Financial analysis argumentative essay

[Finance](), [Financial Analysis]()

Budget a detailed plan, expressed in quantitative terms, that specifies how resources will be acquired and used during a specified period of time. A budget is a description of a financial plan. It Is a list of estimates of revenues to and expenditures by an agent for a stated period of time. Normally a budget describes a period In the future not the past Purposes of budgeting systems: Planning FacilitatingCommunicationand Coordination Allocating Resources Controlling Profit and Operations Evaluating Performance and Providing Incentives Using a budgeting system companies can:

Improve cash flow Optimize product portfolio Minimize salary adjournment Increase the operational level Eliminate breaks In Production process Stabilize debts level Precisely determine the real financing needs In Bangladesh our fiscal year is started from 1st of July and ended 30th June of the next year. Here we wants make a comprehensive analysis of the proposed budget for the upcoming fiscal year 2014-2015. The honorablefinanceMinister AMA Mitch proposed this budget dated on 05. 04. 2014 in Bangladesh national assembly members for the consideration and approval of the said budget.

The annual budget t a glance Total size of the budget TX 250, 506 core for 2014-15 fiscal year growth target of 7. 3% of GAP The proposed national budget and the economy (FYI), 2014-2015, provides an account of the government's overall fiscal operations in pursuit of its declaredgoalsand objectives to help promote " accelerated" and " inclusive" economic growth. It makes a lot of promises about improving government's performance-related scorecard. But it does not shed enough light on why the promises of the outgoing fiscal could not be redeemed and what wrongs there were about meeting its projected broad targets.

The political turbulence orviolencethat was witnessed in the first half of the outgoing fiscal can not be held solely responsible for it. This is more so when the official economic growth figure for the outgoing fiscal that Finance Minister AMA Mitch has, in his budget speech, mentioned tends to defy the predictions and projections that were made by different quarters during the period of political volatility and also subsequent to it, taking in view the possible adverse knock-on effects of the turbulence on the performance of the national economy in all its major sectors.

If the official growth figure about the entry's gross domestic product (GAP) in the outgoing fiscal portrays the real state of the economy, then there are obvious reasons to discard largely the links between the polity and the economy in the Bangladesh context. How far this is realistic to assume so, despite some clearly demonstrated inherent shock-absorbing capacity of theBangladesh economyand also the proven resilience of its main economic actors, remains otherwise questionable.

Yet then, the figures and data that the Finance Minister has mentioned about the performance of the economy in fiscal 2013-14 do unmistakably bear out shortfalls in any areas of consequence. This is so, in terms of the targets that were set in the Sixth Five Year Plan (SPY) document. The forthcoming fiscal being the terminal year of this medium-term plan that was approved by the government during its immediate-past tenure, it does not require a pundit to state that its goals and objectives would remain largely unmet.

This will certainly further compound Bangladesh problems to fulfill its cherished national hope about reaching the status of a middle income country by 2021. If its existing situation does not change for the utter by a quantum leap, it will be well-nigh impossible to meet the whole set of Millennium Development Goals (Meds), particularly in areas like nutrition, effectivehealthcoverage etc. , that are much needed forpovertyalleviation. In his budgetary proposals for the forthcoming fiscal, the Finance Minister has projected an aggregate expenditure outlay of about Take 2. 0 trillion, reflecting a rise by 15. 7 per cent over the revised budget of Take 2. 16 trillion for the outgoing one. There is no strong reason to consider the proposed size of the next fiscals national edged over-bloated, in view of the fact that overall public (government) expenditures, covering both current and development ones, will still be around 18. 7 per cent of GAP. The share of the proposed current (revenue and non-development capital) expenditures at Take 1. 7 trillion will be 12. Per cent of GAP while that of public investment (ADAPT) at Take 803. 15 billion will be 6. 0 per cent of GAP in the forthcoming fiscal. Such budgetary expenditures in comparator countries. But two critical questions still arise here: Has the government the capacity to implement the proposed national edged, particularly that part of it which concerns the Annual Development Programmer (ADAPT)? What is about the quality of overall public expenditures, to assess their impact in terms of value-for-money, to link inputs with outputs and to count costs against benefits?

