ANNUAL ECONOMIC UPDATE 1997

BANGLADESH

ANNUAL ECONOMIC UPDATE 1997

ECONOMIC PERFORMANCE, POLICY ISSUES AND PRIORITY REFORMS

OCTOBER 1997

BANGLADESH

ANNUAL ECONOMIC UPDATE 1997

ECONOMIC PERFORMANCE, POLICY ISSUES AND PRIORITY REFORMS

October 1997

South Asia Region
The World Bank

Contents

LIST OF TEXT TABLES, CHARTS AND BOXES

TABLES

CHARTS

BOXES

Abbreviations

ADP	Annual Development Program
APT	Analysis of Poverty Trends
ARC	Administrative Reorganization Committee
BB	Bangladesh Bank
BBS	Bangladesh Bureau of Statistics
BIDS	Bangladesh Institute of Development Studies
BCIC	Bangladesh Chemical Industries Corporation
BEPZA	Bangladesh Export Processing Zone Authority
BFFEA	Bangladesh Frozen Food Exporters Association
BGMEA	Bangladesh Garments Manufacturers & Exporters Association
BMRE	Balancing, Modernization, Replacement and Expansion
BOI	Board of Investment
BOP	Balance of Payment
BOO	Build-Own-Operate
BPDB	Bangladesh Power Development Board
BRC	Banking Reform Committee
BTTB	Bangladesh Telephone and Telecommunications Board
CBN	Cost of Basic Needs Method
CEDAW	Committee for the Elimination of Discrimination Against Women
CEPZ	Chittagong Export Processing Zone
CFTC	Chittagong Feeder Trade Committee
CPA	Chittagong Port Authority
CPI	Consumer Price Index
CPR	Contraceptive Prevalence Rate
CSE	Chittagong Stock Exchange
DCI	Direct Calorie Intake
DEPZ	Dhaka Export Processing Zone
DESA	Dhaka Electricity Supply Authority
DSE	Dhaka Stock Exchange
EC	European Commission
EPB	Export Promotion Bureau
EPI	Expanded Program of Immunization
EPZ	Export Processing Zone
ESP	Essential Service Package
EU	European Union
FAO	Food and Agricultural Organization
FDI	Foreign Direct Investment
FFE	Food for Education
FFW	Food for Work
FICCI	Foreign Investors Chamber of Commerce & Industry
FY	Fiscal Year
GDP	Gross Domestic Product
GOB	Government of Bangladesh
GSP	Generalized System of Preferences
HACCP	Hazard Analysis Critical Control Point
HES	Household Expenditure Survey
HPSS	Health and Population Sector Strategy
HYV	High Yielding Varieties
ICOR	Incremental Capital Output Ratio
IDA	International Development Association
IDS	Infrastructure Development Surcharge
IPGMR	Institute of Post Graduate Medicine and Research
IPPs	Independent Power Producers
IRWIDGOB	Institutional Review of the WID Capability of GOB
JTI	Judicial Training Institute
KAFCO	Karnaphuli Fertilizer Corporation
KPM	Karnaphuli Paper Mill
LC	Law Commission
LCG	Local Government Commission
LGED	Local Government Engineering Department
LGRD	Local Government and Rural Department
MAP	Monitoring of Adjustment and Poverty
MOE	Ministry of Energy
MT	Metric Ton
MW	Megawatt
NA	National Accounts
NAP	National Action Plan
NBR	National Board of Revenue
NCB	Nationalized Commercial Bank
NCWD	National Council for Women's Development
NEMAP	National Environment Management Action Plan
NGO	Non-Government Organization
NHP	National Health Policy
NPK	Nitrogen, Phosphate & Potassium
NRHS	National Reproductive Health Strategy
O&M	Operations and Maintenance
OMS	Open Market Sales
PARC	Public Administration Reforms Commission

PB	Privatization Board	SA	Statistical Appendix
PC	Power Cell	SD	Supplementary Duty
PFDC	Public Food Distribution System	SMA	Statistical Metropolitan Area
PGCB	Power Grid Corporation in Bangladesh	SOE	State-Owned Enterprise
PPGP	Private Sector Power Generation Policy	SZTD	The Survey Zone of the Taxes Department
PSID	Private Sector Infrastructure Development	TFR	Total Fertility Rate
PSEPZ	Private Sector Export Processing Zone	THC	Thana Health Center
PSPGP	Private Sector Power Generation Policy	TRB	Telecommunications Regulatory Board.
RER	Real Exchange Rate	TYRIP	Three Year Rolling Investment Program
RFP	Request for Proposal	VAT	Value Added Tax
RIBEC	Reform in Budgeting and Expenditure Control	VGD	Vulnerable Group Development
RMG	Ready-Made Garments	WID	Women in Development
ROM	Rehabilitation, Operation and Maintenance		

Currency equivalents

The external value of Bangladesh Taka (Tk) is fixed in relation to a (weighted) basket of currencies, with the US dollar being the intervention currency. The official average exchange rate on August 18, 1997 was Tk.44.55 per US dollar

US $1 = Tk. 44.55
Tk 1 = US $ 0.0224467

Following local convention, expenditures and revenues are sometimes denominated in units of crore (abbreviated CR), which is equal to Tk. 10 million.
In this report, US$ is sometimes abbreviated as $.

Fiscal Year (FY)
July 1 - June 30

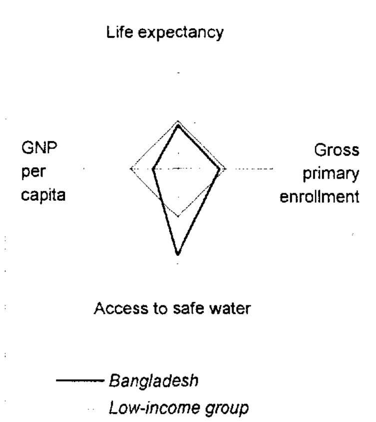
This Annual Economic Update was prepared by a team led by Tercan Baysan. The other members of the team were Syed Nizamuddin, Zahid Hussain and Zaidi Sattar. World Bank BDO interns Afsana Ahmed and Tilat Khayer provided research assistance. Mehar Akhter was responsible for processing the report. Useful comments and inputs were received from Bashirul Huq, Humayun Hye, J. Kang, and Shekhar Shah. Pierre Landell-Mills and Roberto Zagha provided overall guidance during the preparation of this report. The excellent cooperation of the Government of Bangladesh (particularly that of the Bangladesh Bureau of Statistics, Bangladesh Bank, National Board of Revenue, Export Promotion Bureau, Ministry of Finance and IMED) in preparing this report is gratefully acknowledged.

Bangladesh at a glance

POVERTY and SOCIAL

	Bangladesh	South Asia	Low-income
Population mid-1996 *(millions)*	121.6	1,264	3,229
GNP per capita 1996 *(US$)*	260	380	500
GNP 1996 *(billions US$)*	31.6	481	1,601
Average annual growth, 1990-96			
Population *(%)*	1.6	1.9	1.7
Labor force *(%)*	2.1	2.1	1.7
Most recent estimate *(latest year available since 1989)*			
Poverty: headcount index *(% of population)*	48	..	..
Urban population *(% of total population)*	18	26	29
Life expectancy at birth *(years)*	58	61	63
Infant mortality *(per 1,000 live births)*	77	75	69
Child malnutrition *(% of children under 5)*	67	..	..
Access to safe water *(% of population)*	96	63	53
Illiteracy *(% of population age 15+)*	62	50	34
Gross primary enrollment *(% of school-age population)*	92	98	105
Male	98	110	112
Female	86	87	98

Development diamond*

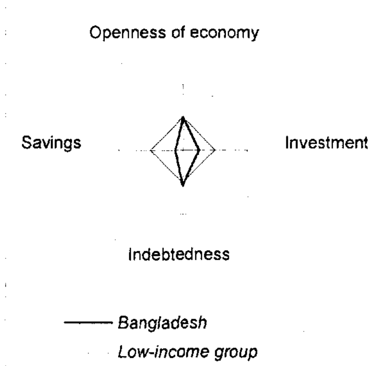


KEY ECONOMIC RATIOS and LONG-TERM TRENDS

	1975	1985	1995	1996
GDP *(billions US$)*	14.3	15.7	29.1	32.1
Gross domestic investment/GDP	6.1	12.9	16.6	17.0
Exports of goods and services/GDP	2.9	7.4	14.2	14.3
Gross domestic savings/GDP	0.9	2.0	8.3	7.1
Gross national savings/GDP	4.9	9.6	13.1	11.9
Current account balance/GDP	-4.3	-3.9	-3.5	-5.1
Interest payments/GDP	0.1	0.6	0.6	0.6
Total debt/GDP	13.0	43.9	56.2	53.2
Total debt service/exports	23.4	22.5	13.3	11.6
Present value of debt/GDP	..	..	31.4	..
Present value of debt/exports	..	..	166.7	..

	1975-85	1986-96	1995	1996	1997-05
(average annual growth)					
GDP	*5.0*	4.2	4.4	5.3	6.0
GNP per capita	2.4	2.4	2.8	3.2	7.3
Exports of goods and services	6.0	15.0	34.6	11.4	7.7

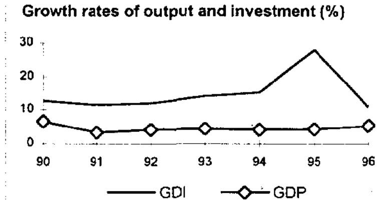
Economic ratios*



STRUCTURE of the ECONOMY

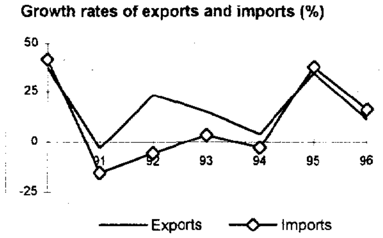
	1975	1985	1995	1996
(% of GDP)				
Agriculture	62.0	41.8	30.9	30.0
Industry	11.6	16.0	17.6	17.7
Manufacturing	7.0	9.9	9.6	9.6
Services	26.4	42.3	51.5	52.4
Private consumption	95.9	90.6	77.9	79.1
General government consumption	3.2	7.3	13.7	13.7
Imports of goods and services	8.1	18.3	22.5	23.9

Growth rates of output and investment (%)



	1975-85	1986-96	1995	1996
(average annual growth)				
Agriculture	3.5	1.8	-1.0	3.7
Industry	4.7	6.5	8.4	5.3
Manufacturing	2.9	5.9	8.6	5.3
Services	6.8	5.2	6.9	6.5
Private consumption	..	*1.4*	0.6	5.2
General government consumption	..	3.9	5.3	7.2
Gross domestic investment	8.4	7.9	28.2	10.9
Imports of goods and services	7.9	7.0	37.7	16.2
Gross national product	4.9	4.3	4.4	4.7

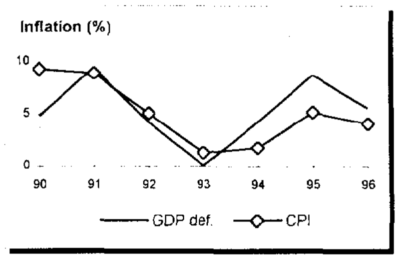
Growth rates of exports and imports (%)



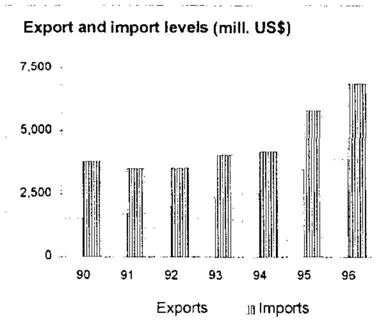
Note: 1996 data are preliminary estimates. Figures in italics are for years other than those specified.

* The diamonds show four key indicators in the country (in bold) compared with its income-group average. If data are missing, the diamond will be incomplete.

