which is approximately 5.7 times the government's proposal, comprises BDT 57,629 crore for operational expenditures and a substantial BDT 205,225 crore for development. This is not an arbitrary increase, but a calculated, corrective investment designed to shift the sector from a trajectory of stagnation and extraction to one of equitable growth, resilience, and long-term prosperity.

The key to this approach is addressing the significant gaps left by the official budget through targeted, large-scale, and structurally-focused allocations. Firstly, proposing a massive reinvestment in the core institutions responsible for sectoral stewardship. The Ministry of Agriculture would receive BDT 97,405.20 crore, a 3.58-fold increase over the government's plan. This funding is earmarked not merely for expanded subsidies but for transformative capital investments: establishing a robust public procurement, storage, and logistics network to guarantee farmers fair prices and break the power of middlemen; significantly scaling up research and development (R&D) for climate-resilient crop varieties and sustainable farming practices; and revitalizing extension services to ensure these innovations reach the field. Similarly, the allocation for the Ministry of Fisheries and Livestock is increased 4.68 times to BDT 15,864.67 crore to bolster protein security and diversify rural income streams through enhanced support, insurance, and quality control mechanisms.

Crucially, the budget introduces new institutional mechanisms designed to drive the deep structural reforms that the official budget ignores. It is suggested that the creation of two powerful, well-funded divisions. The first is the "Agriculture-Land-Water Reform Division," with a dedicated allocation of BDT 55,682.53 crore. This division is the central pillar of the reform agenda, created to execute the constitutional mandate for resource justice. Its funds will be used for the systematic identification, legal recovery, and equitable distribution of illegally occupied khas land and water bodies to landless and marginal families, coupled with the provision of legal aid and start-up agricultural inputs to ensure their success. This is the mechanism to dismantle the power of vested interests and ensure the nation’s resources benefit its poorest citizens.

The second is the "Haor-Baor-Beel-Char Coastal Development Division," also with an allocation of BDT 55,682.53 crore. This is the direct and decisive response to the climate crisis. Moving climate adaptation from the periphery to the very core of the economic strategy, this division will focus exclusively on the country's most ecologically fragile and climate-vulnerable regions. It will finance nature-based solutions, the construction of modern, resilient infrastructure such as climate-smart polders and saline-tolerant irrigation systems, and the development of alternative, climate-resilient livelihood programs.

In conclusion, this National People-Centered Budget presents a coherent and logical pathway to revitalize Bangladesh's agriculture. By aligning a substantial fiscal commitment with a clear vision for structural reform and climate resilience, it directly addresses the sector's foundational problems. It seeks to empower farmers, not just subsidize them; to restore public resources to the public, not just administer them; and to build a resilient future, not just react to the present crisis. This is an investment in food security, social equity, and constitutional integrity, charting a necessary course toward a more prosperous and just agricultural sector for all Bangladeshis.

Table 1: Comparative Agriculture Budget Allocation in FY2025-26 (BDT in Crore)

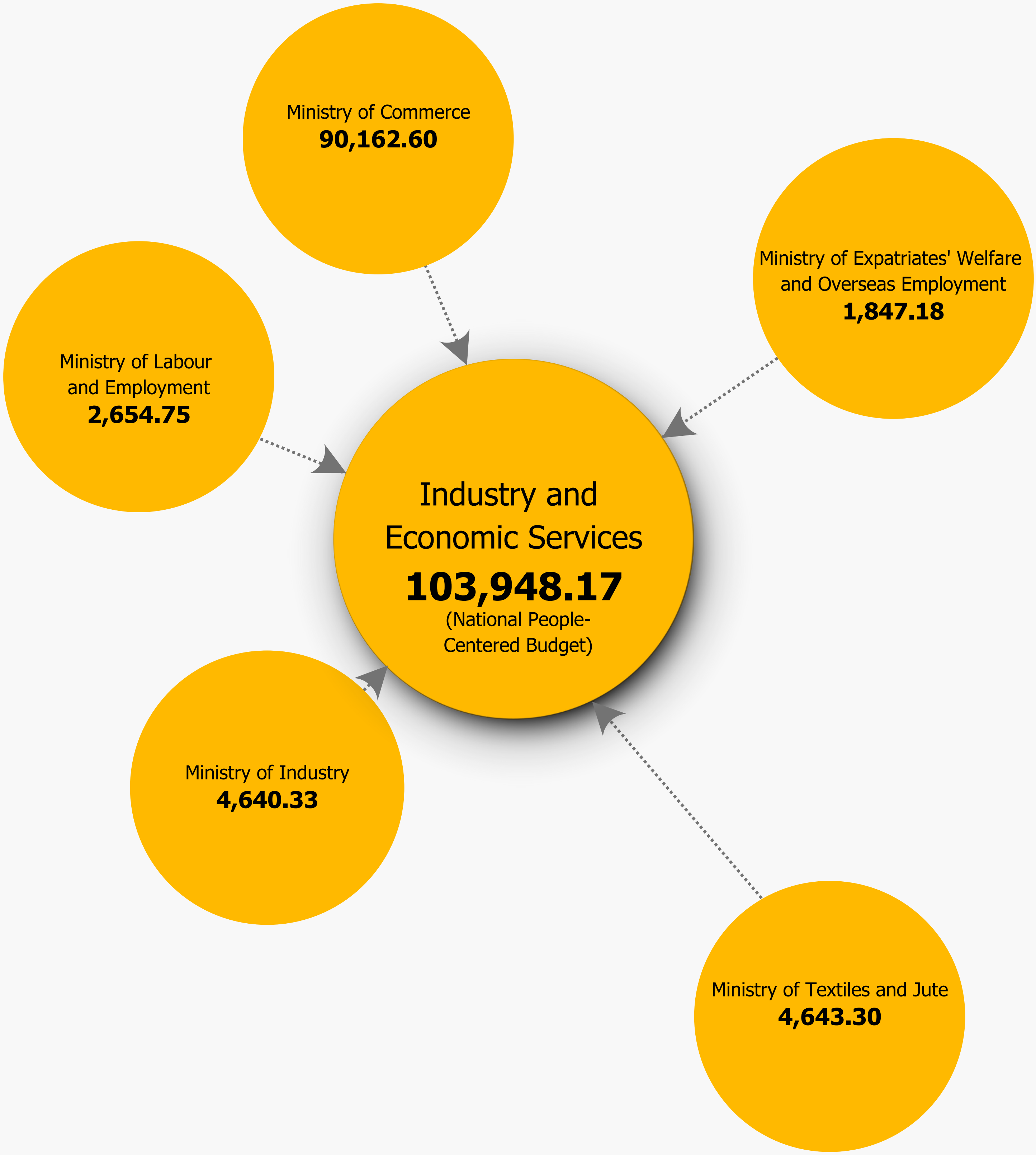
Division/Entity	Government Proposal (BDT)	Proposed Budget (BDT)	Increase (Times)
Ministry of Agriculture	27,224.00	97,405.20	3.58
Ministry of Fisheries and Livestock	3,392.38	15,864.67	4.68
Ministry of Environment, Forest and Climate Change	2,144.00	7,192.06	3.35
Ministry of Land	2,303.64	7,919.61	3.44
Ministry of Water Resources	11,204.00	23,107.88	2.06
Agriculture-Land-Water Reform Division (New)	-	55,682.53	N/A
Haor-Baor-Beel-Char Coastal Development Division		55,682.53	N/A
Total	**46,268.02**	**262,854.48**	**5.68**

Source: Analysis of Government and Proposed National People-Centered Budget Data

Industry and Economic Services

Segregation

Note: Amount BDT in Crore



Problem Analysis

The Industry and Economic Services sector stands as a critical pillar of Bangladesh's economy, encompassing the core activities that drive production, trade, and employment. This sector, comprising the ministries of Commerce, Labour and Employment, Industry, Expatriates' Welfare and Overseas Employment, and Textiles and Jute, is the primary engine of the nation's formal economic output and its interface with the global market. However, a deeper analysis reveals a sector built upon a precarious foundation, characterized by a development model that has prioritized indiscriminate, export-oriented growth at the expense of equity, resilience, and the welfare of the vast majority of its workforce. The persistent challenges facing this sector are not temporary disruptions but systemic flaws rooted in a policy paradigm that has failed to build a diversified, self-reliant, and humane industrial base.

A fundamental structural problem lies in the precarious state of the national labour force. While over 71 million people are of working age, an estimated 85% are engaged in the informal sector, operating without the safeguards of formal contracts, social security, or legal protection (United Nations Bangladesh 2025). This systemic vulnerability has been exacerbated by persistent economic pressures, with the number of unemployed individuals rising to 4.63 million by the end of 2025 (Bangladesh Bureau of Statistics 2025). This confirms a long-standing reality where the benefits of economic expansion are not equitably distributed, leaving the majority of workers exposed to economic shocks. Compounding this is the imminent threat of automation, which, according to some estimates, could displace up to 60% of garment workers in the coming decade—an existential challenge for which current policy frameworks are critically unprepared (World Economic Forum 2025).

The backbone of domestic commerce and employment—the Micro, Small, and Medium Enterprise (MSME) sector—remains systematically underserved despite its immense contribution. These enterprises account for approximately 25% to 32% of the nation's Gross Domestic Product (GDP) and are the primary source of non-agricultural employment (Asian Development Bank Bangladesh 2025). Yet, they face formidable barriers to accessing formal finance, adequate infrastructure, and institutional support. This chronic neglect stifles indigenous entrepreneurship, concentrates economic power in the hands of a few large conglomerates, and supports a cycle of dependency and inequality that hinders the development of a robust and dynamic domestic market.

Furthermore, decades of policy have failed to meaningfully diversify Bangladesh's export portfolio. The economy remains critically over-reliant on the Ready-Made Garments (RMG) sector, which constitutes over 60% of total exports (Bangladesh Bank 2024). This hyper-concentration in a single product category, coupled with a dependency on a narrow range of markets—with nearly 70% of exports destined for just ten countries—exposes the entire economy to significant external shocks, such as shifts in global demand or protectionist trade policies. Meanwhile, strategic indigenous industries with vast potential, such as jute and textiles, have been allowed to languish. Jute and its derivatives represent less than 2% of total exports, highlighting a significant underperformance for a sector that could establish Bangladesh as a global leader in sustainable materials (Export Promotion Bureau 2024). This failure to cultivate a diversified industrial ecosystem undermines long-term economic resilience.

This vulnerability is deepened by the industrial sector's profound dependence on imported raw materials. Key industries, particularly textiles, rely heavily on imported cotton, chemicals, and machinery, primarily from India and China (Export Promotion Bureau 2024). This reliance creates a persistent drain on foreign exchange reserves and subjects domestic production to the volatility of global supply chains and currency fluctuations, fundamentally compromising the national goal of building a self-reliant industrial base. Concurrently, while remittances from overseas workers provide a crucial economic lifeline, the majority of this workforce is engaged in low-skilled occupations. The absence of a strategic national program for upskilling and certifying migrant workers limits their earning potential and perpetuates a model of exporting low-wage labour rather than high-value human capital.

85% Informal sector involvement	**70%** Export limited to 10 countries
60% Automation could displace garment workers	**Over 71 million** working age/Labor force (People)
4.63 million unemployed individuals rising by the end of 2025	**25%-32%** ESME Sector Comprises the nation's Gross Domestic Product
Less Than **2%** of total Export Jute and its derivatives	**India & China** Key industries rely heavily on imported cotton, chemicals, and machinery

Review of the Government's Budget and Priorities

An examination of the government's proposed budget for the Fiscal Year 2025-26 reveals a fiscal strategy that is fundamentally misaligned with the structural challenges confronting the Industry and Economic Services sector. The proposed total allocation of BDT 4,271.60 crore is not merely insufficient in quantum; it reflects a continuation of a policy paradigm that fails to grasp the transformative investment required to build a resilient, equitable, and diversified industrial economy. This allocation represents a negligible 0.05% of the total national budget of approximately BDT 7.9 trillion, a figure that unequivocally signals the sector's low priority within the national fiscal framework.

INDUSTRY & ECONOMIC SERVICES SECTOR 5% OF THE TOTAL NATIONAL BUDGET

MSME AND INFORMAL SECTORS 32% of its GDP

A ministry-by-ministry analysis of the allocations further exposes the critical gaps between the government's incremental approach and the sector's profound needs. The proposed BDT 438 crore for the Ministry of Labour and Employment is inadequate for an institution tasked with safeguarding the welfare of a 71 million-strong labour force (Bangladesh Bureau of Statistics 2025). This sum is insufficient to fund meaningful upskilling programs to address the looming threat of automation, strengthen occupational safety enforcement across thousands of factories, or design a viable social safety net for the 85% of workers languishing in the informal sector (United Nations Bangladesh 2025). It is a budget that manages the status quo rather than investing in the future of the nation's human capital.

Similarly, the allocation of BDT 480 crore for the Ministry of Textiles and Jute represents a policy of managed decline rather than strategic revival (Ministry of Finance 2025). This funding level is inadequate for the large-scale modernization of state-owned mills, significant investment in research and development for product diversification, or the implementation of comprehensive support programs for farmers—all of which are essential to revitalizing jute as a strategic export industry and reducing over-reliance on RMG. For the Ministry of Expatriates' Welfare and Overseas Employment, the proposed BDT 855 crore falls short of what is needed to establish a national strategy for upskilling migrant workers, a critical step for enhancing per-capita remittance earnings and ensuring the protection of citizens abroad (Budget 2025-26, Ministry of Finance 2025).

The allocations for the Ministry of Commerce (BDT 607.60 crore) and the Ministry of Industry (BDT 1,891.00 crore) are likewise insufficient to confront the sector's core structural weaknesses (Budget 2025-26, Ministry of Finance 2025). These figures cannot support the ambitious initiatives required for meaningful export diversification, foster import-substituting industries to reduce foreign exchange pressures, or provide the foundational support needed to unlock the potential of the MSME sector, which remains the lifeblood of domestic commerce. The government's fiscal posture can be characterized as a containment strategy—one that allocates just enough to maintain existing bureaucratic structures but falls dramatically short of the strategic investment needed for genuine transformation. The gap between the official budget and the sector's needs is therefore not merely financial; it is philosophical.