These questions are of consequence because it has rather become a routine practice in Bangladesh to downsize the ADAPT in the third or last quarter of every fiscal because of implementation shortfall, on one hand, and the poor quality of overall public expenditures in terms of targeting, coverage, leakage, existing conditions of public service delivery, the nagging problem of cost over-runs of development projects due toprocrastinationof their execution, on the other. This is the sixth national budget that Finance Minister M.

A. Mitch has presented during two successive periods of the Miami League (AL)-led government. The main challenge for implementation of the proposed national budget for FYI 2014-15 will lie in areas of arranging financial resources for its funding, without crossing the limit of the fiscal deficit that has been projected at 5. 0 per cent of GAP. If the limit is crossed, it may destabilize the macro-economic situation and also have some crowding-out effects on the economic activities in the private sector.

The National Board of Revenue (N. B.) that collects the lion's part of government revenues, in the form of duties and taxes, has not been able to fulfill its target in the outgoing fiscal, notwithstanding the fact that it had earlier demonstrated its commendable successes in raising the level of such revenue receipts of the government. The new fiscal measures that the Finance Minister has proposed for the forthcoming fiscal ay provide some cushions to the N. B. for augmenting its revenue collections. But the possible impact of such measures on overall economic activities merits a detailed scrutiny.

Meanwhile, the N. B. will need to put extra-ordinary emphasis on widening the tax net, winning the trust and confidence of both the existing and potential taxpayers. It needs a shot in its arm to help strengthen its capacity to do this and that, too, by ensuring transparency of actions by its field-level officials. Overburdening the existing tax-payers with additional doses of direct taxes and creating additional robbers for economic actors in different sectors by way of any irrational tax structure, are certainly no rational policy choice for the government.

Higher tax burden may otherwise lead to a greater degree of tax evasion or avoidance. Tax compliance depends, to a large extent, on the rate of tax and duty structure. So far the efforts for collection of domestic resources are concerned, there are strong reasons for the government to raise the levels of its revenue receipts from non-N. B. agencies or departments and enhance the volume of such earnings other than taxes, duties etc. , from different government agencies, autonomous and semi-autonomous bodies and all other relevant sources.

The proposed budget for the forthcoming fiscal so. Meanwhile, the availability of the projected external assistance that will be required for footing the estimated budgetary expenditure, particularly on the development (public investment) side, will be predicated upon efforts to help accelerate the pace of implementation of the aided projects. Here, the developments in the recent years do need to be further consolidated and strengthened to a large extent, if the current situation about a bulging aid pipeline is to be improved. This is another daunting challenge.

If the government fails to collect or mobiles the financial resources, both domestic and external, at the level projected in the proposed budget, it will be forced to either cut back its development spending in the second half of fiscal 2014-2015 or to borrow more from both banking and non-banking sources than what has been projected. Neither of these two is welcome. If public investments in priority areas fall short of the target, the potential of the economy to move onto a higher growth trajectory will intention to remain unrealized.

If the government's borrowings overshoot the projected level, it will entail most unwelcome consequences. The fiscal deficit will then exceed the projected level, causing macro-economic pressures: the private sector may face resource constraints; interest payments on account of domestic public debt may swell further without enhancing the capacity of the economy to foot the related bill etc. At this stage, it would be worthwhile to draw the attention of all concerned to the imperatives for facilitating the expansion of investment activities in the private sector.

The real test of the proposed budget for fiscal 2014-15 lies in this particular area. A synergy of actions will be needed to make this happen. The national budget cannot certainly address all the issues that are badly impacting new private investments. But it has to facilitate the forging of such a synergy. If private investments do not rise, the prospects of the economy to generate new Jobs, create more income-earning opportunities and pave the way for its accelerated growth rate, along the desired lines, will continue to delude all concerned.