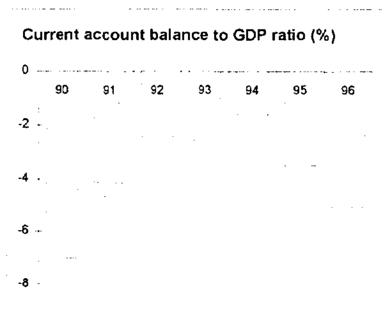
PRICES and GOVERNMENT FINANCE	1975	1985	1995	1996
Domestic prices				
(% change)				
Consumer prices	21.9	10.7	5.2	4.1
Implicit GDP deflator	..	11.1	8.7	5.6
Government finance				
(% of GDP)				
Current revenue	..	8.5	12.1	11.5
Current budget balance	..	1.3	3.3	2.8
Overall surplus/deficit	..	..	-6.8	-5.7



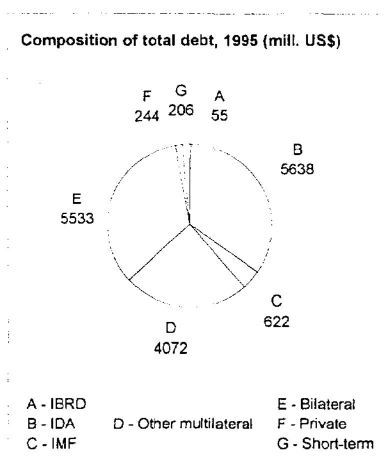
TRADE	1975	1985	1995	1996
(millions US$)				
Total exports (fob)	..	940	3,473	3,882
Leather	..	70	202	213
Frozen food	..	87	299	315
Jute goods	..	358	319	330
Garments	..	116	1,980	2,548
Total imports (cif)	..	2,647	5,834	6,881
Food	..	607	476	586
Fuel and energy	..	359	383	456
Capital goods	..	691	1,688	1,918
Export price index *(1987=100)*	..	74	186	194
Import price index *(1987=100)*	..	104	127	130
Terms of trade *(1987=100)*	..	71	146	150



BALANCE of PAYMENTS	1975	1985	1995	1996
(millions US$)				
Exports of goods and services	427	1,162	4,130	4,508
Imports of goods and services	1,459	2,864	6,545	7,614
Resource balance	-1,033	-1,702	-2,415	-3,106
Net income	-6	-90	-41	-6
Net current transfers	417	1,178	1,426	1,475
Current account balance, before official capital transfers	-621	-613	-1,030	-1,637
Financing items (net)	666	536	1,304	575
Changes in net reserves	-45	77	-274	1,062
Memo:				
Reserves including gold *(mill. US$)*	148	356	3,070	2,018
Conversion rate *(local/US$)*	8.9	26.0	40.2	40.8



EXTERNAL DEBT and RESOURCE FLOWS	1975	1985	1995	1996
(millions US$)				
Total debt outstanding and disbursed	1,861	6,874	16,370	17,070
IBRD	55	55	55	46
IDA	295	2,021	5,638	5,713
Total debt service	105	356	729	687
IBRD	0	3	8	8
IDA	2	22	83	92
Composition of net resource flows				
Official grants	315	472	890	678
Official creditors	576	563	849	766
Private creditors	-3	-3	-72	-25
Foreign direct investment	0	0	2	..
Portfolio equity	0	0	67	-14
World Bank program				
Commitments	205	398	356	168
Disbursements	91	288	197	278
Principal repayments	0	6	46	55
Net flows	91	282	151	223
Interest payments	1	20	46	45
Net transfers	90	262	105	178



Development Economics. 1996 external debt and resource flows data are staff estimates (preliminary).

EXECUTIVE SUMMARY

1. Fiscal year 96/97 started with the establishment of a new government in power following the June 1996 general elections. This improved the political environment, ending a prolonged period of turmoil and civil unrest that had crippled the economy, stalled economic reforms, undermined hard-earned economic stability, and weakened business confidence. At the outset, the new Government announced the key elements of its development agenda and economic policy orientation by stating its commitment to: poverty reduction, social justice, and continuing economic policy and institutional reforms aimed at faster economic growth and human development. And it stressed that ensuring macroeconomic stability remains a key objective of the Government's economic program.

Recent Developments

2. ***Some progress notwithstanding, key policy and institutional reforms remain to be implemented.*** During FY97, there were some positive initiatives in the banking sector, with improvements in the legal and regulatory environment and efforts to improve loan recovery. In the energy sector, significant progress was made in developing a Private Sector Power Generation Policy and in attracting foreign direct investment. Upward adjustments in power tariffs and more recent increases in petroleum product prices will help improve the financial situation of the energy sector. And the June 1997 decision to increase the price of urea will reduce fertilizer subsidies. However, in the banking system, the high level of non-performing assets and undercapitalization continue to be serious problems and a threat to macroeconomic stability. In addition, there has been little progress in privatizing public enterprises, opening the trade regime, and introducing urgently needed legal and administrative reforms. And the economy continues to be affected by deep-seated structural weaknesses, including infrastructure bottlenecks and deficiencies in the public sector institutions responsible for implementing policies and regulations governing private sector activity. More importantly perhaps, uncertainty regarding the future scope and pace of changes in trade and industrial policies, and banking reform have created an environment which is not conducive to the high levels of private investment the country needs to sustain rapid economic growth.

3. ***Economic growth was above average in FY97, but industrial recovery is needed to sustain it.*** For the second year in a row, a bumper rice harvest maintained growth at above 5 percent. In fact, at 5.7 percent, GDP growth in FY97 was the highest since the beginning of the 1990s. At about 3.6 percent in FY97 (down from about 5 percent in FY96), the rate of industrial growth, however, was one of the lowest. Several adverse developments contributed to this outcome: disruptions in the supply of natural gas--which in turn affected power supply and urea production--and labor disputes which disrupted Chittagong Port operations. Furthermore, the July-November 1996 boom and bust in the stock market caused more difficulties in the real sector by diverting funds from production. These short-term adverse shocks were compounded by the banks' more stringent lending standards (result of their sizable non-performing assets) and the lack of a clearly articulated reform program which discouraged private investment. *It is clear that Bangladesh needs to improve its policy framework to boost industrial activity and sustain high economic growth.*

4. ***Foreign exchange reserves declined by a further $0.3 billion and, at $1.7 billion, reached a critically low level (less than 3 months of imports).*** The external current account deficit declined from over 5 percent of GDP ($1.6 billion) in FY96 to less than 3 percent ($0.9 billion) in FY97. This was the result of a healthy export growth (14 percent) and a significant rebound in remittances. Import growth declined sharply from 18 percent in FY96 to 3.5 percent in FY97 due to subdued industrial activity and very low food imports. The contraction in the external current account deficit

contributed to the slowdown in reserve losses, which had exceeded $1 billion in FY96. However, continued low aid disbursements (which declined gradually but persistently from $1.8 billion at the beginning of the 1990s to $1.5 billion in the last two years) and a $120 million portfolio capital outflow--a spillover effect of the boom/bust episode in the stock market--offset the improvement in the current account. Pressures on foreign exchange reserves are likely to continue and could even mount with a recovery in industrial activity and ensuing pick-up in import demand. This pressure would be exacerbated if the net aid disbursements were to continue their recent decline.

5. ***The response to the persistent reserve decline has been inadequate. Additional steps are needed to rebuild reserves***. The official exchange rate was devalued by 4.6 percent vis-à-vis the US dollar in seven steps in FY97. This was not adequate to avoid a 4 percent appreciation of the real effective exchange rate, however, and has likely contributed adversely to the competitiveness of Bangladesh's exports. The recent sharp devaluations in Southeast Asian competitor countries must have further seriously eroded Bangladesh's competitiveness. A competitive exchange rate policy will be important for strengthening the economy's export base. At the same time, steps will be needed to improve the capital account balances. These include, in particular, sustained efforts by the Government to increase aid utilization--by removing project implementation bottlenecks, meeting policy commitments--and attract increasing private capital inflows.

6. ***Improvements in fiscal balances have not been accompanied by improvements in the quality of public spending. There are also questions as to whether positive developments in fiscal balances will be sustained during FY98.*** A marginal increase in revenue (from 11.5 percent of GDP in FY96 to 11.7 percent in FY97) and a marginal decline in expenditure (from 17.1 percent of GDP in FY96 to 17 percent in FY97) led to a decline in the fiscal deficit from 5.7 percent of GDP in FY96 to 5.3 percent in FY97. In addition, net domestic financing declined from 2.2 percent of GDP to 1.9 percent. These positive developments were not accompanied, however, by improvements in the quality of public spending. In particular, while there has been a welcome increase in the share of social sectors and infrastructure in the Annual Development Program (ADP), the ADP also contains many low priority projects and several that would be best carried out by the private sector. For example, a recent review of the FY98 ADP and of the latest Three Year Rolling Investment Program has identified 91 projects warranting careful re-examination. In addition, while there has been some positive measures taken in the FY98 budget (simplification of income tax payments procedures, efforts to improve compliance, another change in the corporate tax rate structure towards uniformity, and improvements in VAT and increase in the turnover tax rate), there are questions as to whether the FY98 revenue and fiscal deficit targets will be met. Already in the first two months of FY98 revenue collections have been 10 percent below the target. Compounding this, pay increases resulting from the implementation of the Pay Commission's recommendations and the non-resolution of absorbing completed ADP projects staff could put pressure on expenditure.

7. ***The decline in the domestic financing of the deficit was accompanied by a significant increase in its monetization***. In particular, bank credit--mainly from the central bank--to the Government increased by 27 percent, which followed the 37 percent expansion observed in FY96. Furthermore, the decline in foreign exchange reserves mopped up liquidity with the result that broad money growth remained at 11 percent. This, together with good harvests, contributed to keep inflation in the low single digits during FY97.

Challenges Ahead

8. ***Sustaining macroeconomic stability***. *There is a need to strengthen the macroeconomic framework by increasing foreign exchange reserves and by reducing Government's borrowing from*

the banking system in order to avoid crowding out the private sector. In the fiscal area, this requires reducing price distortions and subsidies, broadening the tax base and improving tax compliance, and reducing losses incurred by public enterprises and the quasi-fiscal losses stemming from the banking system.

9. ***Accelerating reforms.*** *The enormous challenge of poverty reduction facing Bangladesh requires faster economic growth and human development. To this end, completing the unfinished reform program is the key.* This requires stronger effort to accelerate pending reforms in public resource management and administration, privatization, banking, trade policy, and the legal system. At the same time, coherent sector strategies in education, health, population, and rural development need to be formulated and implemented. Rapidly establishing an appropriate legal and regulatory framework in energy and telecommunications will be important for ensuring competition and efficiency in these expanding sectors. Addressing the *law and order situation* is also vital for security of life and property, for improving the business environment, and for better access to public services by all. These steps would energize the private sector and stimulate private investment by improving the investment climate.

10. ***Exploiting opportunities.*** Currently, Bangladesh is attracting a strong foreign direct investment (FDI) interest, particularly in the energy and telecommunication sectors. On the basis of the ongoing contacts and already advanced negotiations, the level of FDI in the current fiscal year could reach $0.5 billion, with most of it going to the power and gas sectors. Such levels of FDI could be sustained and possibly increased in the medium-term. Bangladesh's prospects for economic growth, export diversification, and overall development would be significantly improved by capitalizing on this growing FDI interest, which could also expand into other industrial activities. Accelerating the pace of reforms would help realize this potential FDI and associated benefits.

11. ***Significant gas discoveries would increase exports, and improve the balance of payments. But it would require corresponding adjustments in macroeconomic policies.*** In the event of large gas exports, the real exchange rate could appreciate, adversely affecting the international competitiveness of other exports and discouraging export diversification. Appropriate strategies would need to be developed in conjunction with fiscal, exchange rate and monetary policies to avoid sustained real exchange rate appreciation.

BANGLADESH: ANNUAL ECONOMIC UPDATE 1997

ECONOMIC PERFORMANCE, POLICY ISSUES AND PRIORITY REFORMS

1. **Objectives and scope**. This report reviews progress made in the implementation of the economic policy and institutional reform program, assesses economic performance, and highlights crucial policy issues. The report also focuses on priority reforms needed for faster economic growth and poverty reduction and to better prepare Bangladesh for the challenges of the twenty first century.

A. AN OVERVIEW OF RECENT DEVELOPMENTS AND CHALLENGES AHEAD

2. Following the June 1996 general elections, the new Government assumed office in an improved political environment, leaving behind a prolonged period of turmoil and civil unrest that had crippled the economy and stalled economic reforms. At the outset, the Government declared its determination to pursue 'economic growth with social justice' and achieve faster poverty reduction. To these ends, the Government stressed its commitment to continue economic policy and institutional reforms within the framework of a market-driven and private sector-led business environment. As part of this strategy, the Government also expressed its determination to promote faster rural development and stronger elected local governments, and to provide support for education and basic health care. Maintaining macroeconomic stability was also highlighted as a key objective of Government's economic program.

3. With respect to the reform program, some positive initiatives were taken in the banking legal/regulatory environment, in attracting foreign direct investment (FDI) into the energy sector, and in adjusting administered prices. The progress in the implementation of the pending reforms has remained very limited in other areas, such as privatization, trade policy, legal/judicial and administrative reforms. And much remains to be done to effectively address the serious weaknesses in the banking sector and bottlenecks in infrastructure. In short, Bangladesh started FY98 with a still sizable reform agenda, and a private sector still waiting for a clear direction in economic policy.

4. Overall macroeconomic performance in FY97 was satisfactory in terms of economic growth and inflation, though sluggish growth in industry and uncomfortably low foreign exchange reserves have remained as problem areas. Growth picked up noticeably in FY97, largely reflecting strong crop production, which also contributed to a low, single digit inflation. But economic activities remained weak in almost all industrial subsectors. Industrial growth was one of the lowest in recent years. Slow progress in the reform program and uncertainty regarding the future scope and pace of changes in trade and industrial policies appear to have contributed to this outcome.[1] In addition, several adverse factors in FY97 affected industrial performance, including disruptions in the supply of gas, labor disputes affecting Chittagong port operations, and the boom/bust in the stock market during the first half of FY97. To sustain even the 5 plus percent GDP growth achieved in the last two years, it would be necessary to boost industrial activity.