Proposed National People-Centered Budget and Action Plan

In direct response to the deep-seated structural problems and the inadequacies of the official budget, this People-Centered model framework proposes a total allocation of BDT 103,948.17 crore for the Industry and Economic Services sector. This represents a more than 24-fold increase over the government's proposal and reflects a fundamental paradigm shift—viewing expenditure in this sector not as a cost to be minimized but as a strategic, high-return investment in equitable growth, national resilience, and human capital development. Each allocation is designed to address the specific challenges identified, creating a cohesive and actionable plan for sectoral transformation grounded in a people-centric economic philosophy.

The cornerstone of this National People-Centered Budget is the strategic empowerment of the domestic economy through the Ministry of Commerce, for which an allocation of BDT 90,162.60 crore is proposed. The justification for this unprecedented sum lies in the creation of a new Micro and Small Business-Entrepreneur Development Division, with a dedicated annual budget of BDT 60,000 crore. This initiative directly targets the systemic neglect of the MSME and informal sectors, which employ 85% of the nation's workforce and contribute up to 32% of its GDP. This fund will provide access to low-interest capital, business development services, and infrastructure support, directly empowering the true engine of the domestic economy. It is a direct investment in mass job creation, poverty reduction, and the cultivation of a robust internal market that can serve as a buffer against external economic volatility.

To address the critical need for export diversification, this budget proposes BDT 4,643.30 crore for the Ministry of Textiles and Jute, a nearly tenfold increase over the government's allocation. This funding is a deliberate investment in reviving a strategic national industry. Resources will be directed towards the Balancing, Modernization, Rehabilitation, and Expansion (BMRE) of mills; research and development for creating high-value, diversified jute and textile products; and providing essential price support and quality inputs to farmers. This initiative directly confronts the problem of RMG over-dependence and positions Bangladesh to capture a significant share of the growing global market for sustainable and eco-friendly materials.

Recognizing that human capital is the nation's most valuable asset, this budget makes significant investments in its workforce. An allocation of BDT 2,654.75 crore for the Ministry of Labour and Employment will fund comprehensive worker safety programs, a national reskilling initiative to prepare the workforce for automation, and the establishment of a foundational social safety net for informal sector workers. Concurrently, the proposed BDT 1,847.18 crore for the Ministry of Expatriates' Welfare and Overseas Employment will finance a national skills certification program. This will facilitate a strategic shift from exporting low-wage labour to deploying high-value, certified skills, thereby increasing per-capita remittance earnings and enhancing the welfare of migrant workers.

Finally, to foster a self-reliant and sustainable industrial base, BDT 4,640.33 crore is allocated to the Ministry of Industry. This funding will be used to promote the development of environmentally sound "green" industries, strengthen backward linkages to reduce the economy's heavy reliance on imported raw materials, and support industries that cater to domestic needs. This approach aligns with the core principle of building an industrial sector that ensures long-term environmental and economic sustainability. By investing heavily in MSMEs, this budget initiates a virtuous economic cycle: job creation and rising household incomes will fuel domestic demand, creating a more resilient industrial base less dependent on volatile export markets. This, in turn, allows for better wages and working conditions, fostering a self-reinforcing cycle of equitable growth. This targeted, evidence-based National People-Centered Budget provides a coherent roadmap to transform the Industry and Economic Services sector from a source of precarious growth into a powerful and equitable engine for the shared prosperity of all Bangladeshis.

Table: Comparative Industry and Economic Services Budget Allocation in FY2025-26 (BDT in Crore)

Division/Entity	Government Proposal (BDT)	Proposed Budget (BDT)	Increase (Times)
Ministry of Commerce	607.60	90,162.60	148.39
Ministry of Labour and Employment	438.00	2,654.75	6.06
Ministry of Industry	1,891.00	4,640.33	2.45
Ministry of Expatriates' Welfare and Overseas Employment	855.00	1,847.18	2.16
Ministry of Textiles and Jute	480.00	4,643.30	9.67
Total	**4,271.60**	**103,948.17**	**24.33**

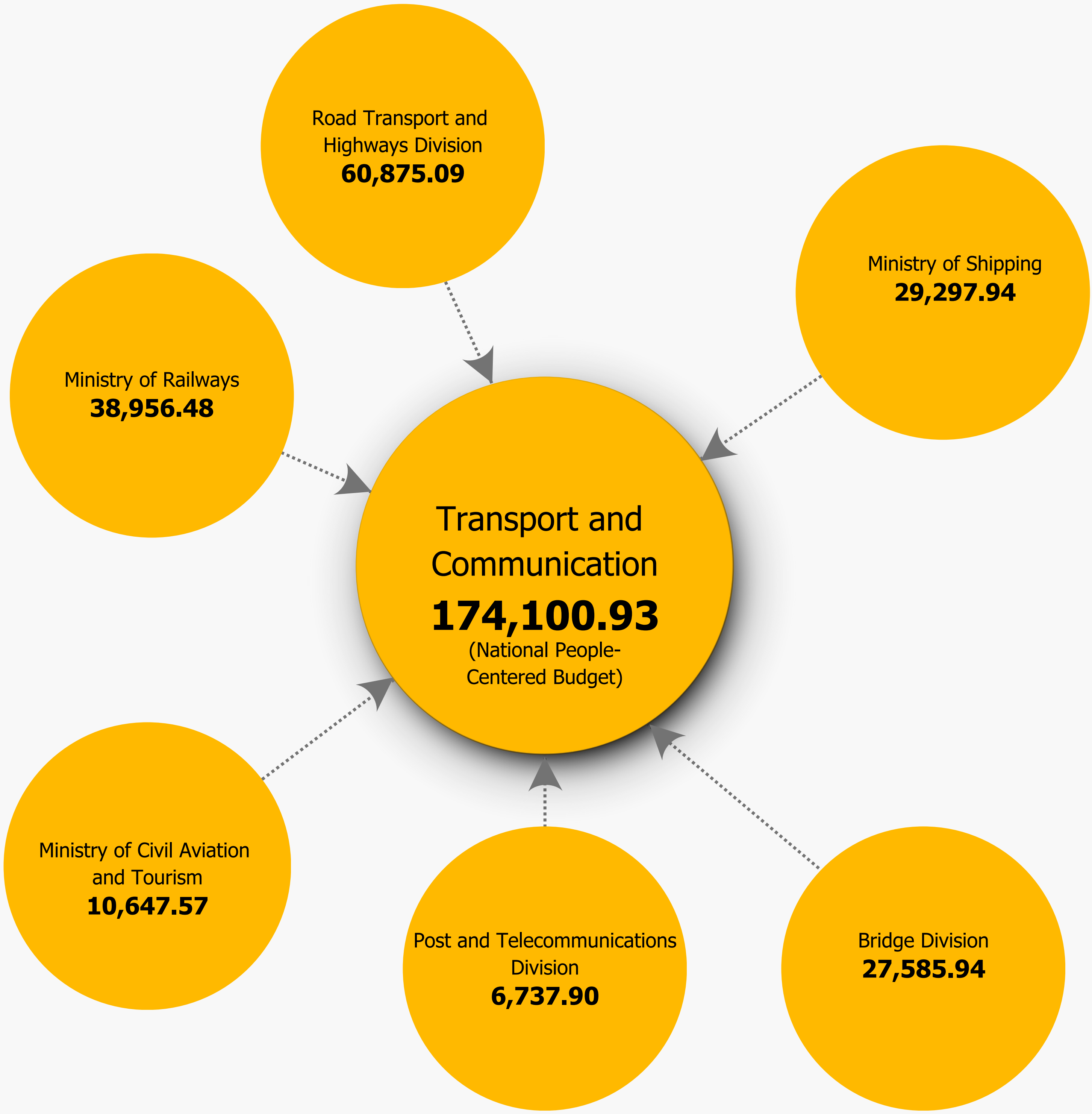
Source: Analysis of Government and Proposed National People-Centered Budget Data

Expenditure Chapter - **13**

Transport and Communication

Segregation

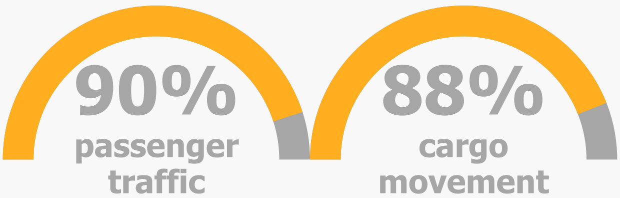
Note: Amount BDT in Crore



Problem Analysis

The Transport and Communication sector serves as the fundamental circulatory system of Bangladesh's economy, a critical enabler of commerce, social integration, and national development. An efficient, equitable, and resilient network is not merely an economic asset but a prerequisite for sustainable growth and shared prosperity. However, a critical analysis of the sector reveals deep-seated structural imbalances that severely constrain its potential. Decades of development policy have fostered a system that is overwhelmingly reliant on road transport, leading to a cascade of negative consequences including crippling economic losses from congestion, an alarming public safety crisis, widening regional disparities, and significant environmental degradation.

The systemic imbalance is the central challenge confronting the sector. The national transport network is dangerously skewed towards road transport, while more efficient, cost-effective, and environmentally sustainable modes like railways and inland waterways have been systematically neglected. This over-reliance is clearly illustrated by the modal share, where road transport constitutes approximately 90% of passenger traffic and 88% of cargo movement (Dappe and Kunaka 2023). This policy trajectory represents a long-term failure to leverage the nation's natural advantages, particularly its extensive river network. The decline of the railway system is equally telling; its modal share for both passenger and freight traffic has plummeted from a significant 30% in 1975 to a mere 4% in recent years, underscoring a strategic void in national planning (adbheadhoncho 2022).



passenger and freight traffic of the railway system

Plummeted from 30% in 1975 to a mere 4% in recent years

This road-centric model has, in turn, precipitated a crisis of urban mobility. The focus on expanding road infrastructure without a commensurate investment in mass public transit and effective demand management has resulted in hyper-congestion, particularly in the capital, Dhaka. This daily gridlock erases the productivity gains from economic growth. Recent analyses quantify this staggering economic toll, with daily losses attributed to traffic congestion in Dhaka amounting to billions of Taka and an estimated five million wasted work hours each day (Accident Research Institute (ARI) 2024). The inefficiency is compounded by inequitable use of infrastructure; private cars, which constitute only about 4% of vehicles, occupy an estimated 70% of the road space, a clear indicator of a system that prioritizes private convenience over public mobility (Accident Research Institute (ARI) 2024). This chronic congestion is not merely a localized issue for the capital; it is a direct symptom of a national policy failure.

The persistent underinvestment in regional infrastructure and the neglect of alternative transport modes have forced economic activity and migration to concentrate in Dhaka, creating an unsustainable and overburdened urban model that requires a national-level solution of decentralization and balanced regional investment. Furthermore, the prevailing transport model has created one of the world's most hazardous travel environments, with road accidents constituting a public health epidemic. In 2024 alone, Bangladesh witnessed over 7,294 road accident fatalities. A significant portion of these deaths, over 35%, involved motorcycles, a mode of transport whose popularity is a direct symptom of the lack of safe, reliable, and affordable public transport alternatives (Accident Research Institute (ARI) 2024). This stands In contrast to the inherent safety of rail and regulated waterway transport, highlighting the human cost of the current policy imbalance.

Investment patterns have also exacerbated regional inequality. Funding has been disproportionately channeled into major corridors and high-visibility projects, leaving entire regions with inadequate infrastructure. This stifles local economic potential, as seen in areas like the Barisal division, which lacks any rail connectivity, and the inadequate capacity of feeder roads in the south, which limits the economic benefits of the Padma Bridge. This demonstrates a critical disconnect between the completion of flagship projects and the development of a functional, integrated network that serves the entire nation. The government's focus on capital-intensive mega-projects, while politically visible, often fails to address these "last-mile" and systemic connectivity issues that define the daily experience of citizens and businesses.

Finally, the current transport model is a major and growing contributor to environmental degradation. The sector's CO_2 emissions are rising steadily, with road transport responsible for 77% of the sector's total emissions and nearly 10% of the entire economy's emissions (Eden 2024). This heavy reliance on fossil-fuel-based road vehicles is a primary driver of the severe air pollution plaguing major cities, posing long-term risks to public health and environmental sustainability. A fundamental strategic reorientation is therefore not only an economic imperative but a crucial step towards a safer, more equitable, and greener future.

70% of the road occupy Private cars	**7,294** Road accident, (2024)
4% of vehicles Constitutes Private cars	**Over 35%** Motorcycle deaths

Road transport emissions
77% of the total emissions
(10% of the entire economy's emissions)

Review of the Government's Budget and Priorities

An examination of the government's budget for fiscal year 2025-26 reveals a continued adherence to the established policy trajectory, perpetuating the structural problems that undermine the transport and communication sector's efficiency and equity. While the total allocation of BDT 71,344.00 crore appears substantial, its distribution across sub-sectors confirms a strategic inertia that prioritizes road-based infrastructure over a balanced, multi-modal system (Budget 2025-26, Ministry of Finance 2025). This approach represents a significant misallocation of national resources, failing to address the root causes of congestion, public safety hazards, and regional imbalances.

The government's priorities are most clearly articulated through its allocation patterns. The Road Transport and Highways Division is the primary beneficiary, receiving BDT 38,496 crore, which constitutes over 54% of the total sectoral budget. This disproportionate funding reinforces the nation's over-reliance on road transport. In contrast, the Ministry of Railways receives an allocation of BDT 11,944 crore, less than one-third of the amount directed to roads. This level of investment is fundamentally insufficient to engineer the necessary modal shift towards a safer, more efficient, and environmentally friendly rail network. Similarly, the Ministry of Shipping is allocated BDT 10,279 crore (Ministry of Finance 2025). While its budget document outlines numerous important activities like dredging and port development, the overall funding level remains secondary to roads, precluding a genuine revitalization of the country's vast and underutilized inland waterways.

The government's strategy exhibits a clear bias towards a few capital-intensive mega-projects, such as expressways, metro lines, and large bridges, which are often politically visible "deliverables". The Bridge Division's allocation of BDT 6,022 crore further points to this focus on high-cost individual projects rather than comprehensive network-wide improvements (Ministry of Finance 2025).