5. Looking ahead, the enormous challenge of poverty reduction facing Bangladesh requires faster economic growth and human development than experienced in the recent years. To this end, the Government is facing several challenges in FY98 and beyond. In the near-term, there is a need to strengthen the macroeconomic framework. Specifically, it would be important to rebuild foreign exchange reserves to a comfortable level by pursuing a competitive real exchange rate policy, continuing trade

---

1 Concern about the policy uncertainty has been also voiced by various Chambers of Commerce and Industries.

liberalization, improving aid utilization, and attracting private capital inflows. Within such a stable macroeconomic environment, completing the unfinished reform agenda will be critical for achieving the poverty alleviation and growth objectives. This would require a stronger effort by the Government to accelerate the implementation of pending reforms in banking, privatization, trade policy, public resource management and administration, and the legal/judicial system. Also, appropriately designed sector strategies in education, health, population, and rural development need to be implemented. Addressing the law and order situation will be important for improving the business environment. These reforms and measures would energize the private sector and boost private investment. Finally, in view of the growing FDI interest in Bangladesh, it would be prudent to make appropriate adjustments in macroeconomic policies to deal with the BOP implications of expected pick up in FDI, particularly in the energy sector.

6. Section B below gives a brief account of recent progress in the implementation of the reform program. This provides the necessary background on the economic policy and institutional environment under which the economy operated in FY97. Sections C and D review economic, social, and environmental developments in FY97. Key requirements of sustaining macroeconomic stability and crucial policy and institutional reforms are discussed in Section E. Medium-term economic prospects are assessed in Section F within the context of an accelerated reform scenario, taking into account the expected increase in FDI inflows.

B. PROGRESS ON REFORM PROGRAM

Public Sector Reform

7. **Fiscal policy**. On the ***revenue*** side, Bangladesh's fiscal structure continues to suffer from a very narrow tax base. While the introduction of VAT in 1991 has contributed to the revenue mobilization effort by broadening the tax coverage and raised the tax/GDP ratio by about 2 percent of GDP, the revenue effort is still based heavily on imports. Close to 60 percent of tax revenues come from imports (Statistical Appendix table SA 6.4). This also inhibits the progress in rationalizing customs duties further. Efforts aimed at extending the coverage of VAT and income taxes have been limited, while strengthening tax administration remains to be tackled.

8. *The policy measures announced with the FY98 budget include some positive steps*: a further simplification of income tax payment procedures with increased provision of self-assessment, another change in the corporate tax rate structure towards uniformity, and some new measures--such as the use of mandatory filing of tax returns by owners of cars and certain categories of houses; extension of VAT's coverage, removal of some VAT exemptions and increase of turnover tax rate; and the rationalization of the supplementary duty system. *These might help raise more revenues but are insufficient to address the structural weaknesses of Bangladesh's revenue base.*

9. Budgetary revenues/expenditures are affected indirectly by the administered prices of power, urea[2] and petroleum products. Prices of power and urea were raised in FY97 after a long gap. Also, petroleum prices were increased in August 1997, though the positive effect on nontax revenues is expected to be small. This is due to the fact that changes in the prices of diesel and kerosene--which account for over 80 percent of the domestic consumption of petroleum products--were negligible and the Government itself is the major consumer of gasoline.

---

[2] In the case of urea, it is the size of urea subsidy that is affected by changes in its price, given that even after the 29 percent increase of June 1997, the ex-factory price of urea is still less than half the international price.

10. The importance of well-targeted and prioritized ***public expenditure programs*** in achieving rapid economic growth and poverty reduction is clear. The Government has made good progress in increasing the share of social sectors and infrastructure in the Annual Development Program (ADP) allocations.[3] Yet, there is still ample room for improving inter-sectoral and intra-sectoral distribution of public expenditures. At present, there are many projects that appear to be of low priority and some that should clearly be left to the private sector. For example, in a recent (non-exhaustive) review of the FY98 ADP and the latest Three Year Rolling Investment Program (TYRIP) for FY96-FY98, some 91 projects, warranting careful re-examination of their rationale and priority, have been identified.

11. **Public sector management/governance**. The Government has repeatedly stressed its intention to establish an *efficient and transparent government* as a top priority. This correctly reflects the crucial importance of improving governance in: using public resources; policy making for sound macroeconomic management and efficient resource allocation; creating effective and stronger institutions to implement policy, facilitating better functioning of markets, and establishing law and order. So far progress has been very slow in most aspects of this very fundamental reform area. According to business organizations, law and order situation continues to be a problem. "Toll collection" is reported to be still rampant. Armed groups of students continue to battle on the campuses. The promise to appoint an ombudsman remains to be fulfilled. "System losses" continue at extraordinarily high levels in PDB, DESA, and WASA.

12. With respect to ***administrative reforms***--which are aimed at restructuring public administration, enhancing accountability and transparency in government, making the civil service more effective, reducing opportunities for corruption, and strengthening parliamentary oversight as well as other public institutions (e.g., CAAG and Bureau of Anti-Corruption etc.)--so far the only progress has been the formation of additional committees/commissions, without much concrete action.

13. The report of the Administrative Reorganization Committee (ARC) was submitted to the Government in 1996. Subsequently, a Public Administration Reforms Commission (PARC) was constituted. A Chairman of PARC with the rank of a Minister was appointed in July 1997 and the work of the Commission is just being initiated. A National Workshop on "Government That Works" was organized in December 1996 jointly with the World Bank. More initiatives have been taken on local government reforms: the report of the Local Government Commission (LGC), which is proposing a four-tier local government structure, has been completed and submitted to the Government. However, as of mid-September, the Government has not announced any decision in this regard.

14. Recently, there has been a revival in the activities of the Privatization Board (PB), following the appointment of a private sector representative as Chairman of the PB in May 1997. However, actual progress in ***privatization*** during FY97 was disappointing. Sizable SOE losses continue to burden the budget, and their inefficiency remains a major drag on the economy. Gross losses of nonfinancial SOEs alone amounted to $364 million in FY97 (SA 6.3). A third of this amount was incurred by PDB and DESA; (losses of the Railways and the Post Office, which are directly accounted for in the Government budget, exceeded $25 million in FY97). Government's pronouncements on privatization have so far not been matched by actual progress on the ground. Not one of the 64 manufacturing SOEs slated for privatization last year was actually transferred in that year. There have been some progress recently with the issuance of letters of intent (LOI) by the PB for outright sale of 9 public enterprises. Decision has also been made for off-loading shares of another 9 units through the Investment Corporation of Bangladesh (ICB). However, what is worrisome is that on more than one occasion bids were called for and received,

[3] For a detailed review and assessment of Bangladesh's public expenditure programs, see the World Bank's recent report: Bangladesh: Public Expenditure Review: 1997 Update-Making the Best Use of Public Resources, July 1997, South Asia Region.

but the Government failed to take a decision. Recent initiatives to have consultations with the concerned workers could facilitate faster decisions. What is lacking is a clear policy on the modalities of privatization which the Government is willing steadfastly to back.

Sectoral Issues and Private Sector Investment Development

15. **Financial sector reforms**. The Government has taken the initiative to: strengthen the banking legal framework in the areas of loan recovery and management; pursue large defaulters; and create a general awareness about the poor state of the banking sector and on the dangers and costs of indiscipline in banking.

BOX 1: SOEs and the Banking Sector--Costs of Inaction

Quasi-fiscal losses associated with the operations of Bangladesh's non-financial SOEs and of the banking sector (and DFIs) are sizable, burdening the budget directly or indirectly. Obviously, there are additional costs as well, imposed on the economy due to high costs/poor quality of SOE products/services and forgone opportunities or lost returns because of the mismanagement of the resources tied up in SOEs.

Non-financial SOEs, including the Railways and the Post Office, have been showing large *losses*--which amounted to 1.2 percent of GDP in FY97. Their budget *deficits* have recently approached 2 percent of GDP, with financing being met from ADP allocations, transfers/loans from the Government budget, borrowings from NCBs, and further accumulation of arrears to the banks and the Government. The banking sector is financially weak, with both NCBs and domestic private banks highly undercapitalized, underprovisioned, and burdened with significant amounts of nonperforming loans. DFIs' overdue loans amounted to 61 percent of their outstanding loan portfolio at end-1996; (potential interest earnings on the classified loans of NCBs and on the overdue loans of DFIs--at nominal interest rates of 15 and 10 percent, respectively, would have amounted to 1. 3 percent of GDP at end-FY97). Since December 1992, the Government has issued bonds worth Tk 60.7 billion and given Tk 10 billion in cash to recapitalize NCBs, write off agricultural loans, and compensate NCBs for some of the loans extended to SOEs.

Government's assumption of SOE liabilities and other budgetary support to SOEs and meeting the recapitalization and provisioning needs of the banks will continue burdening the budget until the urgently needed reforms in the nonfinancial SOEs and the banking sectors are effectively implemented. Even if the needed reforms were to be implemented now, recapitalization and provisioning needs of the banks could reach the range of 2.0-5.0 percent of GDP, depending on whether the less stringent current prudential regulations or the international norms are applied. Inaction would increase these budgetary costs (as well as--the probably more damaging-- spillover effects on the economy) significantly. By acting now, the Government could avoid potentially sizable additional costs and utilize these (saved) resources for financing high impact social sector and infrastructure programs.

16. In addition to establishing a *Bank Reforms Committee* (BRC) and changing the memberships of the Boards and managements of the banks, several actions were also taken to strengthen the legal framework related to the commercial banking during FY97. These included: approval by the Parliament of amendments to the *Financial Loan Courts Act* of 1990; passing of a bill amending the *Banking Companies Act*, thus bringing this law up-to-date to deal with the insider lending problem; and the enactment of a *Bankruptcy Act* to facilitate effective debt recovery. Other actions toward loan recovery included setting up of a special legal cell at the Bangladesh Bank to pursue large defaulters and the formation of task forces in the banks for strengthening the loan recovery drive.

17. So far loan recovery efforts have not yet reversed the increasing trend in classified loans. The size of classified loans increased by 10 percent during December 1995 - December 1996, reaching Tk 111 billion (31.5 percent of total loans), and further expanded to Tk 122 billion by end-FY97, or about 33 percent of the total loan portfolio. It should be noted that these magnitudes are calculated under the Bangladesh's current prudential standards which are less stringent than the international norms.

Obviously, this is a situation requiring urgent actions in order to ensure the safety of deposits, establish a healthy and well functioning banking sector, and stop the budgetary drain at the expense of tax payers as well as indirect costs in terms of lost business opportunities (Box 1).

18. In the aftermath of the stock market turmoil of July-November 1996, the Government has initiated steps to protect investors' interest and develop stronger and well-regulated ***capital market*** institutions (Annex II). To this end, in early 1997 Parliament passed *the Securities and Exchange Commission (Amendment) Bill 1997* and *the Securities and Exchange (Amendment) Bill 1997.*

19. In ***infrastructure***, the Government has taken initiatives to unbundle activities with a view to promoting competition and efficiency for better service delivery. Steps have also been initiated to establish appropriate regulatory and policy framework to set the rules of market engagement in energy and telecommunications.

20. In ***power***, encouraging steps to restructure the sector have been taken. Progress has been made by the Power Cell (PC) in the preparation of a power sector reform program and private power development. A *private sector power generation policy* (PPGP) was approved in October 1996. The latter states that new power generation capacity will be created through "independent power producer" (IPP) projects, which will be implemented on a BOO basis. Standard "security packages" and "request for proposals" have been prepared for soliciting offers from IPPs. Bids for four barge-mounted and six other power plants are in various stages of processing. Power purchase agreements with IPPs have recently been signed by the Government for two barge-mounted power plants. Completion of these ten power plants would lead to the creation of an additional capacity of 1520-1720 MW, raising the present operational capacity by over 70 percent. However, the Government is planning to undertake four power plants under BPDB's direct investment. A review of GOB's position on these four projects appears desirable, particularly in view of the strong interest shown by IPPs in the power sector. There seems to be little justification for public sector investment if the country's power needs can be efficiently met by the private sector. By not undertaking these four projects, the Government could give a stronger signal to the private sector. Such a decision would be prudent especially since the overall commercial performance of the public sector entities has dropped--with the collection to generation ratio falling from about 62 percent in FY95 to 61 percent in FY97. Finally, it needs to be highlighted that the establishment of an appropriate legal/regulatory and pricing policy framework for the sector is a priority (see Section E for details).[4]

21. In the ***oil/gas sector***, which is expected to attract increasing amounts of FDI (Annex I), efforts are underway, with support from the ADB, to develop an appropriate regulatory framework for this sector. In ***telecommunications***, the Government's commendable effort to promote private investment and enhance competition by bringing private providers in value-added services would need to be followed up urgently by having an effectively functioning Telecommunications Regulatory Board (TRB). At present, the TRB lacks competent technical staff. What is still missing is the necessary regulations to determine the pricing policy, protect service users, and ensure healthy competition. Also, keeping the TRB in the Ministry of Telecommunications should be seen as a transitional arrangement. Establishing an *autonomous* regulatory body is desirable for transparency, commercially-based independent decisions, and for ensuring neutrality in regulating the sector. The monopoly of Bangladesh Telephone and Telecommunications Board (BTTB) in basic (fixed wire) services in urban areas also needs to be phased out to promote competition in the entire telecommunications sector.

---

[4] Note also that a (World Bank) supported Private Sector Infrastructure Development (PSID) project aimed at facilitating private sector involvement in power, telecommunications, water, and transport sectors has reached the implementation stage. In April 1997, the Cabinet approved the proposal to create a new 'Infrastructure Development Company" to handle the retailing of (limited recourse debt) financing to private investors.

22. In ***trade policy***, some of the new measures announced with the FY98 Budget give mixed signals to investors about the policy stance of the Government in this area. While some customs duty rates have been lowered to "rationalize" tariffs, other rates have been raised to provide higher "protection" to some activities. And the reduction of the maximum tariff rate from 45 percent to 42.5 percent has been offset by the 2.5 percent Infrastructure Development Surcharge (IDS).[5] With respect to the quantitative restrictions, which cover mainly textiles, there has been no change in the import regime. Despite their long history in Bangladesh, QRs and high tariffs have not only failed in promoting the development of a competitive and diversified textiles sector with linkages to the RMG sub-sector, they have also encouraged informal trade from across the border, thus depriving the Government of tariff revenues.

C. ECONOMIC DEVELOPMENTS IN FY97

23. Macroeconomic developments in FY97 were marked by a healthy GDP growth and moderate inflation. The budget deficit as well as the external current account deficit declined, but there was also a further reserve drawdown; (see SA 2.1 for a summary presentation of macroeconomic indicators and Box 2 for information on NA statistics). These performance highlights are discussed in more detail below.

BOX 2: The new, re-based National Accounts series

Bangladesh Bureau of Statistics (BBS) has been trying to improve the quality of the national accounts (NA) and address some of the deficiencies in official statistics. Recently, BBS has announced in a draft report some of the results of its ongoing effort aimed at improving the coverage and re-basing of NA statistics, using the SNA '93 guidelines. Preliminary results, covering at present only FY90-FY95 period, show much higher levels of nominal investment and GDP, as widely expected. *The extent of upward changes range between 30-32 percent for GDP and 53-104 percent for investment.* Consequently, investment-GDP ratios are also higher, thus implying larger incremental capital-output ratios (ICORs). The new NA series are affected by the inclusion of hitherto neglected or only partially covered economic activities, methodological improvements, updated input-output coefficients/weights used in calculations, and the altered sectoral classifications. Some of these results are briefly summarized in Annex-III. Note that the review and assessment of economic performance presented in Sections A and C are based on the available (1984/85 based) BBS national accounts series and Bangladesh Bank data for FY96 and FY97. This is not expected to reflect a substantially different picture with respect to the economy's performance and growth rates of the key macroeconomic indicators. Some of the ratios--such as fiscal deficit, budgetary revenues and expenditures, external current account deficit, etc., expressed as ratios of GDP--would be different on the basis of the new (yet to be finalized) NA figures for FY96 and FY97. Therefore, when intertemporal comparisons are made, some caution is in order.

<u>Economic Growth Trends</u>

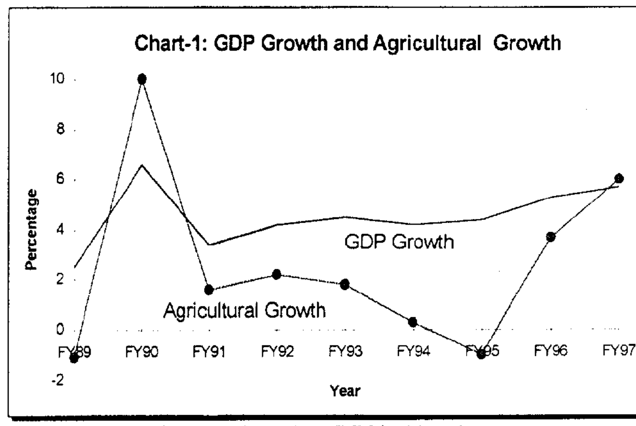
24. ***Strong crop production for a consecutive second year helped raise GDP growth from 5.3 percent in FY96 to an estimated 5.7 percent in FY97*** (Chart-1; SA 3.1). Increase in crop production alone accounted for about 24 percent of total GDP growth in FY97. Timely rainfall early in the year and relatively lower incidence of crop destructive flooding contributed to bumper aman and aus harvests. Adequate availability of inputs, particularly fertilizer and irrigation, helped maintain boro production at about the same level as last year. Urea sales increased by nearly 4 percent (SA 7.2) and irrigation acreage increased by 10 percent in FY97 over their levels in FY96. Total foodgrain production in FY97 reached

---

5 The (unweighted) average tariff rate appears to have increased from almost 21.5 percent in FY97 to around 23 percent in FY98 (with the inclusion of the 2.5 percent IDS). It is worth highlighting that while the Government indicated the extension of IDS to include <u>some</u> domestically produced goods, no such announcement has been made yet.

20.3 million MT, thus exceeding the FY93 peak by about 4.2 percent (SA 8.1). Growth in production of jute, livestock, poultry and fisheries was also impressive. Note, however, that it may be difficult to sustain the above-average growth in agricultural GDP achieved in FY97 (SA 3.3) even under normal weather conditions. Furthermore, the lower domestic rice prices resulting from bumper harvests may have some adverse impact, particularly on boro planting decisions, in FY98. Prices of raw jute, which were unusually high in FY96, declined significantly in FY97 and this may have some negative effect on jute acreage in FY98.

25. ***Growth performance in industry was sluggish, with manufacturing growth-- at 3.3 percent in FY97--registering one of the lowest rates in recent years*** (SA 3.3).[6] Several adverse developments contributed to this outcome, including disruptions in the supply of natural gas--which in turn affected power supply and urea production--and labor disputes which disrupted Chittagong port operations.[7] Also, the July-November 1996 boom/bust in the stock market caused difficulties in the real sector by diverting funds from production. These short-term adverse shocks were compounded by the banks' more stringent lending standards (result of their sizable non-performing assets), which might have affected access to credit of some firms. Continuing mixed signals on the Government's position with respect to privatization, industrial and trade policies are likely to have led to a perception of policy uncertainty in the business community, thus adversely affecting industrial activities. In <u>services</u>, growth in the transportation, storage and communication sector contributed about 13 percent to the total FY97 GDP growth (SA 3.3), thanks to a pick-up in inter-district distribution activities. However, growth in trade services sector was slower due to lower import growth and weak linkage between growth in crop production and trade services.[8]



Source: Based on BBS' old series.

<u>Investment and Saving</u>

26. ***Investment rate in FY97 showed some increase, according to BBS's old series.*** Total investment rate is reported to have increased from 17 percent of GDP in FY96 to 17.4 percent in FY97 (Chart-2; SA 3.4). This is difficult to reconcile with the data on capital and intermediate goods. For instance, according to NBR's shipment-based trade data, imports of iron and steel (in current dollar terms) declined nearly 23

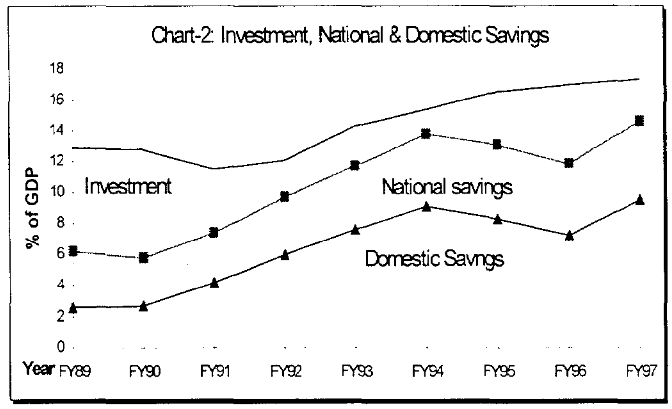
---

6 Production of some important industrial items through May 1997 had negative growth over their levels in the corresponding period of the previous year. These included cotton cloth (-8.8 percent), fertilizer (-20.8 percent), jute textiles (-3.2 percent) and cotton yarn (-2.8 percent).

7 The Chittagong port was closed for 13 days during March-July, 1997 due to disputes between port users, workers, and the Chittagong Port Authority (CPA). The resulting congestion problems became so serious that the Singapore based Chittagong Feeder Trade Committee (CFTC) decided to re-introduce the congestion surcharge of $150 for 20 feet size containers and $300 for 40 feet size containers for one month with effect from August 16, 1997. In power, the shortage resulted from inadequate gas supply, which led to closure of Raozan power plant and Chittagong urea factory (CUFL). The Government had to build the Ashuganj-Bakhrabad gas pipeline on an emergency basis to cope with the gas shortage problem. The seriousness of the pervasive power shortage problem became painfully visible once again on September 3 when angry people from four markets ransacked the DESA office at English Road, Dhaka. They were protesting against continued suspension of power supply for 22 days to four markets. Several such incidents also took place earlier in many district towns outside Dhaka.

8 A sizable part (about 30 percent) of rice production is not marketed and, therefore, these do not contribute to further value addition in the trade sector.

percent, and that of cement declined by 10 percent, while imports of capital goods increased by less than 1 percent, and value-added in construction grew by only 3.6 percent (SA 3.3) in FY97. Even after taking into account the 4.6 percent nominal exchange rate devaluation and the less than 6 percent growth (through May) in domestic production of cement in FY97, the magnitude of the increase in the size of nominal investment appears inconsistent with these data. In short, the FY97 investment rate is likely to have been overstated; (such an over-estimation would have also led to an over-estimation of the national savings rate).

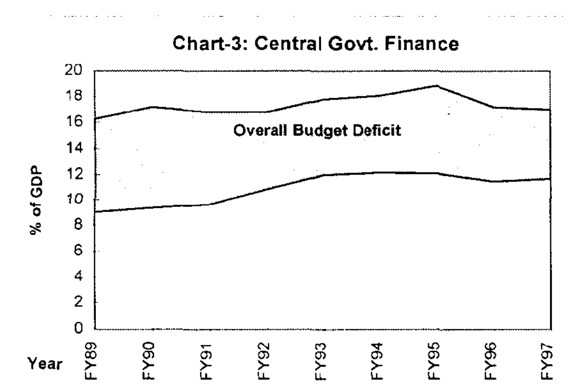


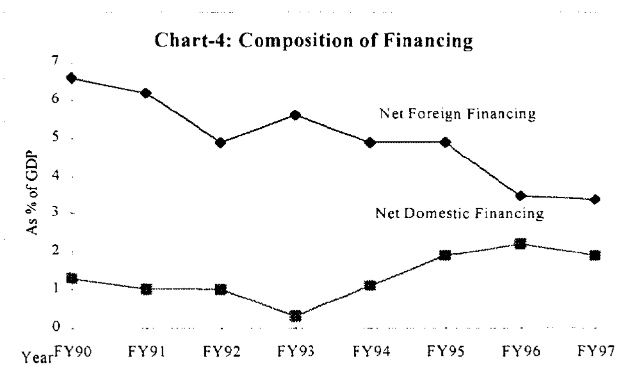
Source: Based on BBS' 1984-85 based series.

27. ***The recent declining trend in <u>private</u> saving was reversed in FY97.*** According to BBS' data, the national saving rate increased from 11.9 percent of GDP in FY96 to 14.6 percent in FY97; (however, the latter figure appears to have been overestimated). This was partly due to a very strong growth in remittances, which must have contributed to higher private savings (Chart-2; SA 3.4). In addition, the strong growth in agricultural GDP, increases in nominal interest rates and lower rate of inflation in FY97 must have contributed to the significant rise in the domestic savings rate.

Fiscal Developments

28. ***The FY97 budget deficit declined to 5.3 percent of GDP*** from 5.7 percent in FY96, largely as a result of scaling down of the ADP size (Chart-3; Table-1; SA 6.1). There was a consequent decline in domestic financing as a share of GDP. However, the composition of domestic financing of the central Government budget deficit did not improve. Government's borrowing from the banking system continued to remain on the high side, as it became difficult to mobilize funds from the non-bank public due to the diversion of financial savings to the stock market.[9] Consequently, the Government's borrowing from the banking system--mostly from the Bangladesh Bank--increased by 27 percent in FY97, following the 37



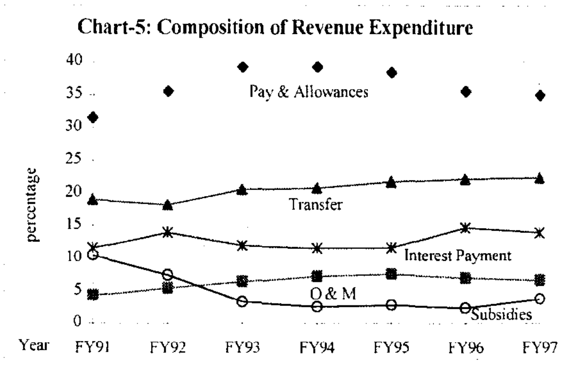


Source: Based on data from Ministry of Finance.