This approach, while delivering tangible assets, fails to address the more complex, systemic issues of public transport quality, inter-regional equity, and multi-modal integration. For instance, the development of a metro line in the capital is a positive step, but it occurs within a context where the broader public bus system remains chaotic, underfunded, and inefficient, serving a far larger portion of the population. This short-term political logic of focusing on inauguratable projects comes at the expense of long-term systemic reforms that are less visible but ultimately more impactful for the majority of citizens. While the continued investment in national highways is essential, the current allocation ratio suggests a missed opportunity to catalyze a strategic shift towards more sustainable and cost-effective transport modes. Instead of correcting the historical imbalance, the budget effectively locks the nation into a high-cost, high-congestion, and high-risk future. This budgetary framework also fosters a feedback loop of dependency on foreign loans for large projects, which not only increases the national debt burden but can also align national priorities with the mandates of external financiers rather than the nuanced, ground-up needs of the population. The critical gaps between the government's actions and the sector's real needs—a balanced network, safe public transit, and equitable regional connectivity—remain largely unaddressed.

THE ROAD TRANSPORT AND HIGHWAYS DIVISION 54%
of the total sectoral budget

MINISTRY OF RAILWAYS
LESS THAN ONE-THIRD OF THE AMOUNT DIRECTED TO ROADS

Proposed National People-Centered Budget and Action Plan

In response to the deep-seated structural deficiencies and the shortcomings of the government's current fiscal strategy, this National People-Centered Budget proposes a fundamental re-prioritization of investment in the Transport and Communication sector. The proposed total allocation is BDT 174,100.93 crore, a 2.44 times increase over the government's BDT 71,344.00 crore. This substantial increase is not an arbitrary expansion of spending, but a calculated, transformative national investment designed to create a balanced, efficient, safe, and equitable transport system that can serve as a true catalyst for sustainable development.

The proposal is defined by a strategic reallocation of resources to correct the historical modal imbalance. At the heart of this strategy lies a bold and transformative investment in our railways and inland waterways, which will pave the way for sustainable growth and improved connectivity. The Ministry of Railways is allocated BDT 38,956.48 crore, a 3.26 times increase, to establish a low-cost, safe, and environmentally friendly backbone for both freight and passenger transport across the country. This directly addresses the issues of road congestion and the public safety crisis. Similarly, the Ministry of Shipping receives BDT 29,297.94 crore, a 2.85 times increase, to leverage Bangladesh's natural riverine geography, which will reduce pressure on roads, lower logistics costs, and promote sustainable transport, aligning with the core logic of a people-centric budget.

This National People-Centered Budget does not neglect road infrastructure; rather, it re-focuses the investment. The proposed allocation for the Road Transport and Highways Division is BDT 60,875.09 crore, a significant 1.58 times increase. This funding is targeted for qualitative improvements: constructing the missing bypasses and widening crucial regional arteries to unlock local economies, enhancing road safety features to reduce fatalities, and developing the necessary infrastructure to support a modern, reliable public bus system. The substantial increases for the Bridge Division (4.58x), Post and Telecommunications Division (3.14x), and Ministry of Civil Aviation and Tourism (4.34x) are similarly targeted. These investments are directed towards building strategic bridges that complete network loops, enhance multi-modal connectivity, and modernize the country's digital and international gateways, which are all crucial for a globally integrated economy.

Table 1 provides a clear comparison of the proposed allocations against the government's budget, illustrating the scale of the strategic re-prioritization.

This budget is, in effect, an action plan. Its first objective is to correct the modal imbalance by shifting the investment focus to rail and water, thereby reversing the decades-long trend of road dependency. Secondly, it tackles urban congestion at its root. By investing heavily in regional connectivity and creating a viable national public transport network, the budget reduces the economic impetus for hyper-centralization in Dhaka. This approach treats the cause, not just the symptom, of urban gridlock. Finally, it prioritizes public safety and equity. A shift to rail and regulated water transport is a direct investment in saving thousands of lives lost on roads annually, while the focus on regional infrastructure ensures that the benefits of development are shared more equitably across the country.

Crucially, this budget is an instrument of fiscal decentralization. By heavily funding regional rail, road, and river port projects, it empowers local economies, creating growth hubs that can thrive independently and reduce the unsustainable pressure on the capital. Furthermore, the significant increase in the operational budget (from BDT 12,594 crore to BDT 21,154 crore) alongside the development budget signals a commitment not just to building new infrastructure but to maintaining and operating it effectively. This addresses a common failure point where new assets degrade quickly due to insufficient operational funding, thus ensuring the long-term viability and return on these national investments. This National People-Centered Budget, therefore, reflects a fundamentally different development philosophy—one that is strategic, systemic, equitable, and sustainable, designed to build a transport and communication network fit for Bangladesh's future aspirations.

Table 1: Comparative Budgetary Allocation for Transport and Communication, FY2025-26 (BDT in Crore)

Ministry / Division	Government Budget (BDT)	Proposed Budget (BDT)	Increase Factor (x)
Road Transport and Highways Division	38,496.00	60,875.09	1.58
Ministry of Railways	11,944.00	38,956.48	3.26
Ministry of Shipping	10,279.00	29,297.94	2.85
Ministry of Civil Aviation and Tourism	2,455.00	10,647.57	4.34
Post and Telecommunications Division	2,148.00	6,737.90	3.14
Bridge Division	6,022.00	27,585.94	4.58
Total Sector Allocation	**71,344.00**	**174,100.93**	**2.44**

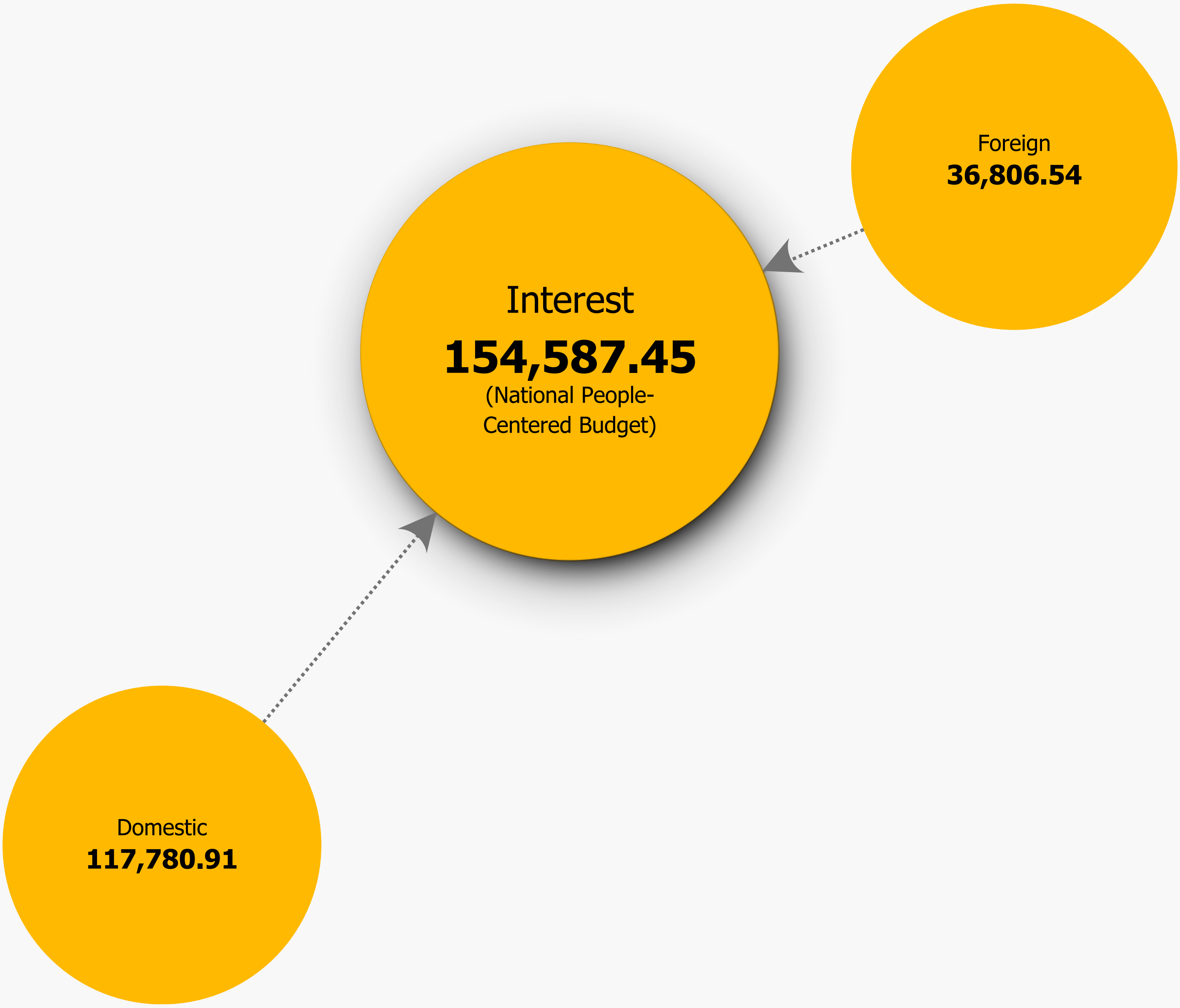
Source: Analysis of Government and Proposed National People-Centered Budget Data

Expenditure Chapter - **14**

Interest

Segregation

Note: Amount BDT in Crore



Problem Analysis

Interest payment, as a line item in the national budget, represents far more than a simple financial obligation; it is the fiscal manifestation of a nation's cumulative debt and a critical barometer of its fiscal health and sovereignty. For Bangladesh, this budgetary head has evolved from a manageable expenditure into one of the largest and most rapidly growing claims on public resources. Its trajectory raises profound questions about the sustainability of the country's development financing model. The strategic importance of managing interest payments lies in its direct impact on fiscal space—the room available for discretionary spending on vital public services such as education, health, and infrastructure. An escalating interest burden invariably constricts this space, forcing a trade-off between servicing past debts and investing in the future. This expenditure is broadly composed of two key elements: domestic interest, paid on government securities and other local borrowings, and foreign interest, paid on loans from bilateral and multilateral partners. Each component carries distinct risks and economic implications, from the crowding-out of private investment by domestic borrowing to the exposure to exchange rate volatility and external policy pressures from foreign debt.

The fundamental challenge confronting Bangladesh is not merely the size of the interest payment but the underlying debt accumulation that drives it. This situation is symptomatic of a deeper structural issue: a long-standing and critical gap between public expenditure and domestic revenue mobilization. The nation's tax-to-GDP ratio has remained stubbornly low, hovering around 7.4% in recent years, a figure significantly below that of peer economies and insufficient to fund the nation's developmental aspirations (McPherson 2024). This chronic revenue shortfall has compelled successive governments to rely heavily on borrowing, both domestically and externally, creating a self-perpetuating cycle of debt and interest.

This reliance on borrowing, particularly from foreign sources, has been philosophically critiqued as fostering a "culture of dependency" that compromises economic sovereignty for the illusion of development assistance. Much of this external financing, often tied to specific projects and conditions, serves the economic and political interests of donor entities more than the foundational needs of the populace. This dynamic has led to the accumulation of a significant debt stock. As of fiscal year 2023-24, total public debt reached BDT 18.3 lakh crore, equivalent to 36.3% of GDP (Ministry of Finance 2025). While the overall debt-to-GDP ratio may appear manageable by some international standards, its upward trajectory and composition are causes for significant concern.

The problem is poised to intensify dramatically. Bangladesh is on the cusp of a significant "repayment shock" as the grace periods for several large, foreign-funded mega-projects conclude. Projections indicate that the annual repayment of foreign loans, which currently stands at a manageable level, could double as a percentage of GDP between 2024 and 2028. This impending surge in debt servicing obligations, particularly to lenders from China and Russia, will place immense pressure on the nation's finances. This risk is further magnified by the steady depletion of foreign exchange reserves, which have fallen from a peak of over $48 billion in 2021 to below $21 billion (as per BPM6) in early 2025 (Bangladesh Bank 2025). A shrinking reserve buffer severely curtails the country's capacity to service its foreign currency-denominated debt, creating a tangible threat to macroeconomic stability. The current state of interest payments is, therefore, not a static issue but the leading edge of a gathering fiscal storm.

7.4% Tax-to-GDP ratio	Public debt **BDT 18.3 lakh crore** (fiscal year 2023-24)

Review of the Government's Budget and Priorities

An analysis of the government's budgetary allocations provides a clear window into its fiscal priorities. In the proposed budget for FY2025-26, the allocation for Interest Payment stands at a colossal BDT 122,000.00 crore (Budget 2025-26, Ministry of Finance 2025), making it the second-largest expenditure head after Public Administration. This allocation accounts for approximately 15.4% of the total government budget, highlighting the severity of the debt burden. This prioritization, while necessary to maintain national creditworthiness, reveals a fiscal policy that is fundamentally reactive. It is a budget cornered by past decisions, where servicing obligations dictate spending patterns and significantly curtail investments in human capital and productive capacity. Recent fiscal data validates this concern; in the first seven months of FY25, interest payments and subsidies together absorbed nearly half of all government expenditure, with interest payments alone surging by 27% year-on-year (Ministry of Finance 2025).

Interest Payment

15.4%
of the total government budget

27%
surging by year-on-year

second-largest expenditure head after Public Administration

The government's approach, as reflected in the budget, appears to be one of managing a perpetual cycle of debt rather than charting a course to escape it. The allocation of BDT 100,000.00 crore for domestic interest and BDT 22,000.00 crore for foreign interest is a testament to managing the immediate consequences of this cycle. However, it does not address the root cause—the structural deficit in domestic revenue generation. The critical gap in the government's strategy is its implicit acceptance of this debt-driven development model as the unalterable status quo. The budget is designed to service the debt required by the current economic model, but it lacks a transformative vision to change the model itself. Consequently, essential development sectors are deprioritized. While interest payments command the second-highest allocation, vital areas like Health, Agriculture, and Social Security and Welfare receive comparatively smaller shares, demonstrating a clear and concerning trade-off.