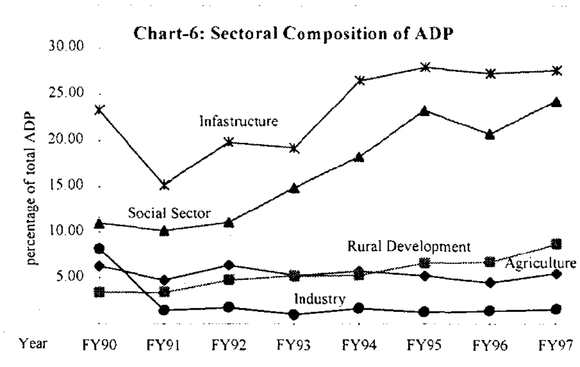
9 As savers tried to divert their funds to the stock market, they encashed their holdings of savings certificates. This led to an overrun in Government's interest payments on the domestic debt above the budgeted level. In order to boost the sales of savings certificates to the non-bank public, the Government raised interest rates on these long-term debt instruments and introduced two new savings certificates in the second half of FY97. These measures started showing effects towards the end of FY97.

percent increase of FY96. This might have adversely affected access to credit by some private firms, though it is difficult to establish the extent of crowding out, given the very low growth in industrial activities and imports. At the same time, net foreign financing of the budget deficit declined further in FY97 as a share of GDP (Table-1; Chart 4; SA 6.1). This reflected continuing levelling off in gross aid disbursements, which remained--at about $1.5 billion--far below the level anticipated by the Government at the beginning of FY97.

29. ***There were adverse developments affecting the recurrent budget in FY97.*** Current expenditures exceeded the original budgetary target by 3.6 percent, resulting largely from higher than budgeted interest payments on the domestic public debt, foodgrain procurement, defense spending and urea subsidies. As a result, the current expenditure-GDP ratio increased from 8.7 percent in FY96 to 8.9 percent in FY97. Note also that the shares of wages and transfer payments in recurrent expenditures have tended to rise somewhat



Source: Based on data from Ministry of Finance.



Source: Based on data from IMED.

in recent years (Chart-5). On the revenue side, there was a 5 percent shortfall in revenue collection relative to the budgetary target, reflecting mainly a shortfall in tax revenue collections. The latter was due to the low import growth and the continued weaknesses in the collection of VAT and income taxes. There was also some shortfall in non-tax revenues, resulting primarily from delayed/inadequate adjustments of administered prices and growing SOE losses (SA 6.3).

30. ***The high levels of ADP allocations for key sectors have been maintained, though quality problems remain*** (SA 6.2; Chart-6). Quality may in fact be getting worse. This is because of the increase in the number (and cost) of <u>unapproved</u> projects and the inclusion of several approved projects with questionable priority and rationale in the FY98 ADP.

Table-1: Fiscal Trends
(percent of GDP)

	Actuals		FY97
Selected budget items	**FY95**	**FY96**	**Estimated outcome**
Total Revenue	12.1	11.5	11.7
Tax	9.6	9.2	9.5
Total Expenditures	18.9	17.1	17.0
o/w Current	8.8	8.7	8.9
ADP	8.6	7.4	7.5
Overall Deficit	-6.8	-5.7	-5.3
Net Foreign Financing	4.9	3.5	3.4
Net Domestic Financing	1.9	2.2	1.9

Source: Based on SA 6.1.

31. ***Fiscal finances are likely to come under pressure in FY98.*** The pressure points are likely to be: pay increases resulting from the implementation of the Pay Commission's recommendations and the non-resolution of the problem of absorbing completed ADP projects staff in the revenue budget; and a possible revenue shortfall. Note that NBR revenue collection during the first quarter of FY98 showed a 7 percent shortfall relative to the target.

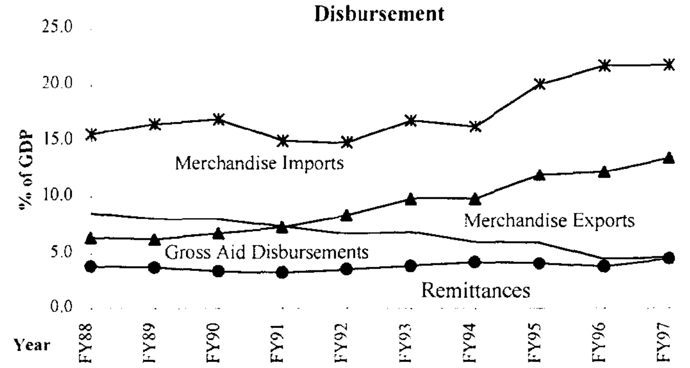
Balance of Payments

32. ***Performance in the external sector in FY97 was mixed.*** The current account deficit declined from 5.1 percent of GDP in FY96 to 2.8 percent in FY97, reflecting a low (3.5 percent) growth in merchandise imports, a higher-than-targeted (14 percent) growth in merchandise exports, and a strong (21 percent) growth in remittances (Chart-7; SA 4.1).

33. *Export growth in FY97 was led by raw jute, knitwear, and woven garments.*[10] Export base continues to remain narrow and, thus, vulnerable to shocks and threats such as the ones Bangladesh is currently facing in the European, US and Japanese markets (Annex-I, Part-B). Note also that leather exports declined nearly 8 percent due to a weakening in global demand for leather products and a continuing decline in the supply of high grade hides in Bangladesh. Export of jute goods fell by 3.5 percent, reflecting to some extent increasing production bottlenecks arising from worn out plant and equipment in Bangladesh's jute mills.

34. Import of primary goods, particularly foodgrains, showed a significant contraction in FY97 due to consecutive bumper crops in the last two years. This, together with a very low growth in imports of capital goods, accounts for the particularly subdued overall growth in merchandise import payments. Growth of non-food imports may pick-up in FY98, if there is recovery in industrial growth. It is also worth highlighting that the external current account deficit could have been lower--by over $200 million--had it not been for the Government's decision to import about $90 million worth of urea and the surge in the import price of crude oil and petroleum products. The latter added more than $100 million to the import bill.

Chart-7: Exports, Imports, Remittances & Gross Aid Disbursement



Source: Based on data from Bangladesh Bank

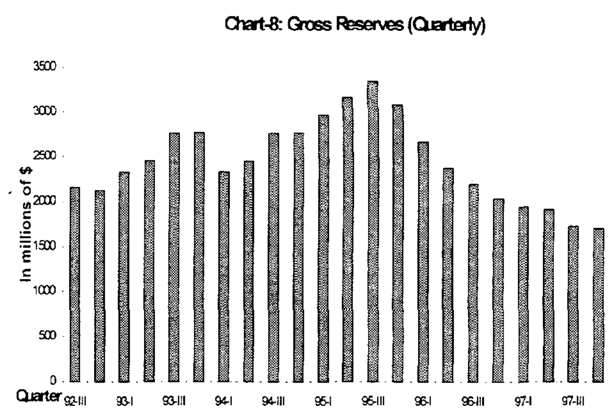
35. *The impressive remittance growth could be explained partially by the arrival of remittance inflows postponed in FY96 due to political disruptions and the higher exchange rate devaluation in FY97.* The banking system, despite severe weaknesses in their asset portfolio, functioned without any major disruption throughout FY97, making transfer of remittances easier than before. Also, some banks established outlets for collecting remittances from Bangladeshis residing in the United States.

36. ***The reserve drawdown continued in FY97, albeit at a much slower pace*** (Chart-8; SA 4.1). Total

---

10 These grew by 29 percent, 28 percent and 15 percent, respectively. Export of garments accounted for 53 percent and knitwear 31 percent of the total FY97 increase in merchandise exports.

reserve depletion amounted to $320 million in FY97 as compared with $1.06 billion in FY96, with the reserve level falling further to $1.7 billion at end-FY97. Notwithstanding the decline in the current account deficit,[11] pressure on foreign exchange reserves persisted due to low aid disbursements and sizable private capital outflows. Bangladesh's inability to utilize two adjustment credits kept net aid disbursements at a level ($1.2 billion) lower than what could have been achieved in FY97. This was also a factor in the continuing downward trend in aid disbursements observed in recent years (Chart 7). Private portfolio capital outflows, amounting to $120 million, were driven by developments in the stock markets.[12] The foreign exchange reserve level at end-September 1997 stood at $1.6 billion, equivalent to only about 2.4 months of the projected FY98 merchandise imports. *This uncomfortably low reserve level is a cause for concern.*



Source: Based on data from Bangladesh Bank

37. ***Rebuilding foreign exchange reserves to a comfortable level will be an important policy challenge in FY98.*** The policy response to the persistent reserve decline has been inadequate. The official exchange rate was devalued by 4.6 percent vis-à-vis the US dollar in seven steps in FY97.[13] This was not adequate to avoid a 4 percent appreciation of the real effective exchange rate in FY97 (SA 4.5), which is likely to have contributed adversely to the competitiveness of Bangladesh's exports. The recent sharp devaluations in Southeast Asian competitor countries must have further seriously eroded Bangladesh's competitiveness. Pursuing a competitive exchange rate policy, together with continued trade liberalization, will be important for strengthening the economy's export base. At the same time, steps will be needed to improve the capital account balances. These include, in particular, sustained efforts by the Government to increase aid utilization--by removing project implementation bottlenecks, meeting policy commitments--and attracting increasing private capital inflows.

Inflation and Monetary Developments

38. ***While bumper food crops helped to keep inflation at modest single digit levels in FY97, more recent information indicates some pick-up in the rate of inflation.*** The twelve-monthly moving-average inflation rate[14] declined from 4.1 percent in FY96 to 3.9 percent in FY97 (Table-1; SA 10.1). The decline

---

11 In Bangladesh's balance of payments (BOP), imports are recorded on a payment basis. Merchandise exports are, however, entered on a shipment basis and the difference between payment and shipment values is shown as part of 'Errors and Omissions' (SA 4.1). This leads to an understatement of the financing burden arising from the current account deficit since the shipment value typically exceeds the payment value of exports. This is attributable to several factors: usual lag between export shipment and receipts; short shipments and price revisions, the incidence of which is larger in case of garments; and, since FY96, inclusion of KAFCO's urea exports in the shipment-based figures while the corresponding receipts are kept outside the country. *The magnitude of the understatement is not trivial.* For instance, the current account deficit in FY97 would have been $1.42 billion, as compared with $902 million, if exports were included on a payment basis in the balance of payments. It is therefore important to interprete Bangladesh's BOP statistics carefully in view of this discrepancy.

12 Note that foreign investors were among the big winners in the stock market episode as they timed their exit from the market with near perfection. Almost all the portfolio capital that came into Bangladesh markets in FY93 to FY95 have now left. See Annex-II for more details on the stock market episode in FY97.

13 Taka was subsequently devalued in two steps during July-August 1997, thus raising the cumulative rate of devaluation under the present Government to 6.7 percent. Currently, the official buying rate is Tk 44.45 per $, the selling rate Tk 44.65 per $ and the average is Tk 44.55.

14 Based on the old Dhaka Middle Class CPI (1973/74 = 100) at end-June.

reflected primarily a lower food price inflation rate (down from 5.9 percent in FY96 to 4.8 percent in FY97). The rate of inflation for non-food items increased (from 1.5 percent to 2.5 percent). However, the end-period (year-on-year) rates of inflation increased from 2.2 percent in FY96 to 6.1 percent in FY97 (SA 10.2).

39. ***Monetary policy in FY97 continued to accommodate the Government's borrowing needs, although efforts were made to mitigate its impact on monetary aggregates.*** Broad money growth increased from 8.3 percent in FY96 to 11 percent in FY97, reflecting largely a sizable increase in Government borrowing from the banking system, but mainly from the Bangladesh Bank (SA 7.1). Had it not been for the foreign exchange reserve drawdown and moderate (12.6 percent) growth of credit to the private sector, the monetary growth would have been larger. Increased open market sales of Bangladesh Bank (BB) bills (until March) and treasury bills and the increase in the Bank Rate in two steps--from 6.5 percent to 7.5 percent--also helped contain monetary growth. Upward adjustment in the threshold (maximum) rates on auctioned treasury bills was instrumental in inducing some shift in T-bill sales away from the BB to the banks, thus containing the growth of reserve money.

D. POVERTY TRENDS, SOCIAL AND ENVIRONMENTAL DEVELOPMENTS

Poverty Incidence and Trends

40. ***The incidence of rural poverty has remained high.*** The recently released results of the 1995/96 Household Expenditure Survey (HES) suggest that there has been a modest decline in the incidence of rural poverty since the early nineties (SA 1.4).[15] Notwithstanding this modest improvement, estimates--based on the cost of basic needs (CBN) method--indicate that the incidence of rural poverty is still high. Preliminary HES results suggest that in 1995/96 about 40 percent of the rural population were below the lower poverty line and as high as 57 percent were below the upper poverty line.[16] Not unexpectedly, rural poverty has been particularly high among the landless and illiterate households. The incidence of urban poverty has been noticeably less than rural poverty but is still significant and will become increasingly so as the urban sector continues its rapid growth.[17]

Trends in Social Indicators

41. ***Bangladesh's social indicators improved noticeably over the past decade. While the coverage of basic social services has steadily expanded, there are questions about their quality and effectiveness of delivery.*** The progress in improving the key health and family planning indicators seems to have slowed in recent years. The pace of reduction of infant mortality, achieved largely through increased EPI coverage, better diarrheal disease control and widespread access to safe drinking water, has not been maintained. Infant mortality (currently about 77 per thousand live births) is still high, even compared to

---

[15] Other recent surveys also had similar findings. These include the ones carried out under the Analysis of Poverty Trends (APT) project executed by the BIDS and the Monitoring of Adjustment and Poverty (MAP) project carried out by the BBS.

[16] See Ravallion, Martin, *Poverty Comparisons*, Harwood Academic Press, (Switzerland; 1994). The BBS has decided to adopt the CBN method for reporting the findings of the 1995-96 HES and also for future rounds of the survey. For an explanation of the upper and lower poverty lines, see Quentin T. Wodon, *"A Profile of Poverty in Bangladesh: 1983-1992"*, Report No. IDP-169, South Asia Region. The World Bank, October 1996. The lower poverty line under the CBN method has a food component based on the cost of 2122 k. calories per person per day and a non-food component based on the actual non-food expenditures of households whose total expenditures are equal to the food poverty line. The upper poverty line has the same food component but a different non-food component based on actual non-food expenditures of households whose food expenditures are equal to the food poverty line.

[17] The incidence of urban poverty, using the CBN method and 1995/96 HES data, is 14 percent based on the lower poverty line and 35 percent based on the upper poverty line (see BBS: *Summary Report of Household Expenditure Survey, 1995-96*, August 1997, Tables 4.2 and 4.3).

the average for low-income countries (69 per thousand births). Maternal mortality (4.5-5.0 per 1000 live births) also continues to be high, and very little progress is being made in this area, especially in the absence of a coherent strategy to deal with the problem. Improvements in these indicators will require the implementation of a well designed strategy. The contraceptive prevalence rate (CPR) has been improving--from 45 percent in FY94 to 49 percent in FY97. However, the pace of fertility reduction appears to have slowed down somewhat, with the TFR declining slowly--from 3.44 in FY94 to 3.27 in FY97--reflecting the need to improve coverage of younger couples and the effectiveness of the contraceptive mix.

42. ***There are some indications of progress in the nutritional status of children since the early nineties, but the incidence of under-5 child malnutrition still places Bangladesh in the list of high risk countries.***[18] BBS' Child Nutrition Survey of 1995/96 reports a noticeable decline in the incidence of stunting--from 64 percent in 1992 to 51 percent in 1995/96--and in the incidence of underweight children--from 68 percent to 57 percent--during this period. However, the incidence of malnutrition is still exceptionally high, even by standards of low-income countries.[19] Most recent surveys, including the 1995-96 HES, indicate that more than 95 percent of the population have access to safe drinking water. This widespread availability of safe water has unfortunately been threatened by the finding that arsenic is increasingly contaminating the water.

43. ***There has been a remarkable expansion in school enrollments at all levels, particularly for female students, but the quality of education remains unsatisfactory, with the high dropout rates declining slowly, thus leading to continuing wastage of resources devoted to education.*** Primary school enrollment has expanded rapidly since the early nineties, with about 90 percent of the relevant age group in school and virtual parity of girls in enrollment. The primary dropout rate has been declining slowly and still remains high (39 percent). In secondary education, gross enrollment reportedly rose by 9 percent in 1996. Female students accounted for 47 percent of secondary enrollment. The dropout rate at the secondary level improved noticeably from 48 percent in 1995 to 44 percent in 1996, and fell sharply for girl students. The literacy rate continues to be low, even compared to South Asia or low-income countries as a whole.[20]

44. ***Progress has been made in preparing a plan for mainstreaming women in development and the plan needs to be adopted and implemented soon.*** Much groundwork has been done over the past year to prepare the framework for WID policy reform, but the momentum appears to have slowed down. A National Action Plan (NAP) for implementation of the Beijing Platform for Action (PFA) was finalized in June 1997. An Institutional Review of the WID (IRWID) capability of GOB was also completed in April 1997. However, the approval and formal adoption of the NAP and IRWID has been pending and, consequently, the WID actions envisaged in these two documents have not yet been initiated. The reconstituted National Council for Women's Development (NCWD) met for the first time in February 1997. A draft National Policy for Women's Advancement was endorsed at this meeting and subsequently declared by the Prime Minister in March. A multi-sectoral program on violence against women is under preparation. Two of the specific reservations on the Committee for the Elimination of Discrimination Against Women (CEDAW) Convention were withdrawn in July 1997. Progress on adoption of a more pro-active stance with regard to recruitment of women in the public sector so far has been limited. One

---

[18] See _Sector Strategy Paper on Health, Nutrition and Population_, Human Development Network, World Bank, June 30, 1997, Table A.1 Global Ranking of Risk Countries by HNP Indicators.

[19] According to UNICEF's report, "*The Progress of Nations-1996*", the incidence of malnutrition, taking into account Bangladesh's socio-economic condition, should be no more than 33 percent.

[20] Comparative figures for 1995 are in "Bangladesh at a glance" table, p.iii.

proposal in this regard is the Local Government Commission's recommendation for a specified number of women members in all the proposed four tiers of local Government.

Environment

45. ***Environmental problems are deteriorating noticeably, posing potentially serious health hazards and threatening growth prospects.*** One of the major areas of environmental concern is the deterioration in the quality of ground and surface water. This is particularly due to the recent outbreak of arsenic contamination, the widespread discharge of toxic and harmful effluents by industries, and increasing salinity in coastal areas. The arsenic pollution is linked to the naturally occurring arsenic released into ground water. It is apparently occurring as a consequence of the lowering of the water table, caused by the use of shallow tube-wells for irrigation. It has so far been detected in the western part of Bangladesh. It is potentially a serious health hazard, which could affect a large section of the population. Air pollution in the cities, particularly Dhaka, caused by inefficient combustion of fuel and use of leaded petrol, is assuming alarming proportions. There are also problems of quality water supply, sanitation, and solid waste disposal in the urban areas. Another major concern is the declining land productivity due to soil degradation, which is threatening prospects for crop sector growth. This is attributable to intensive land use. The latter has led to imbalances in soil nutrients due to suboptimal application of NPK fertilizers, the increased appearances of micro-nutrient deficiencies, and increased monoculture cropping of rice.

E. NEEDED PRIORITY REFORMS

46. As highlighted in the introductory section, for paving the way to higher sustainable economic growth and faster poverty reduction, the Government needs to firmly establish macroeconomic stability and push forward with the key economic and institutional reforms. Actions are needed now to: (i) build up foreign exchange reserves, strengthen the tax base, and reduce the Government's heavy borrowing from the banking system; (ii) improve governance in the public sector; (iii) dispel policy uncertainty, build up business confidence, and foster private investment by completing policy/institutional and regulatory reforms, particularly in the financial and SOE sectors, trade, and infrastructure; and (iv) continue strengthening polices and programs for human development.[21]

Sustaining Stability and Strengthening Macroeconomic Framework

47. In view of the sustained large Government borrowing from the banking system and the fairly weak foreign exchange reserve situation, actions are needed to strengthen the macroeconomic framework. Some of the key measures to build up foreign exchange reserves include:

- In the short-term, quickly resolving the outstanding issues pertaining to the *EU's GSP facility* for Bangladesh's *knitwear exports* and those related to *frozen food exports*. It is vitally important not to lose these markets, which have been one of the fast growing sources of export earnings and do have the potential for further growth (Annex I, Part B); (of course, in the near- and medium-term, a key policy measure will be to continue with the trade policy reforms in order to reduce the existing anti-export bias. This is discussed in paragraph 61 below);

---

[21] Note that the World Bank's 1996 publication *Agenda for Action* provides a detailed account of the needed sectoral policy and institutional reforms.

- eliminating the existing restrictions on the retention of export proceeds; and deregulating export financing by removing back-to-back L/C requirement for RMG exporters; and

- maintaining a competitive real exchange rate (RER) policy, taking account of permanent changes in the domestic and external RER fundamentals affecting the underlying equilibrium RER. This is crucial for promoting exports, avoiding import surges, and establishing viability in external balances.

48. In the ***fiscal area***, tax *revenue* mobilization drive needs to continue in order to strengthen the budgetary revenue base and effect a shift away from heavy reliance on import taxes. Opting for an easy way out by relying on import taxes for additional revenues will not address the basic structural weakness of Bangladesh's fiscal balances. The new tax measures announced with the FY98 Budget will most likely bring some improvement in revenue performance, though the revenue projections for FY98--showing 22 percent nominal growth--appear optimistic. It is clear that both during FY98 and beyond, the revenue mobilization effort has to continue, with the primary emphasis being on:

- further broadening of the coverage of VAT and income tax, by eliminating/reducing exemptions, continuing the effort of identifying new tax payers; not introducing new tax holidays; and further restructuring of the corporate income tax rates toward a lower uniform rate;
- revamping and strengthening the tax administration, including measures to reduce tax fraud;
- adjusting the non-tax revenue sources such as user fees/charges (to avoid erosion due to inflation and recover a growing portion of costs), and, where practical, considering the active involvement of beneficiaries in maintenance activities as a way of collecting user charges--e.g., in irrigation; and
- gradually liberalizing price controls over urea and petroleum products, and letting these follow the international trend prices, but subject to an indirect tax structure that takes into account revenue needs, equity, and the "user/polluter pays" principle for pollution and the costs of infrastructure services (road use). As discussed earlier, keeping these prices at below market levels, apart from causing inefficient use of resources, will affect the budget adversely through effects on the size of non-tax revenues and/or subsidies.

49. On the *expenditure* side, it will be important to contain the growth of current expenditures such as pay/allowances and defense spending, while also trying to gradually reduce food and fertilizer subsidies. In view of the significant manpower surplus in lower grades, a freeze on new hiring in these grades and personnel rationalization through natural attrition and/or voluntary retirement would help contain growth in the recurrent spending (SA 6.1). These measures would also allow real increases in crucial recurrent expenditure categories, such as social sectors and non-wage O&M.

50. Regarding the ADP, lack of a clear position on the role of the state in industry and indecisiveness with respect to the future of SOEs, political considerations and weaknesses in institutional capacity continue to produce less than satisfactory ADP programs. There is a need for a careful re-examination of the ADP project portfolio in terms of their merit, rationale and priority. In any event, with respect to the FY98 ADP, some trimming would be warranted given that there are many questionable projects.

51. Also, to improve budgetary management, it would be prudent to implement the recommendations of the ongoing RIBEC project, particularly those pertaining to improving budgetary information and monitoring systems, controls, accounting, and expenditure classification.

Reforming the Public Sector: Improving Governance

52. Given the lack of any visible progress in reforming the ***public administration***, the agenda is sizable. The PARC, building on the recommendations of the ARC and of other completed studies, could

move fast, if this is facilitated by a strong political backing and the necessary resources to carry out its mandate. The PARC will need to prioritize and sequence the large number of tasks listed in its very challenging mandate, which cover: restructuring of Government Departments, manpower rationalization and development/training, enhancing accountability and transparency, improving public service delivery, curbing corruption, strengthening Parliamentary oversight, and facilitating private sector development. The time has come to move from studies to actions.

53. Selecting a core set of key reform areas to focus on initially and developing workable reform measures for successful implementation would be the practical way to follow. Experience of other countries has shown that reform efforts aimed at improving service delivery by agencies that are in constant contact with the public and private firms tend to find strong support and show success. Accordingly, consideration could be given to concentrate initial efforts on well-known public agencies, including *customs* and *tax administration*. To ensure success, it would be important to develop and introduce efficiency-promoting incentive regimes (e.g., in the form of performance/merit-based bonus and promotion schemes, and effective training). As for the task of reorganizing/restructuring within the central Government, this would need to be coordinated closely with the pending actions in the local government front. The extent and modalities of administrative and fiscal decentralization would have a bearing on how the central Government should be reorganized.

54. As regard strengthening of ***local governments***, an early decision on the Local Government Commission (LGC) recommendations by the Government would help initiate the local government reforms, including the preparation of the necessary legislation soon. As emphasized by the Government, progress in devolving responsibilities and fiscal authority to local elected bodies could, <u>if well done</u>, contribute to achieving improvements in transparency, accountability, and efficiency in public administration and public service delivery. Otherwise, there is also a risk that these local bodies could become a new source of corruption and inefficiency, unless sufficient safeguards are instituted.

55. In the area of ***privatization***, the Government could make its policy clearer by removing the confusion created by the planned public sector investments in activities that should be clearly left to the private sector - e.g., in fertilizer, sugar, cement, paper mills, textiles, high voltage cable production. These raise questions about the Government's intentions regarding the SOE sector and its declared policy of private sector-led growth. The justification that 'there is no private sector interest/response in these activities' should be questioned since this is due to either continuing administrative controls over the relevant markets (as in the case of fertilizer) or dominance of the market by SOEs which continue to be supported (directly/indirectly) from the budget or simply that the private sector does not see a viable activity under the current market conditions, in which case the public sector is likely to fail even more.