This budgetary framework falls short of addressing the nation's real needs, which extend beyond mere fiscal solvency to include sustainable and equitable development. By allocating such a vast quantum of resources to interest servicing, the government is effectively diverting funds that could be used to strengthen the domestic economy, enhance social safety nets, and build resilience against future shocks. The official budget, therefore, represents a strategy of containment, aimed at keeping the fiscal situation from deteriorating further. It lacks the ambition to fundamentally restructure the country's public finances, break the dependency on borrowing, and reclaim the fiscal space needed for a sovereign development agenda. It treats the symptom—the massive interest payment—while leaving the underlying disease of inadequate domestic resource mobilization and debt dependency to fester.

Proposed National People-Centered Budget and Action Plan

In direct response to the structural weaknesses and misplaced priorities identified, the National People-Centered Budget presents a strategic, forward-looking approach to managing the nation's interest payment obligations. The proposal is not merely an incremental adjustment but a fundamental reorientation of fiscal philosophy, designed to steer Bangladesh away from the precipice of a debt crisis and towards a future of fiscal sovereignty. We put forward a total allocation of BDT 154,587.45 crore for Interest Payment in FY2025-26, an increase of 1.27 times over the government's proposal. While this appears paradoxical for an anti-debt framework, the composition of this allocation reveals a deliberate and strategic plan.

For domestic interest, an allocation of BDT 117,780.91 crore is proposed, an 18% increase over the government's BDT 100,000.00 crore. This is a pragmatic acknowledgement of the prevailing macroeconomic realities, including rising yields on treasury bills and bonds, which will inevitably increase the cost of servicing domestic debt. This allocation ensures that the government can meet its domestic obligations without disruption. However, this is a short-term measure within a long-term strategy to reform domestic borrowing by reducing reliance on high-cost, market-distorting instruments and fostering a more efficient and liquid domestic bond market.

The central pillar of the strategy is the allocation of foreign interest payments in a manner that reinforces fiscal discipline while supporting long-term development goals. An allocation of BDT 36,806.54 crore is recommended, representing a substantial 67% increase over the government's allocation of BDT 22,000.00 crore. This is not an endorsement of foreign debt; it is the financing for an aggressive debt retirement acceleration strategy. The foundational logic is that the most effective way to escape the "culture of dependency" is to extinguish its source as rapidly as possible. This increased allocation will be used to expedite the repayment of principal and interest on existing, particularly non-concessional, foreign loans. By doing so, we aim to pre-empt the looming repayment shock of 2027-28, reduce long-term interest costs, and mitigate exposure to exchange rate risk. This proactive measure is a direct investment in reclaiming Bangladesh's economic sovereignty.

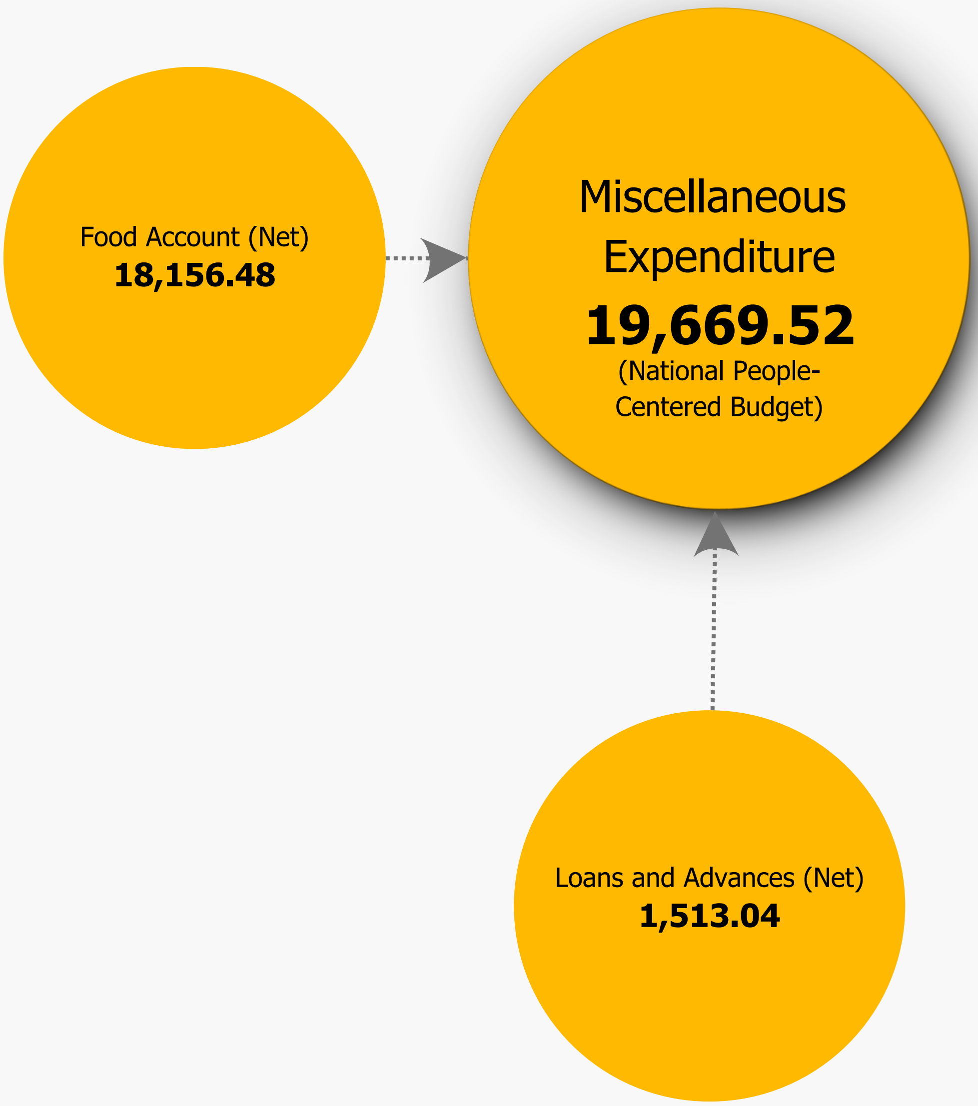
Crucially, this entire National People-Centered Budget, including the strategically increased interest payments, is designed to be financed without incurring any new net foreign borrowing. The fiscal space is created through a robust and equitable domestic revenue mobilization plan, centered on untapped sources such as a progressive wealth tax, taxes on excess corporate profits, and the recovery of illicitly transferred funds. By shifting the revenue burden from consumption-based indirect taxes to direct taxes on wealth and unearned income, we not only fund the expenditures but also address the root cause of the debt cycle and reduce economic inequality.

In conclusion, the proposed budget for the Interest Payment sector transforms this expenditure from a passive burden into an active tool of strategic fiscal management. By realistically servicing domestic debt while aggressively retiring foreign liabilities—all funded through a just and sovereign revenue system—National People-Centered Budget lays out a clear and viable path for Bangladesh. It moves beyond the government's reactive cycle of borrowing and servicing, offering instead a decisive strategy to dismantle the architecture of debt dependency and build a foundation for a more resilient, equitable, and prosperous future.

Miscellaneous Expenditure

Segregation

Note: Amount BDT in Crore



Problem Analysis

The Miscellaneous Expenditure sector, while often perceived as a residual category in national budgeting, serves as a powerful indicator of a government's underlying fiscal philosophy. Its primary components, the Food Account (Net) and Loans and Advances (Net), represent a fundamental dichotomy in public finance: a choice between direct investment in the immediate well-being of citizens and indirect financial support to state-affiliated entities. The allocation of resources between these two sub-sectors is not merely a technical exercise; it is a clear statement of priorities. It reveals whether the state's primary objective is to build human capital and social resilience from the ground up or to maintain the stability of existing institutional structures. This chapter posits that a strategic and evidence-based approach to this sector, one that prioritizes people over institutional stopgaps, is essential for fostering equitable and sustainable development in Bangladesh.

Bangladesh faces a persistent, structural challenge in the form of food insecurity, exacerbated by relentless inflationary pressure. This is not a transient issue but a chronic condition that undermines the nation's economic progress. The foundational logic for addressing this is that ensuring food security is a prerequisite for sustainable development. It is a direct investment in human capital, social stability, and long-term economic productivity. Chronic food price volatility erodes the purchasing power of the most vulnerable households, trapping them in a cycle of poverty and hindering national advancement. Recent data confirms the severity of this challenge. Throughout fiscal years 2024 and 2025, food inflation has remained stubbornly high, frequently hovering in the double digits (Bangladesh Bank 2025). According to the Bangladesh Bureau of Statistics (BBS), while there have been monthly fluctuations, the overarching trend points to a sustained period of high food prices that disproportionately harm low- and fixed-income families. This is compounded by underlying vulnerabilities. Reports from the World Food Programme (WFP) highlight that millions of Bangladeshis remain food insecure and susceptible to climate shocks, underscoring the critical need for robust, state-led safety nets. The complete dependence of nearly one million Rohingya refugees on humanitarian food assistance further illustrates the fragility of the food system for large segments of the population.

Concurrently, the nation's budget is burdened by a significant fiscal drain operating through the 'Loans and Advances (Net)' sub-sector. This budgetary line item functions less as a mechanism for productive lending and more as an opaque channel for subsidizing inefficient and chronically loss-making State-Owned Enterprises (SOEs). The logic for curtailing this expenditure is compelling: channeling significant public funds into entities that consistently fail to perform represents a massive opportunity cost and a severe fiscal liability. This practice perpetuates a culture of inefficiency, rewards poor governance, and diverts scarce resources away from more productive, people-centric investments. The evidence of this fiscal drain is overwhelming. According to Ministry of Finance, for fiscal year 2025, the combined net losses of SOEs are projected to skyrocket to BDT 28,047.97 crore, a nearly five times increase from the previous year. The Bangladesh Power Development Board (BPDB) alone is forecast to lose BDT 18,103.60 crore, while the Trading Corporation of Bangladesh (TCB) is expected to lose nearly BDT 6,000 crore. These are not anomalies but part of a long-standing pattern of financial failure. These operational losses inevitably translate into massive public debt and de facto bailouts.

The BPDB's outstanding loan from the government, which it has requested be converted into a subsidy, stood at a staggering BDT 566 billion as of FY2024. Similarly, the TCB required a BDT 150 billion subsidy from the government in FY25 to offset its trade gap (Ministry of Finance 2025). These are not investments in future growth but after-the-fact infusions to cover systemic failures. The problem is so acute that SOE reform and the management of their debts have become key conditionalities in financial assistance packages from international partners like the International Monetary Fund (IMF), signaling global recognition of this deep-seated structural weakness. The persistent, large-scale allocation to "Loans and Advances" is therefore not an issue in isolation; it is the direct cause of the chronic underfunding of the "Food Account." By channeling billions into a fiscal black hole to prop up inefficient SOEs, the state actively diverts capital that could be used for vital social safety nets, creating a vicious cycle where institutional inefficiency fuels social neglect.

STATE-OWNED ENTERPRISES PROJECTED TO INCREASE
FIVE TIMES from the previous year, 2025

TRADING CORPORATION OF BANGLADESH (TCB) TO LOOSE
BDT 6,000 CRORE

BANGLADESH POWER DEVELOPMENT BOARD (BPDB) TO LOOSE
BDT 18,103.60 CRORE

Review of the Government's Budget and Priorities

An analysis of the government's proposed budget for the Miscellaneous Expenditure sector in FY2025-26 reveals a clear and concerning set of priorities. The allocation significantly prioritizes indirect institutional support over direct assistance to citizens, perpetuating a policy of fiscal inaction instead of addressing the country's urgent economic issues.

Over 92% of the sector's resources are earmarked for 'Loans and Advances', a sub-sector historically linked to financing the deficits of underperforming SOEs. In contrast, a mere 7.5% is allocated to the 'Food Account', the primary vehicle for addressing food security. This distribution reflects a budget rooted in past practices of institutional bailouts, failing to adapt to the present-day realities of high food inflation and widespread economic distress among the populace.

The critical gap exposed by this allocation is the profound misalignment between government spending and the nation's real needs. The BDT 682.53 crore designated for the Food Account is a token gesture, wholly insufficient to make a meaningful impact on the structural problems of food inflation and insecurity detailed previously. It stands In contrast to the billions required to establish a functional food safety net that could shield millions from price volatility. The continued massive funding for 'Loans and Advances' represents a failure to impose fiscal discipline and sends a damaging signal that poor performance and a lack of accountability within SOEs will continue to be underwritten by public funds. This approach is fiscally unsustainable, particularly given Bangladesh's rising public debt burden and the persistent calls from development partners for meaningful reform in the governance and financial management of state enterprises. The problem with this budgetary approach extends beyond the numbers themselves; it lies in the immense opportunity cost it represents. Every taka spent covering the deficit of an inefficient SOE is a taka not spent on a subsidized food package for a vulnerable family. In a climate of persistent high food inflation, this is not a neutral financial decision; it is a policy choice that actively prioritizes institutional stability over the welfare of citizens. The budget fails to recognize that investing in food security could yield far higher long-term economic returns—through a healthier, more productive workforce and greater social cohesion—than continuing to prop up entities with proven track records of financial failure and mismanagement.

Proposed National People-Centered Budget and Action Plan

In response to the misaligned priorities of the official budget, this People-Centered proposal advocates for a deliberate and strategic paradigm shift. It moves away from indirect, inefficient institutional support and towards direct, high-impact social investment. This is achieved through a radical but fiscally responsible reallocation of resources within the Miscellaneous Expenditure sector, designed to address the nation's most urgent needs head-on.

The justification for this transformative proposal is grounded in the evidence-based analysis of the sector's core problems. The monumental, 26-fold increase in the Food Account allocation, from BDT 682.53 crore to BDT 18,156.48 crore, is not arbitrary. This represents the necessary funding required to implement a key policy: the establishment of a nationwide 'statutory rationing system'. Such a system serves as a multi-pronged solution to the challenges outlined earlier. It directly combats the debilitating effects of food inflation for millions of poor, marginalized, and low-income households. It establishes a nutritional floor, enhancing public health and building human capital for the future. Furthermore, it acts as a powerful tool for social stabilization in times of economic uncertainty. This allocation is a direct and scaled response to the persistent food insecurity and inflation documented by the BBS and WFP.