56. The Government needs to demonstrate its commitment to privatization by some tangible achievements. Some of the critical measures needed include:

- a clear official policy statement on privatization, spelling out the objectives, scope, phasing, strategies, various options and modalities of the privatization program;
- enactment of a privatization law, to give strong support for the policy statement and facilitating the Privatization Board's (PB) work;
- a stronger mandate and political backing to the newly reconstituted PB--which now has broader political and business representation--to perform its functions effectively;
- preparation and implementation of an effective public awareness campaign aimed at explaining to the public the underlying reasons for and objectives of privatization;
- a program of consultation with the SOE workers to address their concerns and strengthen transitional adjustment programs to help workers who would be taking retirement packages;

- enhancing the PB's decision powers and its professional and financial resources, thus enabling the PB to engage individual consultants and investment banks to prepare the identified public enterprises for privatization, including the valuations, prospectuses, road shows, and tender conditions; and expediting the privatization of identified units and the handing over of SOEs for which LOIs have been issued.

Promoting Private Sector Development

57. *Improving the business environment and building up confidence are key to promoting private activity and investment.* In this regard, addressing serious bottlenecks in infrastructure and bureaucracy, improving legal environment and law and order situation, and--as highlighted earlier--removing uncertainties in economic policy would be crucial. These weaknesses raise the cost of doing business, thus constraining growth in private investment and hampering competitiveness and diversification in the economy.

58. *Bangladesh is at a turning point in addressing **infrastructure** constraints.* The dynamism that has been created successfully by the Government in the energy and telecommunications sectors could be exploited to benefit the economy significantly. To this end, it is important to move fast in establishing the legal/regulatory and policy framework in power/gas and telecommunications sectors. Setting these "rules of the game" up-front will help in attracting domestic and foreign private investment, as well as be instrumental in efficient market development in these activities. Also, there is an urgent need to unbundle and commercialize the infrastructure SOEs, particularly in the power sector.

59. Initiatives have started for developing a ***legal framework*** for facilitating efficient transactions in banking and in relation to market exit. However, even in the latter areas as well as with respect to entry, contract enforcement, competition policy, and protection of private property, much remains to be done. In this regard, the establishment of the permanent Law Commission (LC) is timely, and the planned judicial and legal reform project would support efforts aimed at institutional strengthening in the judicial area. Starting with the most pressing areas of legal and judicial gaps (particularly in banking), the LC could expedite urgently needed progress in the market-related legal framework.

60. Faster progress in implementing reforms in the ***financial sector*** is needed. This is one of the most critical areas requiring attention and results. The risks and costs of a very weak banking sector burdened with substantial amounts of non-performing loans are indeed high (Box 1). Bangladesh will need a healthy and efficient banking sector to facilitate faster economic growth. To create such a banking sector from the current worrisome state, much stronger political commitment, actions, and enforcement are necessary. Short- and medium-term actions are needed in several fronts, including:

- investigating and initiating cases against the large defaulters and negligent bank management;
- staffing Loan Courts with specially trained judges and enhancing their capacity;
- preparation of a comprehensive legal reform package aimed at effective loan recovery, taking into account the recommendations of the Banking Reforms Committee and the Law Commission;
- amendment of laws to improve governance in bank management and depoliticize appointments to the boards of NCBs and BB;
- policy measures to strengthen independence of Bangladesh Bank and its supervisory and regulatory capacity; and
- insulating the NCBs from credit demands of chronic loss making SOEs, and compensating these banks for overdues from the budget.

61. Notwithstanding the liberalization meaures of the late 1980s and early 1990s, the existing anti-export bias of the ***trade regime*** needs to be reduced further by continuing the unfinished trade policy reforms. To promote exports and export diversification in potentially competitive areas, some of the key medium-term trade liberalization measures, which should be announced in advance, include:

- further reduction of the average level and dispersion of import tariffs towards a single uniform tariff of 15 or 20 percent --through a phased program of tariff rationalization aimed at reducing the higher rates and increasing the lower rates in steps, while also cutting down the number of tariff slabs; and
- eliminating protection-related quantitative restrictions in the short-term.[22]

62. Bangladesh's ***rural economy*** accounts for over 80 percent of the population and majority of the poor. Therefore, sustained strong performance in ***agriculture***, and development of a diversified non-farm rural sector are critical for Bangladesh's overall development and poverty reduction effort. Rural infrastructure, market-based credit programs, research and extension services, liberalization of output and input markets, and well-designed social sector services, have all proved to be effective in raising agricultural productivity. Strengthening these key factors, and eliminating the remaining policy distortions--such as controls in the urea market--would contribute to enhancing agricultural productivity. And there are indications that there is a significant growth potential in the rural non-farm sector both in the service as well as manufacturing areas.[23] Developing a ***rural development strategy***, which would integrate the most effective productivity-enhancing Government and NGO programs and provide mechanisms of coordination among local and central Government entities, NGOs, and the donors, will be instrumental in promoting robust diversification and growth in the rural sector.

Human Development and Environment: There are Significant Challenges

63. ***The key challenge in health and family planning is to expand access to basic services by the poor, particularly vulnerable women and children, without compromising on their quality.*** This will require actions on several fronts: prioritizing public expenditures to ensure wider and more equitable access to basic services and improving their quality; better utilization of existing rural health facilities; efficiency enhancement in public sector programs through organizational and management improvements; adopting new decentralized approaches for managing public health facilities and involving the stakeholders; and exploiting all options for cost recovery through user charges, particularly in the context of the large funding gap for the high priority essential service package (ESP) components of health care.

64. ***Full commitment and support at the political levels to the Health and Population Sector Strategy (HPSS) will be crucial for ensuring that the national health policy and expenditure programs in health and family planning are in line with the priority to be given to the essential service package.*** A welcome development in this regard is GOB's recent approval of the HPSS, whose key message is that use of public resources should be focused on the ESP. Child survival and development and enhanced reproductive health are vital components of the ESP, which should be given top priority in the sectoral allocation so as to achieve a more acceptable reduction of infant and maternal mortality. In addition, the preparation and implementation of the National Reproductive Health Strategy (NRHS) and reorganization and integration of the health and family planning programs will be essential for better delivery of maternal and child health care services.

---

22 For further details, see: The World Bank, *Bangladesh: Trade Policy Reform for Improving the Incentive Regime*, report No. 15900-BD, October, 1996.

23 See the Bank report, *Bangladesh: The Non-Farm Sector in a Diversifying Rural Economy*, Report No. 16740-BD, June 1997.

65. ***In education, increasing emphasis should be placed on improving the quality of learning and skill acquisition.*** The resource allocation priority given to formal education, particularly to primary and secondary education, will need to be sustained. In planning the expansion of non-formal mass education, the capacity of the implementing institutions and the experience gained under the ongoing projects should be taken into account. This needs to be complemented by efforts to encourage more active participation by the local community and private sector and NGOs in secondary/higher education and in technical and vocational training. Also much better linkages between these programs and the skill requirements of the labor market will be needed. With the high enrollment rates achieved in primary and secondary education, the emphasis should now be on quality and efficiency. This will require comprehensive interventions, including: improved curriculum and training materials; increased instructional time and its effective use; improved teacher training, incentives and accountability; effective management and supervision; credible examination system; and accountability of educational institutions to the community and funding sources for performance.

66. ***Given the importance of mainstreaming women in development, a more pro-active stance is warranted for following up on the various WID reform initiatives.*** While considerable groundwork has been done for formulating the framework of WID policy reforms, the early adoption, operationalization and initiation of implementation of the NAP and IRWID is crucial for timely results. Provision of a clear mandate to the NCWD to take the lead in the implementation of international commitments made by GOB and a proactive role by the NCWD, including more frequent deliberations, would greatly facilitate this task. The withdrawal of reservations on the CEDAW Convention has been a welcome move. However, the existing reservation on Article 2 which calls for the state's obligations to implement the provisions of the Convention is an unnecesary constraint. This reservation should be withdrawn so that the provisions which have been ratified could also be implemented. Also relevant domestic legislation need to be brought in line with the provisions of the CEDAW Convention ratified by Bangladesh.

67. ***Preventing environmental deterioration will be a crucial challenge because it will otherwise affect the poor most, directly as well as through its adverse impact on growth.*** The future growth of Bangladesh is likely to be associated with faster industrialization and urbanization, which could have devastating environmental effects and in turn could impede future progress. In addition, crop sector growth, which will be vital for future economic growth, is already being threatened by land degradation and declining productivity. It is thus clear that it will not be possible to sustain high growth without effective management of the environment and natural resources. Strong public policies will be needed for the sound management of the ecosystem and the maintenance of the natural resource base. This will require a much more pro-active stance by the Government and the prioritized implementation of a well-conceived environmental strategy. Progress in the implementation of the NEMAP, which was adopted by the Government in 1995, has been rather slow and will need to be reactivated on an urgent basis.

F. MEDIUM TERM DEVELOPMENT PROSPECTS

External Environment

68. Bangladesh has a good opportunity to improve prospects for economic growth and development by capitalizing on the intensified FDI interest shown in various sectors, particularly the energy sector. Benefits from potentially sizable FDI could be enhanced if the pace of reforms is accelerated, thus improving the investment climate. Furthermore, with the early resolution of the pending problems associated with exports of knitwear and frozen food, strong export performance could be maintained and improved by pursuing a competitive real exchange rate policy and continuing trade liberalization.

Foreign Direct Investment

69. The interest in Bangladesh's energy sector is strong, as demonstrated by various agreements reached with international oil companies. As explained in Annex II-Part A, this interest is likely to continue and spread to other areas, particularly if the business environment is improved and policy certainty established with measures described in Section E. On the basis of the ongoing contacts and already advanced negotiations, the level of FDI in the current fiscal year could reach $0.5 billion, with most of it going to the power and gas sectors. Under continuing reforms, Bangladesh could easily attract an annual FDI level ranging between $400 to $600 million over the medium-term, initially concentrating in power, gas, and telecommunications and then spreading to other manufacturing sectors. Such an environment could create opportunities to achieve faster GDP growth and employment, diversify the economy and the export base.

70. As FDI inflows pick up and the investment rate rises, bottlenecks in energy, telecommunications and other areas of infrastructure would be reduced. These developments would also help stimulate private investment in other areas of the economy through multiplier effects and crowding-in effects of increasing infrastructure services. Consequently, the economy could experience rising productivity, savings rate, and expanding levels of external trade; (such a scenario is described in Annex IV).

Managing the Macroeconomic Implications of Larger FDI

71. As the economy's external transactions grow due to rapid expansion of FDI, strong coordination between fiscal, monetary, and foreign exchange rate policies will be essential to respond appropriately to the potential BOP pressures. In the near-term, with increasing amounts of FDI taking place in the energy sector, imports will expand by nearly similar amounts in view of the very high capital/technology intensity of these investments, implying no significant positive effects on reserves. More importantly, as production starts and foreign investors begin to repatriate their returns (to equity and externally borrowed capital), demand for foreign exchange will increase. There will be some offsetting effects as import demand for oil/POL products and fertilizer falls due to the expanding domestic production of gas and power. However, Bangladesh would still face an increasing pressure on foreign exchange reserves in the near-term, which is already being felt with the recent decline in the level of aid inflows. It would therefore be crucial to achieve higher export growth. In this regard, fostering export diversification into new items and markets and exploiting fully any emerging opportunity for exporting gas (and urea), especially in the region, will be important. Aside from the reforms cited earlier, a concerted effort by the Government and the private sector to develop new export marketing networks would be important as well.

72. If significant gas discoveries are made and Bangladesh starts exporting sizable volumes of natural gas, the above described pressure on the foreign exchange reserves could be relieved in the medium-term. However, in the event of a significant increase in gas exports, there will be a pressure on the real exchange rate to appreciate, thus adversely affecting international competitiveness of other exports and discouraging export diversification. Therefore, appropriate strategies would need to be developed in conjunction with fiscal, exchange rate and monetary policies to avoid a sustained appreciation of the RER.

ANNEXES

ANNEX-I

POTENTIAL EXTERNAL SECTOR DEVELOPMENTS

A. Private Foreign Capital Inflows -- From Trickle to a Surge

Two factors have been driving private foreign capital toward emerging markets:

- investors' desire for portfolio diversification and higher profits, and
- improved policy environment and macroeconomic stability.

While ODA to developing countries declined between 1990 and 1996, private capital flows more than quadrupled, from $44 billion to $244 billion. These capital flows mainly comprised of (a) portfolio investment, (b) commercial borrowing, and (c) foreign direct investment (FDI). Except for a brief period, between FY94 and FY95, when there was a surge in portfolio capital investment, Bangladesh has attracted a steady though moderately rising flow of FDI, mostly in Export Processing Zones (EPZ), primarily in garments and textile ventures with some investments in electronic and miscellaneous manufactures (see Table).