Conversely, the drastic 82% reduction in the 'Loans and Advances' budget, from BDT 8,390.71 crore to BDT 1,513.04 crore, is a necessary measure to enforce fiscal discipline and halt the unproductive cycle of SOE bailouts. This is not an anti-state-enterprise policy but a pro-efficiency and pro-accountability policy. It forces a long-overdue reckoning with the chronic mismanagement, governance failures, and financial losses that have plagued these institutions for years, as extensively documented in performance reports and financial statements. The capital freed from this non-productive use is then strategically redeployed to an area of critical national need with a high potential for social and economic returns.

This proposed reallocation is designed to initiate a virtuous economic cycle, replacing the current vicious one. By cutting funds to inefficient SOEs and redirecting them to a national food security program, multiple positive outcomes are achieved simultaneously. First, it provides immediate relief to the most vulnerable populations, shielding them from the corrosive effects of inflation. Second, it represents a long-term investment in the nation's future, as improved nutrition leads to a healthier and more productive workforce, reducing future social and healthcare costs. Third, it imposes fiscal discipline, compelling SOEs to confront their operational inefficiencies and reducing the long-term drain on the national treasury. Finally, a large-scale rationing system creates stable, predictable demand for essential agricultural commodities, which can provide vital support to the rural economy. In conclusion, this targeted reallocation within the Miscellaneous Expenditure sector is a powerful demonstration of a people-centric fiscal philosophy. It is an evidence-based, fiscally prudent, and strategically sound approach that prioritizes tangible social returns and sustainable development over the perpetuation of an inefficient and inequitable status quo.

Table 1: A Strategic Reallocation: Comparing Budgetary Priorities for Miscellaneous Expenditure in FY2025-26 (BDT in Crore)

Sub-Sector	Government Proposal (BDT)	Proposed Budget (BDT)	Change (Times)
Food Account (Net)	682.53	18,156.48	26.60
Loans and Advances (Net)	8,390.71	1,513.04	0.18
Total Miscellaneous Expenditure	**9,073.24**	**19,669.52**	**2.17**

Source: Government and National People-Centered Budget Data for FY2025-26

Expenditure Chapter - **16**

Ministry of Research, Innovation, Diffusion and Development

Segregation

Note: Amount BDT in Crore

Ministry of Research, Innovation, Diffusion and Development

111,602.67

(National People-Centered Budget)

Problem Analysis

The trajectory of a nation's development is increasingly defined not by the abundance of its labour but by the depth of its intellectual capital and its capacity for innovation. For Bangladesh to achieve its long-term aspirations of becoming a developed economy, a fundamental paradigm shift is required in how it perceives and prioritizes knowledge creation. The prevailing view of research as a discretionary expenditure must be decisively replaced by the understanding that it is the most critical form of national investment. This perspective, which frames research, innovation, diffusion, and development (RID&D) as the bedrock of a prosperous and equitable society, necessitates the creation of a dedicated, strategic, and well-resourced institutional framework.

This strategic priority stands in sharp contrast to the current reality of systemic underinvestment. According to the most recent data from the Bangladesh Bureau of Statistics (BBS), the nation's gross expenditure on research and development (GERD) as a share of Gross Domestic Product (GDP) was a mere 0.30% in fiscal year 2020-21. This figure not only represents a decline from 0.35% in FY19 and 0.31% in FY20 but also places Bangladesh among the lowest-ranking countries globally in R&D investment. This trend of stagnation, and indeed regression, during a period of otherwise positive economic growth indicates a critical structural weakness: the nation's economic expansion is not translating into a more sophisticated, knowledge-based foundation. Instead, it risks reinforcing a dependency on low-technology, low-value-added sectors.

GLOBAL INNOVATION INDEX 2022
BANGLADESH RANKED 102ND

A comparative analysis throws this challenge into sharper relief. Bangladesh's ranking of 102nd in the Global Innovation Index 2022 lags significantly behind regional peers such as India (40th) and Indonesia (75th) (Global Innovation Index,2022). The disparity is even more pronounced when compared to innovation-led economies like South Korea, which consistently invests around 4.93% of its GDP in R&D (World Intellectual Property Organization (WIPO) 2024). This is not merely a statistical gap; it is a widening strategic chasm that undermines Bangladesh's future competitiveness. This chronic underinvestment has created a vicious cycle with severe, tangible consequences. The lack of public funding and a coherent national strategy fosters a hostile environment for innovators, with startups facing acute funding gaps, ambiguous regulatory hurdles, and a shortage of skilled talent. This directly contributes to the nation's low economic complexity—ranking 113th out of 133 countries—and its continued over-reliance on the Ready-Made Garments (RMG) sector, a vulnerability that constrains long-term resilience, according to OEC data. Furthermore, the absence of a vibrant domestic research ecosystem accelerates the "brain drain" of the nation's brightest minds, a direct and irreplaceable loss of intellectual capital. This self-perpetuating cycle—where low investment prevents the economic transformation that would necessitate such investment—can only be broken by a deliberate, state-led strategic intervention.

South Korea investment in R&D 4.93% of GDP

Review of the Government's Budget and Priorities

An analysis of the government's national budget reveals a profound misalignment between its stated developmental ambitions and its fiscal priorities concerning innovation. The most telling evidence of this strategic gap is the complete absence of a dedicated, cabinet-level ministry for research and innovation. Instead of a cohesive, centralized strategy, the government's current approach is characterized by fragmentation and insufficient resourcing. What little funding exists for R&D is scattered across various ministries and divisions, including the Ministry of Science and Technology, the Information and Communication Technology (ICT) Division, and small research components within larger ministries like Education and Agriculture. This fragmented allocation prevents the creation of vital synergies, leads to duplicated efforts, and fails to build a national innovation ecosystem with the scale and coherence required to compete globally. Without a central body to set priorities, coordinate efforts, and champion a national research agenda, these disparate investments cannot achieve a transformative impact.

Deeper analysis of spending patterns reveals a systemic preference for tangible infrastructure over intangible intellectual capital. A significant portion of development budgets, particularly in sectors that should be hubs of knowledge creation like education, is directed towards physical construction. For instance, an examination of the Annual Development Programme (ADP) for the Secondary and Higher Education Division shows that the vast majority of projects—as many as 55 out of 58 in a given year—are focused on building construction and beautification rather than on research grants, curriculum development, or teacher training (Ministry of Finance 2025). This reveals a budgetary bias for "hardware" (buildings, labs) over the "software" (human talent, research funding, innovative projects) that gives such infrastructure its purpose and value. This approach results in the creation of institutional shells that are well-constructed but lack the dynamic intellectual activity needed to drive national progress. A new science building is a visible and politically expedient output, but it contributes little to innovation without world-class researchers and well-funded projects operating within it.

This strategic incoherence is most evident when juxtaposed with the government's stated vision of creating a "Smart Bangladesh" by 2041 (Sharif 2025). A "smart" economy is, by definition, an innovation-led economy driven by knowledge, data, and high-level skills. The current budgetary framework, which lacks a strategic, well-funded, and central institution for RID&D, demonstrates a critical disconnect between national ambition and fiscal reality. Without a budget that intelligently invests in the intellectual foundations of the future, the vision of a "Smart Bangladesh" remains an aspiration without a credible action plan.

Proposed National People-Centered Budget and Action Plan

To address the systemic challenges of underinvestment and strategic fragmentation, this National People-Centered Budget proposes the establishment of a Ministry of Research, Innovation, Diffusion, and Development (RID&D). This is not merely an administrative reshuffling but a foundational, non-negotiable investment in the nation's future. The creation of this ministry provides the institutional architecture required to break the vicious cycle of underinvestment, execute a coherent national innovation strategy, and transform Bangladesh into a knowledge-based economy. It is envisioned as the central nervous system for the country's entire innovation ecosystem.

To empower this ministry to fulfill its transformative mandate, a substantial and strategic financial commitment is essential. The proposed allocation for FY2025-26 is designed to catalyze a nationwide innovation revolution, marking a decisive departure from the current state of neglect. The justification for this significant allocation of BDT 111,602.67 crore is rooted in a clear, action-oriented strategy designed to address the specific gaps identified in the preceding analysis.

The Operational Budget of BDT 28,123.43 crore is the foundational investment in building a world-class institution. This funding will be directed towards establishing the core "software" of the innovation ecosystem: a national research council to guide strategic priorities, a network of technology transfer offices to bridge the gap between academia and industry, robust intellectual property protection agencies, and a global recruitment drive to attract top-tier Bangladeshi and international talent to lead these efforts. This allocation directly confronts the "hardware vs. software" fallacy by prioritizing the development of human and institutional capacity, ensuring that the nation's innovation infrastructure is led by expertise, not just housed in new buildings.

The Development Budget of BDT 83,479.24 crore will serve as the primary fuel for the national innovation engine. This fund is designed to be deployed strategically to stimulate activity across the entire research-to-market pipeline. It will be used to establish large-scale, competitive research grants for universities and public research institutions, reversing the trend of underfunding that stifles academic discovery. It will finance national R&D projects in strategic sectors critical to Bangladesh's future, such as climate-resilient agriculture, financial technology, biotechnology, and renewable energy. A significant portion will be dedicated to creating a national venture capital fund to provide crucial seed and early-stage funding for startups, directly addressing the financing gap that forces promising ventures to fail prematurely. Finally, these funds will support the creation of interconnected innovation hubs and science parks, fostering collaboration between researchers, entrepreneurs, and industry.

The Ministry of RID&D will execute a clear action plan to translate this investment into tangible outcomes. It will be tasked with formulating and implementing a cohesive National Innovation Policy, establishing a Bangladesh Intellectual Property Commission to protect and commercialize local innovations, and serving as the central coordinating body for the nation's engagement with the Fourth Industrial Revolution. By creating a dynamic and well-resourced research environment, the ministry will act as a powerful "pull" factor for talent, helping to reverse the brain drain and attract the nation's best minds back to contribute to national development (Rothy and Zhang 2022).

In conclusion, the proposed Ministry of Research, Innovation, Diffusion, and Development, backed by a strategic investment of BDT 111,602.67 crore, represents the most critical step Bangladesh can take to secure its economic sovereignty and long-term prosperity. This is a decisive pivot from an economic model reliant on low-cost labour towards a future built on knowledge, creativity, and sovereign intellectual capital. It is an investment not in mere infrastructure, but in the ingenuity of the Bangladeshi people, ensuring a more resilient, innovative, and equitable future for all.

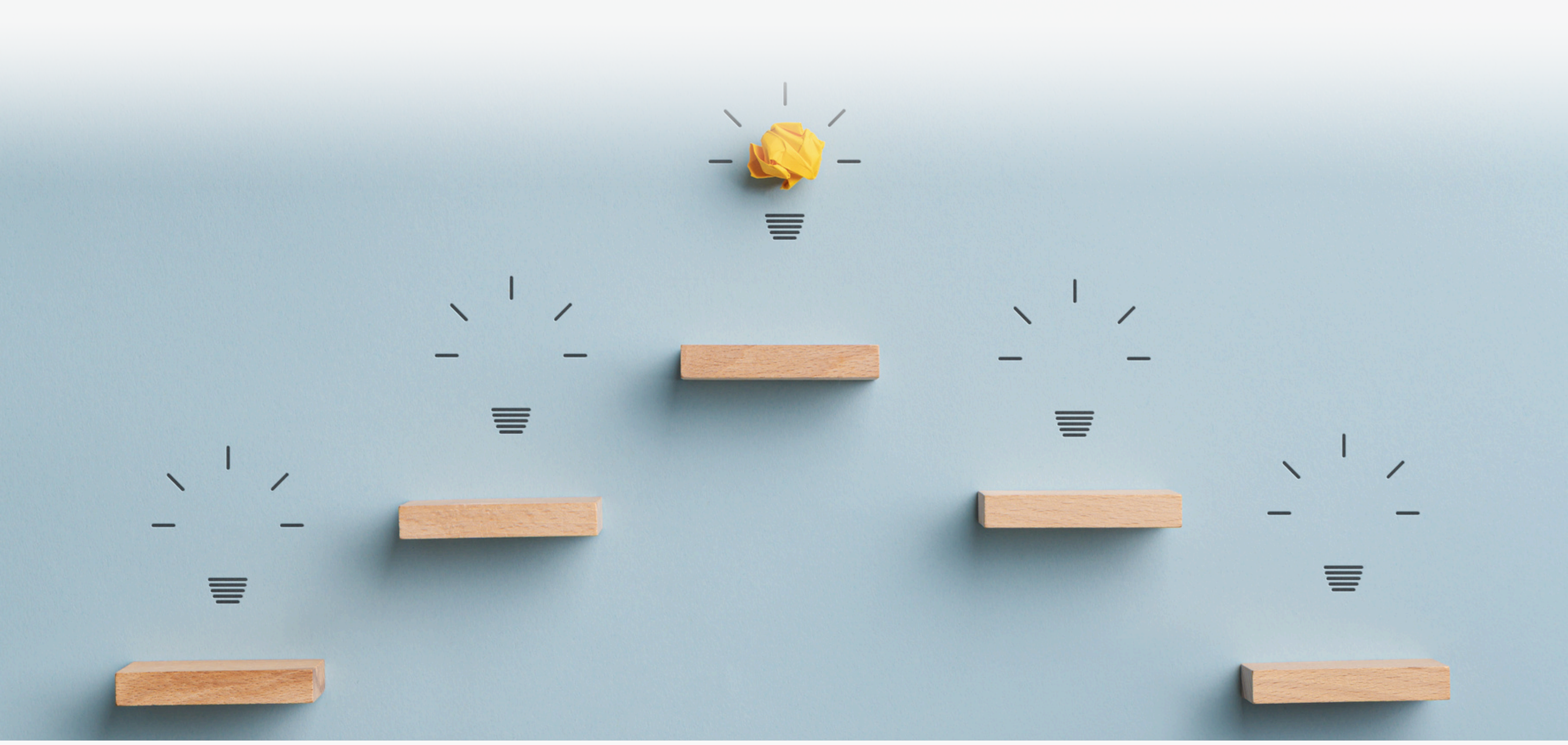


Table 1: Comparative Budget Allocation for the Ministry of Research, Innovation, Diffusion, and Development in FY2025-26 (BDT in Crore)

Allocation Category	Proposed Budget (BDT)	Percentage
Operational Expenditure	28,123.43	25.20%
Development Expenditure	83,479.24	74.80%
Total Allocation	**111,602.67**	

Source: Government and National People-Centered Budget Data for FY2025-26

Expenditure Chapter - **17**

Ministry of Public Transport

Segregation

Note: Amount BDT in Crore

Ministry of Public Transport

139,429.08

(National People-Centered Budget)

Problem Analysis

An efficient, safe, and accessible public transport system is not a commercial service but a fundamental public good, essential for ensuring social justice, economic dynamism, and environmental sustainability. The current paradigm governing transportation in Bangladesh—fragmented, under-regulated, and overwhelmingly oriented towards private vehicular movement—is structurally incapable of meeting the nation's needs. This systemic failure necessitates a paradigm shift towards a unified, state-led approach, anchored by a dedicated Ministry of Public Transport. The philosophical underpinning for this proposal is rooted in a people-centric fiscal policy that views state intervention not as a market distortion but as a constitutional obligation to reduce inequality and build a more decent and equitable society. The existing transport framework, left to the chaotic dynamics of the market, has precipitated a multi-dimensional crisis that cripples the economy, excludes vulnerable populations, degrades the environment, and is perpetuated by profound institutional incoherence.

The economic consequences of this dysfunction are staggering. Chronic traffic congestion, particularly in Dhaka, imposes a direct and debilitating cost on the national economy, estimated to be between BDT 370 billion and BDT 550 billion annually in lost productivity, wasted fuel, and associated health expenses. This paralysis translates into an estimated 5 to 8.2 million working hours being squandered each day, a catastrophic loss of human potential and economic output (Accident Research Institute (ARI) 2024). The World Bank estimates that this gridlock actively suppresses the nation's GDP growth potential by approximately 6% each year. The inefficiency is further compounded by a near 40% increase in fuel consumption due to stop-and-go traffic, draining valuable foreign exchange reserves, and increasing operational costs for businesses. This is not merely a logistical bottleneck; it is a persistent drag on the nation's economic vitality.

Beyond the quantifiable economic losses, the current transport system functions as an active agent of social exclusion and endangerment. For millions of women, daily commutes are fraught with peril. Studies consistently reveal that an overwhelming majority—between 84% and 94%—of women who use public transport have experienced some form of sexual harassment, ranging from verbal abuse and unwanted staring to groping and physical assault. This pervasive threat is exacerbated by the absence of an effective legal framework and lax enforcement, creating an environment of impunity (Ezekwe 2025a). The consequence is a severe restriction on women's mobility, which directly curtails their access to education and employment, forcing some to drop out of the workforce or school entirely and undermining national economic growth. Similarly, the system almost completely fails to accommodate persons with disabilities. With the notable exception of the nascent and geographically limited metro rail, virtually no public transport in Bangladesh is accessible for individuals with mobility impairments. Buses lack ramps, stations and terminals are poorly designed, and transport staff are often uncooperative, in direct violation of the Rights and Protection of Persons with Disabilities Act, 2013. This systemic exclusion isolates a significant portion of the population, denying them their fundamental rights and forcing them into more expensive and often unavailable private transport options, thereby limiting their participation in economic and social life (International Labor Organization 2023).

The environmental toll of the transport sector's current trajectory is equally alarming. The over-reliance on private vehicles and a poorly maintained public fleet has turned major urban centres into hotspots of severe air pollution. The transport sector is a dominant source of greenhouse gas (GHG) emissions, with road transport alone accounting for 77% of the sector's total CO_2 emissions. Vehicular emissions are a primary contributor to the hazardous levels of fine particulate matter ($PM_{2.5}$) and nitrogen oxides (NO_x) in the air, which are linked to thousands of premature deaths from respiratory and cardiovascular diseases each year (Asian Transport Observatory 2025). In 2024, Dhaka's air pollution reached its highest level in nine years, with average $PM_{2.5}$ concentrations recorded at 15 times the guideline set by the World Health Organization. This public health crisis is a direct consequence of a transport policy that incentivizes individual motorization over collective, more environmentally benign modes of transit like buses and trains.

At its core, this multifaceted crisis is a symptom of a deep-seated institutional failure. Responsibility for urban transport is scattered across at least seven ministries and thirteen different agencies, resulting in a chronic lack of coordination, overlapping jurisdictions, and conflicting priorities. This fragmentation paralyzes effective planning and leads to significant delays and cost overruns in critical infrastructure projects such as the Mass Rapid Transit (MRT) and Bus Rapid Transit (BRT) systems (Asian Development Bank 2025). It also explains the persistent failure of reform initiatives; for instance, the Dhaka Nagar Paribahan bus franchise model has been largely unsuccessful, unable to overcome the entrenched interests of powerful private operator syndicates within a disjointed governance structure (DTCA 2025). This institutional chaos ensures that policy remains reactive and piecemeal, incapable of addressing the systemic nature of the transport problem. The result is a self-perpetuating cycle of decline: underinvestment in public transport leads to deteriorating service, which pushes more people towards private vehicles, which in turn increases congestion and pollution, creating political pressure to build more roads at the expense of mass transit. This cycle must be broken through decisive institutional reform.

Increase in fuel consumption 40% Increase

LOST 5 TO 8.2 MILLION working hours DUE TO A TRAFFIC JAM IN BANGLADESH

Review of the Government's Budget and Priorities

An analysis of the government's budget for fiscal year 2025-26 reveals a set of fiscal priorities that are fundamentally misaligned with the urgent need for a public-centric transport system. The allocation patterns demonstrate a continued and disproportionate focus on infrastructure that primarily serves private vehicular mobility, while systematically neglecting the mass transit systems upon which the majority of the population depends. This budgetary stance not only fails to address the deep-seated problems of economic inefficiency, social exclusion, and environmental decay but actively exacerbates them, effectively using public funds to deepen the transport crisis.

The government's overwhelming preference for road-based infrastructure is evident in the budget figures. For FY25-26, the Road Transport and Highways Division (RTHD) has been allocated a substantial BDT 384.96 billion, while the Bridges Division is set to receive BDT 60.22 billion. This combined investment in roads and bridges, which largely benefits the minority of citizens who own private cars and motorcycles, is a continuation of a long-standing policy trend. The transport and communication sector consistently receives the largest share of the Annual Development Programme (ADP), securing nearly 26.67% of the total allocation in FY24-25, with the vast majority of these funds channelled into road and highway projects (Road Transport and Highways Division (RTHD) 2025). While these projects are often presented under the banner of "development," they fuel a cycle of induced demand, encouraging further growth in private vehicle ownership and ultimately worsening the very congestion they are meant to alleviate. This approach represents a profound misallocation of public resources, prioritizing the convenience of a few over the essential mobility needs of the masses.

This bias towards road infrastructure is mirrored by a systematic and strategic neglect of Bangladesh Railway, the most critical component of a potential national mass transit network. The railway sector's allocation for FY25-26 has been drastically cut to just BDT 119.44 billion, a significant decrease from both the revised budget of BDT 145.64 billion and the original budget of BDT 180.72 billion in the preceding fiscal year. The railway's share in the entire ADP is a minuscule 1.51% (Ministry of Finance 2025). This chronic starvation of funds has condemned the railway to a state of perpetual inefficiency and financial unsustainability, evidenced by its staggering operating ratio, where it spends over BDT 2.5 for every BDT 1 it earns. This budgetary decision is particularly indefensible given that rail transport is demonstrably safer, more energy-efficient, and has a far lower environmental impact per passenger-kilometre than road transport. The continued underfunding of the railway is not merely a fiscal oversight; it is a policy choice that prevents the development of a viable alternative to road transport and locks the country into a high-congestion, high-emission future.

The critical gap between the government's spending priorities and the nation's actual needs is therefore clear and widening. The budget fails to recognize the transport crisis as a systemic issue requiring a systemic solution. Instead of investing in high-capacity mass transit to move large numbers of people efficiently, it allocates the bulk of its resources to low-capacity infrastructure that primarily serves private vehicles. Consequently, the budget offers no meaningful response to the immense economic productivity lost to congestion, the daily threats to women's safety, the exclusion of persons with disabilities, or the public health emergency caused by vehicular air pollution. The government's fiscal plan supports a two-tiered system: modern, publicly-funded highways for the affluent, and a dilapidated, dangerous, and underfunded public transport network for the majority. This approach is not only economically inefficient and socially unjust but is also in direct contradiction to the constitutional principle of reducing inequality.

Proposed National People-Centered Budget and Action Plan

In direct response to the systemic failures of the current transport paradigm and the inadequacy of the government's budgetary priorities, this National People-Centered Budget proposes a fundamental institutional and fiscal restructuring. The centrepiece of this proposal is the creation of a new, unified Ministry of Public Transport, endowed with a comprehensive mandate and a substantial, strategically allocated budget of BDT 139,429.08 crore for FY25-26. This is not merely a reallocation of funds but a paradigm shift designed to establish public transportation as a core state responsibility and a primary driver of equitable, sustainable, and prosperous national development. The proposed ministry will serve as the institutional anchor for this new vision, empowered to plan, fund, regulate, and implement an integrated, multi-modal public transport network that prioritizes the needs of the many over the convenience of the few.

The proposed budget is meticulously structured to address the specific crises identified in the preceding analysis. It is divided into two key components: a robust operational fund to ensure service quality and equity, and a transformative development fund to build the modern mass transit system of the future.

The proposed Operational Budget of BDT 28,123.43 crore is a strategic investment in service quality, safety, and accessibility. This funding will be directed towards professionalizing the transport workforce with proper training and fair wages, moving away from the precarious contractual systems that incentivize reckless driving. It will enable the enforcement of rigorous, system-wide safety and maintenance standards for the entire public fleet, including both buses and trains, to remove the thousands of unfit and dangerous vehicles from the roads. A significant portion of this budget will be dedicated to implementing universal accessibility features across the network and subsidizing fares to ensure that transport remains affordable for low-income citizens, students, and other vulnerable groups. This directly tackles the prevailing issues of poor service quality, systemic safety hazards, and the exclusion of marginalized communities.

The Development Budget of BDT 111,305.65 crore is designed to execute a long-term, visionary transformation of the country's transport landscape. The investment will be channelled into three priority areas. First, a massive capital injection will be directed towards the revitalization of Bangladesh Railway. This will involve upgrading tracks to a unified broad gauge, modernizing signaling systems, procuring new and comfortable rolling stock, and strategically expanding the network to serve as a reliable and efficient backbone for both inter-city and urban commuter travel. This directly reverses the decades of chronic underfunding that have crippled the railway's potential. Second, funds will be allocated for a comprehensive reform of the urban bus system.

This involves moving beyond the failed private franchise models towards creating publicly owned or tightly regulated bus corporations. These entities will operate standardized, modern, accessible, and progressively electric fleets on scientifically rationalized routes, ending the current chaos of competing, unsafe private operators. Third, the development budget will finance targeted "Safety and Accessibility for All" projects. This includes building well-lit and secure bus stops and terminals, retrofitting existing infrastructure like foot-over bridges with ramps and elevators, and deploying technology such as mandatory CCTV cameras and emergency response systems in all public vehicles and stations to specifically combat harassment and ensure a safe environment for women, children, and persons with disabilities (Ezekwe 2025).

In conclusion, the proposed National People-Centered Budget for a Ministry of Public Transport represents a high-return investment in the future of Bangladesh. By creating an efficient, equitable, and sustainable public transport system, this investment will unlock billions in economic productivity currently lost to congestion, empower women and persons with disabilities to participate fully in the nation's economic and social life, dramatically improve public health by reducing air pollution, and place Bangladesh firmly on a path to achieving its sustainable development and climate goals. It is a fiscally sound and morally imperative application of the people-centric development philosophy that is essential for fostering a more just and prosperous future for all citizens.

Table 1: National People-Centered Budget FY2025-26

Proposed Budget	Allocation (BDT Crore)	Percentage
Operational Budget	28,123.43	20.17%
Development Budget	111,305.65	79.83%
Ministry of Public Transport	**139,429.08**	**100.00%**

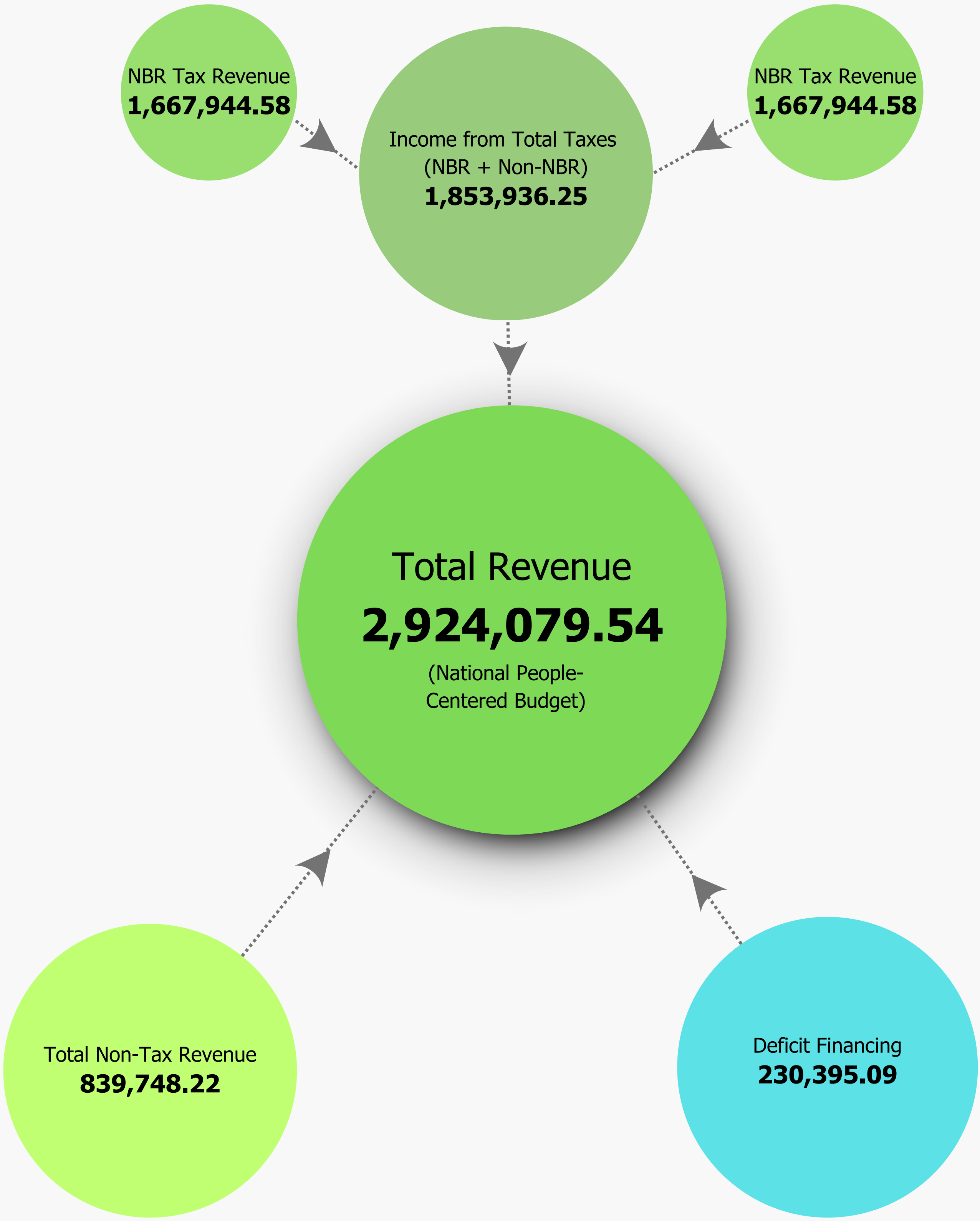
Identified Problem Area	Key Statistic/Evidence	Proposed Solution under the Ministry of Public Transport	Funded Via
Economic Inefficiency	Annual loss of BDT 370-550 billion from congestion (Ali et al. 2022)	Investment in mass transit (rail revitalization, bus reform) to reduce reliance on private cars.	Development Budget
Women's Safety	84-94% of women face harassment on public transport (Fahim Ahmed Emon 2025)	Targeted safety projects: CCTV in all vehicles, secure and well-lit stations, gender-sensitized staff training.	Development & Operational Budget
Disability Access	Near-zero accessibility in current bus/rail systems (Sahed and Sajib 2022)	Mandating and funding universal design: low-floor buses, ramps, accessible stations, audio-visual information systems.	Development Budget
Environmental Pollution	Transport sector is a major source of PM2.5 and GHG emissions (Asian transport Observatory-Country Profile, 2024)	Phased transition to electric bus fleet; expansion of energy-efficient rail network.	Development Budget
Institutional Failure	Ministries and agencies with poor coordination	Creation of a single, unified Ministry of Public Transport to centralize planning, funding, and regulation.	N/A (Institutional Reform)
Railway Decline	Spends over BDT 2.5 to earn BDT 1	Major capital injection for infrastructure modernization and network expansion.	Development Budget

Section - 02

National People-Centered of Revenue Collection

Segregation

Note: Amount BDT in Crore



The fiscal framework of Bangladesh is constrained by a structural paradox: a persistent inability to mobilize adequate domestic resources, which in turn perpetuates and deepens economic inequality. This is not merely a technical shortfall in tax collection but a foundational challenge rooted in a revenue model that has failed to evolve with the nation's economic realities and constitutional aspirations for social justice. For decades, Bangladesh's tax-to-GDP ratio has remained exceptionally low, stagnating well below its peers and creating a self-perpetuating cycle of underfunding, debt dependency, and regressive taxation (Malcolm McPherson, 2025). The latest available data places the ratio at approximately 7.3%, a figure lower than the Asia-Pacific average of 33.9% (OECD-Revenue Statistics, 2025). This chronic underperformance represents the single most significant barrier to financing essential public services in health, education, and infrastructure, thereby hindering the nation's long-term development trajectory.

The consequence of this fiscal weakness is a revenue structure that actively fuels social disparity. Unable to effectively tax income and wealth, the state has become heavily reliant on indirect taxes, such as Value Added Tax (VAT) and supplementary duties, which are levied on consumption. This approach places a disproportionate burden on low and middle-income households, as they spend a larger percentage of their earnings on goods and services compared to the affluent. This regressive system directly contributes to the nation's widening inequality, a trend confirmed by the latest official statistics. The Gini coefficient of income inequality, a key measure of disparity, rose to 0.499 in 2022, placing the country on the precipice of the high-inequality threshold of 0.500 (Bangladesh Bureau of Statistics-HIES 2022, 2025). The gap is severe: the national income share of the richest 10% of the population is now 31 times that of the poorest 10%. Thus, the government's revenue model is not a passive bystander but an active engine of inequality, systematically draining disposable income from the majority while the largely untaxed wealth of the elite continues to accumulate.

This structural deficiency is compounded by the existence of a vast and corrosive illicit economy, representing the largest untapped source of potential revenue. The scale of this shadow economy is staggering, with estimates suggesting the accumulated value of "black money"—undisclosed and untaxed income—is approximately BDT 13,253,500 crore, and its annual generation is equivalent to around 33% of the nation's GDP. This is not merely lost revenue; it signifies a parallel economy that undermines formal institutions, distorts market competition, and erodes governance. Alongside this, capital flight represents a critical drain on national resources. Analyses by organizations such as Global Financial Integrity and others indicate that illicit financial outflows are substantial (Global Financial Integrity, 2019). The failure to confront this illicit financial architecture creates a vicious cycle: the large shadow economy keeps the formal tax base narrow, which perpetuates fiscal weakness, leading to underfunded public services and weak governance, which in turn creates more incentives for economic actors to operate outside the formal system. This cycle is further enabled by an administrative framework that has proven incapable of meeting its objectives. The National Board of Revenue (NBR) has consistently failed to achieve its revenue targets, falling short by significant margins year after year, which points to deep-seated political and administrative challenges that incremental adjustments cannot resolve.

Tax-to-GDP Ratio (FY) 2024-25 LOW

GINI COEFFICIENT

0.499 IN 2022

"BLACK MONEY"

Approximately **BDT 1,32,53,500** crore

(33% OF THE NATION'S GDP)

Review of the Government's Budget and Priorities: A Framework of Insufficiency

The government's proposed revenue plan for fiscal year 2025-26 represents a continuation of the established fiscal paradigm, demonstrating a preference for stability over structural reform. By relying on familiar, underperforming mechanisms, the budget implicitly prioritizes the status quo and fails to address the fundamental challenges of low mobilization and high inequality. The total revenue target is set at BDT 569,000 crore against a total budget of BDT 790,000 crore, resulting in a substantial deficit of BDT 221,000 crore. This deficit, amounting to 27.97% of total receipts, underscores the persistent gap between the state's ambitions and its revenue-generating capacity. The framework maintains its overwhelming reliance on the National Board of Revenue (NBR), which is tasked with collecting BDT 499,000 crore, or 87.7% of the total. Within this, VAT (BDT 188,518 crore) and taxes on income and profits (BDT 182,001 crore) remain the twin pillars of the revenue structure.

While the official targets for the NBR appear ambitious, they exist within a context of historical underperformance that raises questions about their credibility. Year after year, the NBR has been unable to meet even its revised, downward-adjusted targets, suggesting a significant disconnect between official projections and administrative reality. However, the most telling aspect of the government's priorities is revealed not by what is in the budget, but by what is absent. There are no meaningful provisions for introducing a wealth tax or an excess profits tax, nor is there a credible strategy to recover the immense sums lost to the black economy and capital flight. This inaction is a policy choice. It signals a priority to extract more revenue from the existing, narrow, and already strained tax base rather than to broaden it by confronting elite tax evasion and illicit wealth accumulation. This approach is further contradicted by the continued provision to "whiten" black money, a policy widely criticized for rewarding tax evasion, undermining the morale of honest taxpayers, and failing to generate significant revenue.

This adherence to the conventional framework creates several critical gaps. The first is a scale gap: the revenue target of BDT 569,000 crore is fundamentally insufficient to finance the transformative public investments required to accelerate national development and achieve upper-middle-income status. The second is an equity gap: the continued reliance on indirect taxes, with VAT and supplementary duties together accounting for 45.12% of total receipts, ensures the tax system remains regressive and continues to widen the income divide. The third is a governance gap: by failing to confront the vast illicit economy, the budget misses a crucial opportunity to enhance transparency, formalize the economy, and strengthen the rule of law. This creates a policy paradox where the government's stated goals of inclusive growth are undermined by the very fiscal tools it employs. It attempts to address inequality through expenditure programs while its revenue policies actively exacerbate the problem. This fiscal timidity also has direct macroeconomic consequences. The large budget deficit necessitates heavy borrowing from both domestic banks (BDT 104,000 crore) and foreign sources (BDT 96,000 crore), which can crowd out private sector investment, fuel inflation, and create long-term pressure on foreign exchange reserves for debt servicing, thereby contributing to overall macroeconomic fragility.

VALUE ADDED TAX (VAT) AND SUPPLEMENTARY DUTY
in government's proposed budget for FY2025-26
ACCOUNT FOR A SUBSTANTIAL
of the National Board of Revenue's (NBR)
45.12%

Proposed National People-Centered Budget and Action Plan

In response to the structural deficiencies of the conventional fiscal model, this National People-Centered Budget proposes a paradigm shift in revenue generation. It is not merely an incremental increase but a comprehensive and logical framework designed to create a virtuous cycle of higher revenue, reduced inequality, and improved governance. The proposed total revenue collection for FY25-26 is BDT 2,693,684 crore. This figure is ambitious yet calculated, designed to finance a national budget equivalent to 52.66% of GDP—a ratio that is not an outlier but is comparable to the public investment levels seen in developed European nations, where the state plays a proactive role in fostering human capital and ensuring social cohesion. This approach reframes the role of the budget from a simple accounting exercise to a primary engine of national development.

The foundation of this expanded fiscal space lies in tapping transformative new revenue sources that directly address the core problems of untaxed wealth and the illicit economy. The following table provides a clear comparison between the government's conventional approach and the proposed People-Centered model framework.

Central to this plan are four impactful transformative measures that will drive meaningful change. First, the introduction of a Wealth Tax, projected to generate BDT 296,023 crore, is a direct policy tool to address extreme wealth concentration and begin a process of redistribution, providing a powerful antidote to the rising Gini coefficient (Bangladesh Bureau of Statistics-HIES 2022, 2025). Second, a Tax on Excess Profits, yielding BDT 105,004 crore, is proposed as a measure of fairness to ensure that corporations benefiting from windfall gains contribute equitably to national development. Third and most significantly, a determined effort to recover black money is projected to bring in BDT 370,126 crore. This is not just a revenue measure but a bold strategic move to formalize the economy, strengthen governance, and unlock vast domestic resources that currently exist outside the state's purview. Fourth, targeting laundered money aims to recover BDT 83,256 crore, directly tackling capital flight, reclaiming national resources, and alleviating pressure on foreign currency reserves.

Beyond these new sources, the National People-Centered Budget proposes a radical strengthening of the existing tax base. The projected collection from Taxes on income, profits and capital is BDT 748,016 crore, more than four times the government's target. This is predicated on expanding the tax net to include the large number of high-income individuals and corporations that currently operate outside of it and implementing a truly progressive rate structure. Furthermore, a significant expansion of non-NBR and non-tax revenues diversifies the state's income streams and ensures that a wider range of economic activities contributes to the public exchequer. This robust revenue generation fundamentally alters the state's fiscal position, leading to a much more prudent approach to deficit financing. While the government must borrow to cover 27.97% of its budget, the People-Centered plan requires financing for only 7.88% of its much larger budget. This drastic reduction in borrowing needs, particularly from foreign sources, is a strategy for achieving fiscal sovereignty. By minimizing dependence on external creditors and their associated policy conditionalities, it creates the necessary policy space for Bangladesh to pursue a truly independent, people-centric development path.

Deficit Financing

27.97%	7.88%
of Government Budget	of People-Centered Budget

In conclusion, this People-Centered of revenue collection is more than a set of figures; it is a coherent, evidence-based action plan for fiscal transformation. It moves beyond the limitations of the current model by directly confronting the root causes of fiscal weakness and inequality: untaxed wealth and a pervasive illicit economy. Unlocking these immense domestic resources provides a viable financial blueprint for fostering a more effective, equitable, and self-reliant future for Bangladesh.

Table: Comparison of Deficit Financing Sources of Government and Proposed Budget (BDT in Crore)

Financing Source	Government Budget (BDT)	% of Total Receipts	Proposed Budget (BDT)	% of Total Receipts
Net increase/decrease in the Public Accounts of the Republic (excluding National Savings Schemes)	8,500	1.08%		
Sale of savings bonds (Schemes)	12,500	1.58%	69,816.69	2.39%
Loan from domestic banks	104,000	13.16%		
Net Foreign Loan	96,000	12.15%		
Public-Private Partnership			41,890.02	1.43%
Bond: Citizens living abroad, various companies and institutions			118,688.38	4.06%
Total Deficit Financing	**221,000**	**27.97%**	**230,395.09**	**7.88%**
Total - Revenue Receipts	**569,000**	**72.03%**	**2,693,684.48**	**92.12%**
Total	**790,000**	**100.00%**	**2,924,079.57**	**100.00%**

Table: Comparative Revenue Framework (FY25-26) (BDT in Crore)

Revenue Source Category	Government Budget (BDT)	% of Total Receipts	Proposed Budget (BDT)	% of Total Receipts
Taxes on income, profits and capital	182,001.00	31.99%	748,016.07	27.77%
Value Added Tax	188,518.00	33.13%	196,603.81	7.30%
Import duty	51,438.00	9.04%	216,431.75	8.03%
Export duty	78.00	0.01%	174.54	0.01%
Excise duty	6,091.00	1.07%	7,679.84	0.29%
Supplementary duty	68,244.00	11.99%	65,627.69	2.44%
Taxes on foreign nationals			12,008.47	0.45%
Service tax			7,679.84	0.29%
Wealth tax			296,022.79	10.99%
Tax on excess profit (including online business)			105,004.31	3.90%
Air transport and travel tax			9,076.17	0.34%
Other taxes	2,630.00	0.46%	3,619.30	0.13%
Total NBR Tax Revenue	**499,000.00**	**87.70%**	**1,667,944.58**	**61.92%**
Drug Tax	850.00	0.15%	42,169.28	1.57%
Vehicle Tax	2,000.00	0.35%	76,798.36	2.85%
Land Revenue	2,723.00	0.48%	41,890.02	1.56%
Stamp Sale (Non-Judicial)	11,886.00	2.09%	23,877.31	0.89%
Surcharge	1,541.00	0.27%	1,256.70	0.05%
Total Non - NBR Tax Revenue	**19,000.00**	**3.34%**	**185,991.68**	**6.90%**
Income from Total Taxes (NBR+Non-NBR)	**518,000.00**	**91.04%**	**1,853,936.25**	**68.83%**
Dividends and Profits	10,791.00	1.90%	39,376.62	1.46%
Interest	4,890.00	0.86%	17,454.17	0.65%
Income from Royalties and Assets			1,117.07	0.04%
Administrative Fees	5,070.00	0.89%	16,057.84	0.60%
Fines, Penalties and Confiscation	486.00	0.09%	112,544.51	4.18%
Receiving Services	8,634.00	1.52%	9,634.70	0.36%
Rent and Lease	711.00	0.12%	16,895.64	0.63%
Toll	1,709.00	0.30%	12,706.64	0.47%
Non-Commercial Sale	3,077.00	0.54%	10,612.14	0.39%
Irrigation receipt			69.82	0.00%
Obtaining Protection			13,265.17	0.49%
Revenue and Expenses Other than Taxes	10,527.00	1.85%	38,399.18	1.43%
Railway			20,246.84	0.75%
Postal Department			2,373.77	0.09%
Sale of Government Assets			4,328.64	0.16%
Receiving Foreign Aid (grants)	5,000.00	0.88%		0.00%
Capital Revenue	105.00	0.02%	2,094.50	0.08%
Wire and Telephone Board			5,724.97	0.21%

Revenue Source Category	Government Budget (BDT)	% of Total Receipts	Proposed Budget (BDT)	% of Total Receipts
Telecom Regulatory Commission			13,404.81	0.50%
Energy Regulatory Commission			7,819.47	0.29%
Insurance Regulatory Commission			1,954.87	0.07%
Security and Exchange Commission			5,026.80	0.19%
BIWTA			3,909.73	0.15%
Municipal Holding Tax			2,932.30	0.11%
DG Health: Private Hospital-Clinic-Diagnostic Center			6,423.14	0.24%
DG Drugs: Pharmaceutical Manufacturing Co.			4,887.17	0.18%
Beauty Parlor Service Charge Tax			3,700.28	0.14%
Residential Hotel/Guest House Capacity Tax			4,049.37	0.15%
Foreign Consultant Fees			9,355.44	0.35%
Proceeds from the Recovery of Black Money			370,126.23	13.74%
Proceeds from the Recovery of Money Laundering			83,256.41	3.09%
Total Non-Tax Revenue	**51,000.00**	**8.96%**	**839,748.22**	**31.17%**
Grant Total - Revenue Receipts	**569,000.00**	**100.00%**	**2,693,684.48**	**100.00%**

Source: Analysis based on Government Budget FY25-26 and Proposed National People-Centered Budget FY25-26 data.

Emerging Credit Rating's Event in the recent time

Emerging Credit Rating's Upcoming Events

Week	Month	Date	Topic	Reference Paper
1	Sep	9/1/2025	Reserve Currency (USD Hegemony)	Political Economy of Making and Taking from Reserve Currency (2022)
2		9/8/2025	Central Bank Digital Currency (CBDC)	Transforming Paper Money to Digital (2023)
3		9/15/2025	Currency Devaluation	Political Economy of Currency Devaluation in Emerging Economies (2022) and earlier devaluation works (1993–97).
4		9/22/2025	Currency Crises & Resilience	Currency Crises in Emerging Economies (2022/23)
5		9/29/2025	Tax Digitalization	Journey from Analog to Digital: Designing Tax System for Growth (2024)
6	Oct	10/6/2025	VAT Digitization	Political Economy of Reforming VAT– From Differential to Uniform Rate (2016)
7		10/13/2025	Customs Automation	N/A
8		10/20/2025	Political Economy of Government Size	Optimizing Government Size for Economic Growth (2023–24)
9		10/27/2025	Investment Banking vs. Commercial Banking	Political Economy of Separating Conventional & Investment Banking (2015)
10	Nov	11/3/2025	BASEL Reconstruction	Recalibrating Basel Architecture (2021–24)
11		11/10/2025	MFS Tech Pricing	Mobile Financial Services are No Free Lunch: Costs & Pricing (2024)
12		11/17/2025	Interoperability & Digital Payment Systems	Value Creation from Interoperability of MFS (2024) + Economics of Digital Payments (2022)
13		11/24/2025	Migration & Remittances	Role of Migration & Migrant Remittances in Economic Development (2024)
14	Dec	12/1/2025	Entrepreneurship & Development	Political Economy of Entrepreneurship – The Bangladesh Story (2022)
15		12/8/2025	State, Power & Governance	Political Economy of Emperorship for Economic Development (2021)
16		12/15/2025	Role of Bonds in Economic Growth	Research by Abdul Fattah and Dr. Jamaluddin

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Jamaluddin Ahmed, FCA, PhD
Chairman

Mr. Jamaluddin Ahmed, the Chairman and a Sponsor Director of Emerging Credit Rating Ltd. (ECRL), is a distinguished Fellow Chartered Accountant (FCA) and a leading figure in Bangladesh's financial sector. He holds a PhD in Accounting from Cardiff Business School, University of Wales, which he earned as a prestigious Commonwealth Scholar, and secured First Class honours in his degrees from the University of Dhaka. Mr. Ahmed's career is marked by senior leadership roles, including a 14-year tenure as a partner at Hoda Vasi Chowdhury & Co., an independent firm of Deloitte Touche & Tohmatsu. His extensive expertise in audit and corporate governance is demonstrated by his service on the boards of some of the nation's most significant institutions. He has held the critical position of Chairman of the Board Audit Committee for major entities, including Janata Bank Limited, Grameenphone Limited (Director), and the Power Grid Company of Bangladesh. Furthermore, he has served as an Advisor to the Board and Audit Committee of Bangladesh Bank. His profound experience and leadership provide invaluable strategic direction to ECRL. Furthermore, on behalf of ICAB as president (2010), he has contributed his expertise to the boards and committees of the Dhaka Stock Exchange Ltd., Dhaka WASA, Bangladesh Telecommunication Company Limited, and the Consultative Committee at the Securities and Exchange Commission.

Mr. N K A Mobin, FCS, FCA
Executive President

Mr. N K A Mobin is a veteran businessman and skilled in a broad range of trade ventures. He is one of the 4 sponsor Directors of the Emerging Credit Rating Ltd, the eminent credit rating agency in Bangladesh. Mr. Mobin has completed his Bachelor of Commerce & Master of Commerce from the University of Dhaka, majoring in Finance. He has been a Fellow Member of the Institute of Chartered Accountants of Bangladesh (ICAB) & Institute of Chartered Secretaries and Managers of Bangladesh (ICSMB) since 1992 & 1998, respectively. He is also a Member of the Institute of Financial Consultants (IFC) of the USA since 2002.

Mr. Mobin has working experience of more than 34 years in different corporate arenas financial management systems including the budgeting and reporting system, Tax management and optimization in tax expenses, involved in different projects cost optimization/efficiency and revenue maximization areas, etc. He has been Director of Projects and Administration Director Finance and Company Secretary in Grameenphone Ltd. (GP). He has also been the Director of Finance and Company Secretary at Novartis (Bangladesh) Limited. He also performs the following responsibilities:

- Institute of Chartered Accountants of Bangladesh (ICAB) – Elected President for 2025-26, Council member for 2019-21, and Ex-Vice President (Education and Examination) for 2019.
- Board Member for Biman Bangladesh Airlines, Citizens Bank PLC
- Dhaka Chamber of Commerce and Industry (DCCI) – Appointed as one of the Board members for 2020-2022 and Senior Vice President for 2021.
- Member of National Pay Commission 2025

Mr. Arifur Rahman, FCCA, FCA, CSAA
Chief Executive Officer (CEO)

Mr. Arifur Rahman is a dynamic professional representing the Emerging Credit Rating Limited as the Chief Executive Officer (CEO), the distinguished credit rating agency in Bangladesh. He has completed his B.Sc. (Hons) in Civil Engineering with first class result from Bangladesh University of Engineering & Technology (BUET) and also completed BSc (Hons) achieving higher second class honors (2:1) in Applied Accounting from Oxford Brookes University.

Mr. Rahman has 21 years of expertise in the various sectors like Civil Engineering, Auditing, Financial Consultancy, Feasibility Studies, and Tax Advisory and Planning etc. He is also a Certified Sharia Adviser & Auditor (CSAA). He is actively involved in taking charge of the technical and organizational interests and advising the company in articulating current business strategies as well as future growth potentials. He is responsible to administer different departments and plays an important role in taking the managerial and operational decisions of the organization. Mr. Rahman is also the Fellow Member of the Association of Chartered Certified Accountant. Mr. Rahman is qualified as a chartered accountant from the institute of the Institute of Chartered Accountants of Bangladesh (ICAB).

Md. Shaiful Hasan

Sr. Business Consultant, Lead Author

Shaiful Hasan is a seasoned Consultant who leads the Research and Consulting department at ECRL, bringing over a decade of industry expertise since 2015. He spearheads the firm's thought leadership initiatives as the lead author and reviewer for the monthly 'ECRL Business and Economic Review,' a key publication for industry stakeholders.

In his leadership capacity, Mr. Shaiful directs departmental operations and plays a pivotal role in enhancing ECRL's brand identity and digital footprint. His core competencies include conducting comprehensive feasibility studies for both government and private projects, developing intricate financial models, valuing companies and assets, and providing M&A advisory services. Having successfully executed numerous projects, he has a distinguished track record of providing strategic counsel for business planning, startup strategy, and investment planning. He further elevates the firm's outreach by producing high-impact financial content and conducting expert interviews. Mr. Hasan earned a Master of Social Science in Economics and a Bachelor of Business Administration in Finance and Economics from East West University, where he was awarded the prestigious Dean's Scholarship for academic excellence.

Nabihatul Afrooz

Sr. Research Associate, Author

Ms. Nabihatul Afrooz is a Senior Research Associate at ECRL, where she conducts financial and economic research on various industries and projects. She has more than six years of experience in data analysis, report writing, credit rating assessments, and survey design. She also handles special assignments from the management and collaborates with other team members to achieve common goals. Ms. Afrooz holds two Master of Social Science degrees in Economics, one from City University London, UK, and another from East West University. She also completed her Bachelor of Business Administration in Finance and Economics from East West University. She has a strong academic background and a keen interest in financial markets and economic development.

Md. Asaduzzaman

Business Analyst, Author

Mr. Md. Asaduzzaman has been working as a research associate at Emerging Credit Rating Limited since 2022. He has more than three and half years of experience in various projects, financial research, and credit rating assessments. He is responsible for industry research, financial infographics and video making, data visualization, and macroeconomic analysis for ECRL monthly magazine. Other than that, he is involved in ECRL’s special projects. He completed his BBA and MBA in Finance and Banking from Manarat International University, Bangladesh.

Ms. Shahela Nasrin

Business Analyst, Author

Ms. Shahela Nasrin has served as a Business Analyst at Emerging Credit Rating Limited since 2023. In this role, she fulfills crucial responsibilities, including data collection, visualization, and analysis, as well as industry analysis and preparation of working papers and monthly magazines. Additionally, she actively contributes to ECRL’s special projects, which encompass feasibility studies, project profiles, company valuations, distributor assessments, supplier verification, and financial loan assessments for suppliers. Ms. Shahela holds a Bachelor of Social Science in Economics from East West University and a Master of Science in Economics from North South University. Her academic background and professional interests are centered around development economics and business research, with a specific emphasis on market and financial analysis.

About ECRL

Emerging Credit Rating Limited (hereinafter referred to as ECRL) began its journey in the year 2009 with the motive to deliver credible superior & quality credit rating opinions in various industry segments around Bangladesh. ECRL obtained a credit rating license from Bangladesh Securities and Exchange Commission (BSEC) in June 2010 as per Credit Rating Companies Rules 1996 and also received Bangladesh Bank Recognition as an External Credit Assessment Institution (ECAI) in October 2010 to do the rating of Banks, Financial Institutions and their borrowers and also from Insurance Development & Regulatory Authority (IDRA) in 2015 to do the rating of Insurance Companies & affiliated with Malaysian Rating Corporation Berhad.

Emerging Credit Rating Limited's team is oriented towards the continuous improvement of processes, striving for an important role in the leadership of the business world. Every individual in ECRL is committed to providing topmost ingenious Credit Rating Services and Comprehensive Research Services in Bangladesh. ECRL's rating services and solutions reflect independence, professionalism, transparency, and impartial opinions, which assist businesses in enhancing the quality of their decisions and helping issuers access a broader investor base and even smaller known companies approach the money and capital markets. The Credit Rating process is an informed, well-researched and intended opinion of rating agencies on the creditworthiness of issuers or issues in terms of their/ its ability and willingness to discharge its financial obligations in a timely manner. Issuers, lenders, fixed-income investors use these risk assessments for the purpose of lending to or investment in a corporation (such as a financial institution, an insurance company, a non-banking corporation or a corporate entity) as well as evaluating the risk of default of an organization's financial obligations in terms of loan or debt.

Editorial Overview

ECRL Research provides insights, opinions, and analysis on Bangladesh and International Economies. ECRL Research conducts surveys and produces working papers and reports on Bangladesh's different socio-economic issues, industries, and capital market. It also provides training programs to professionals from financial and economic sectors on a wide array of technical issues.

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