FDI estimates/projections, FY98-FY2002
(in million US $)

YEAR	EPZ	OIL/GAS	POWER	KAFCO	TELECOM	OTHER	TOTAL
FY85-97	**210.2**	**201.4**	**0**	**531.5**	**100**	**134**	**1177**
Annual avg. FY85-FY97	**16.2**	**15.5**	**0**	**40.9**	**7.7**	**10.3**	**90.6**
FY98-FY02	**350**	**550**	**1000**	**0**	**475**	**25**	**2400**
Annual avg. FY98-FY02	**70**	**110**	**200**	**0**	**95**	**5**	**480**

Note: EPZ includes projections for expected private EPZ beginning in FY98/99
OIL/GAS includes projections of expected FDI from 12 new blocks whose bids are being evaluated.
OTHER covers FDI in activities outside EPZ.
Source: Projections/estimates based on information provided by BOI, BEPZA, MOE and FICCI.

Yet, private capital flows into Bangladesh have been little more than a trickle, when compared to her South Asian neighbours. First, measured by the ratio of capital flows to GDP, the degree of financial integration attained by the Bangladesh economy is characterized as 'low' in comparison to that of India, Pakistan, and Sri Lanka, which are ranked as 'medium' to 'high'. Second, private capital flows to Bangladesh are mostly in the form of FDI and only a trickle of portfolio capital. Third, the rising trend of capital flows suggests increasing investor interest in the Bangladesh economy, though continuing problems with poor infrastructure and still inhibiting policy environment have not helped to speed up the process. Finally, new initiatives in the oil and gas sectors, prospects in private power generation, and moderately rising FDI flows into EPZ, have already created the scope for substantial FDI flows of around $2.4 billion during the next five years. Thus, the Bangladesh economy could experience a surge of FDI flows over the medium term.

Three key aspects of FDI flows have a direct bearing on macroeconomic management and policy formulation:

- the potential for macroeconomic overheating from the expansion of aggregate demand and incidence of spending on non-tradables;
- the potential vulnerability from large, abrupt reversal of capital flows;

- long-term implications of increasing financial integration for the conduct of macroeconomic policy, since (a) the economy is more exposed to external shocks, and (b) domestic polices are no longer immune to external developments resulting in reduced policy autonomy.

In the Bangladesh context, overheating from a surge in private capital flows, though possible, is likely to be modest enough not to cause serious policy concerns in the medium term. Since FDI will most likely be the predominant component, it all but eliminates the prospects of abrupt outflows, which would have been the case if portfolio capital were to dominate. FDI is usually associated with long-term commitments of funds with more predictable repatriation of profits. The adverse impact of abrupt withdrawals of foreign capital could range from speculative attacks on currencies, exchange rate volatility, balance of payments crisis and overall macroeconomic instability. Bangladesh's capital account is not fully convertible and the exchange rate regime might be characterized as 'managed' though 'flexible'. In these circumstances, if capital flows become significant, managing monetary policy, particularly in the absence of secondary market for government debt instruments and Central Bank bills, will be tricky.

B: Two specific threats to exports in FY98

Knitwear: Bangladesh's garment exports to European Union (EU) has been enjoying a 12.5 percent duty exemption under GSP since 1986, subject to application of rules of origin requirements.[24] A EU Inquiry Commission that had visited Bangladesh in late 1996 apparently detected widespread violation of the three-stage transformation requirement for knitwear (yarn to fabric to knitwear). This led to a EU threat to withdraw GSP facility if the Bangladesh authorities fail to cancel by October 31, 1997, some 6,910 GSP certificates under Schedule B and 8,531 GSP certificates under Schedule C, affecting mostly knitwear exports. Government's initial response was to renew the three-year-old Bangladesh plea for derogation of the rules of origin requirements for three years for knitwear items and through the year 2005 for sweaters and pullovers. The EC has indicated its willingness to allow some derogation if, according to EC Vice-President, Bangladesh decides to "respond favorably to our request for withdrawal of certificates." On September 7, the Cabinet Committee headed by the Finance Minister decided to cancel the 6,910 GSP certificates.[25] This is well advised even though cancellation would mean making a sizable amount of compensation, estimated to be $60 million, to European importers for paying retrospective duties against knitwear items imported under the false certificates. Not surprisingly, the Bangladesh Garments Manufacturers and Exporters Association (BGMEA) have taken a strong stand against cancellations in order to prepare grounds for the Government to eventually pick-up the tab. The Government has already indicated its willingness to provide bank loans on concessional terms to the affected exporters and to request the EU to stagger the realization of the compensation. Be that as it may, a mutually acceptable resolution of the problem with EU would require cancellation of the identified certificates. Otherwise, the credibility of the authority issuing export certificates will not be restored and the GSP would be withdrawn, thus hurting the short- and medium-term export prospects in markets where Bangladesh has established a strong presence.

Frozen Food: The EU also slapped a ban on entry of Bangladesh's frozen food exports from September 15, 1997 based on a report by a EU inspection team that the shrimp processing plants in Chittagong and Khulna were not complying with EU's quality control rules and regulations. Following the EU, the United States Food and Drug Administration also issued a similar threat if the quality control standards are not

---

[24] European markets account for nearly 80 percent of Bangladesh's knitwear exports that reached $750 million in FY97 from about $600 million in FY96.

[25] It should also be mentioned that the Government canceled 383 certificates under Schedule A in November 1996.

raised by December 18 to satisfy FAO's Hazard Analysis Critical Control Point (HACCP) manual.[26] The Government has requested extension of the grace period to allow sufficient time for plant upgradation. The Department of Fisheries and Bangladesh Frozen Food Exporters Association (BFFEA) have agreed on a 265 points check-list under 22 heads to follow the EC directives during the plant renovation work. BFFEA, however, have demanded an interest free loan of about $90,000 for each plant from the Government. Meanwhile, EU has reportedly delivered a new manual with stricter standards. It has also indicated the willingness to review the ban by November 30, 1997 based on a revisit of the plants in October/early November. Japan is also threatening to slap a ban if a set of regulations, which require putting labels on the frozen food products signifying suitability for special uses, are not fulfilled by September 17, 1997.

[26] Frozen food exports amounted to $278 million in FY97, of which EU accounted for about 50 percent and US accounted for 30 percent.

ANNEX II

The Stock Market Episode -- Few rich became richer while many middle and lower income savers lost substantially

The boom and bust in Bangladesh's shallow and nascent stock exchanges in FY97 revealed glaring weaknesses in the way securities markets have been managed and regulated. The lack of transparency and accountability combined with a frail regulatory framework and indigent infrastructure paved the way for market manipulations during July-November 1996. During this period, share prices multiplied nearly four times; market capitalization jumped from a tiny fraction to around 20 percent of GDP, increasing almost three-fold; the price-earning ratio soared to 80; and a law and order situation was created when 20 to 30 thousand unemployed students, *mastans* (hoodlums) and others gathered every day outside the Dhaka and Chittagong stock exchanges (DSE and CSE) to trade shares, hoping that they would get rich overnight. For some the fantasy indeed became a reality, but for most of the half a million retail investors, who assumed a position in the market with cash taken out of their savings and fixed deposits, real asset sales and borrowings, it turned into a nightmare. Since mid-November 1996, share prices moved mostly in one direction - down - and the price index has now dipped below the bourses' starting point in mid-1996. Nonetheless, the market still had P/E ratio above its neighbors.

The Government did well by not reacting to the stock market situation hastily. Based on the Inquiry Committee report, the Government argued that the episode was influenced, somewhat disproportionately, by a few member-dealers, including several top notches, of DSE and CSE and some listed companies. The Government filed cases against them, but without success. The legal framework for regulation was strengthened recently with the approval of the SEC (Amendment) Act 1997 by the Cabinet on September 1, 1997. Based on this, the SEC issued a notification on September 16, 1997 subjecting the subscription of Sponsors/Promoters Directors to a lock-in period of 3 years. Also, the SEC approved the Settlement of Stock Exchange Transaction Regulation 1997 in the third week of September 1997. This regulation, which came into effect from September 23, brought uniformity in the trading systems of DSE and CSE; increased the frequency of settlements to twice a week; and is expected to reduce price disparities between the two bourses. However, due to lack of automation and a Central Depository System (CDS), full benefits of the new trading system may remain unrealized. Also, settlement on a Delivery versus Payment (DVP) basis -- which, according to the Inquiry Committee report, was misused by some brokers to manipulate prices -- has been abolished.

The short-run economic effects of the stock market episode was largely redistributive, with a few rich becoming richer while a large number of middle-income savers lost their lifetime savings. However, the prospects for developing a healthy capital market in Bangladesh have been badly set back for the near- and medium-term. There could be a long run benefit from the whole experience since the retail investors learnt first hand the nature and extent of the risks involved, and have presumably understood the importance of taking calculated risks, in playing the capital market. To restore confidence and create the basis for a healthy capital market, urgent steps are needed for the SEC to acquire the necessary expertise and for firm actions to be taken to introduce a computerized CDS.

ANNEX III

Bangladesh National Accounts (revised estimates, 1989-90 to 1994-95)[27]

Bangladesh Bureau of Statistics (BBS) has been trying to improve the reliability of national accounts (NA) and address some of the deficiencies in official statistics. Recently, BBS has announced in a draft report some of the results of the ongoing effort aimed at improving the coverage and removing other deficiencies of NA statistics.

The major deficiencies identified in various reports[28] on national income accounts of Bangladesh could be summarized as follows:

- **undercoverage**, due to paucity of information on production of numerous marketed/marketable goods and services in the absence of regular periodic surveys or studies;
- use of **outdated coefficients or ratios** that failed to reflect recent changes in the structure and pattern of economic activities in various sectors; and
- **methodological weaknesses/gaps** in addition to some computational lapses.

A National Accounts Task Force set up by the Government in May 1996 examined the critical issues pertaining to the current status of national income accounting and made a number of recommendations in its report to the Government. Acting upon these recommendations, BBS, with the help of an ADB-funded project, has worked on and made public a revised set of national accounts estimates for the years 1989-90 through 1994-95. These revisions are purported to have addressed the fundamental problems of undercoverage, outdated coefficients or ratios, and methodological flaws. The revised data are presently being reviewed by a panel of experts.

The improvements that appear to have been made in the revised estimates might be summarized as follows:

- the new series is re-based to 1989-90, in place of 1984-85, using deflators whose coverage and weights have been updated to more recent levels;

- GDP by industrial origin has been re-classified into 15 main ISIC sectors (in comparison to the previous 11) to move closer to the SNA 93 accounting framework;

- wider coverage and methodological improvements have been made in the estimation procedures of agriculture sector (particularly crops subsector), electricity, gas and water supply, small-scale industries, transport and trade services, on the basis of surveys and studies conducted during 1988 through 1995; and

- HES has been used to compute directly private final consumption expenditures which are then applied to the estimation of GDP by the expenditure approach.

The new accounts thus computed vary significantly from past estimates suggesting that both undercoverage and methodological flaws led to serious under-estimation of GDP and investment levels

[27] Draft circulated by BBS in July 1997.

[28] For example, 1996 Report of the Task Force on The Review of National Accounts, World Bank's 1996 report, "Bangladesh: Strengthening the Statistical System", IMF's 1996 Report on the National Accounts Statistics Mission, and Z. Sattar (1997), "What is the GDP growth rate of Bangladesh? A Review and Revised estimates for FY91-95".

and savings-investment ratios in the past. The salient features of the revised estimates are noted below (all for the period 1989/90 through 1994/95):

1. Table 1: Per capita income for the last year of the revised series stands at $336, compared to $254 for the old estimate for FY95.

2. Table 2 and 3: GDP at current market prices are 30-32% higher, compared to the old series.

3. Table 4: With the exception of FY91, GDP growth rate is somewhat higher for FY92-FY94; but it is significantly higher for FY95 (5.7% versus 4.4%).

4. Table 5: The structure of GDP is also altered. The share of agriculture in GDP falls to 25% in FY95, as opposed to 30.9%, for the old series. The share of industry rises to 25%, compared to 17.6% in the old series. The progressive increase in the size of industry compensates for the decline in agriculture, the two sectors contributing equally to GDP by FY95. The size of services sector remain fairly stable through the entire period at 49-50%.

5. Table 6: Savings-investment ratios in the old series have raised many questions that the new series seems to answer. The new investment-GDP ratios range between 17-19%, compared to 11.5-16.6% for the old series, which were generally inconsistent with past estimates of GDP growth and implied somewhat lower ICORs than expected for an economy like Bangladesh. Gross domestic savings at 11-13% are also more plausible than previous estimates that were widely recognized as gross under-estimates.

6. Table 7: The new resource balance table show a slight reduction in the share of consumption in aggregate expenditures (86-89%), compared to the old series (90-95%). The current account deficit is also a much smaller share of GDP than before.

TABLE 1 : PER CAPITA INCOME, 1989/90 - 1994/95				
	OLD		NEW	
YEAR	(TK)	($)	(TK)	($)
FY 90	6990	212	9372	285
FY 91	7756	217	10379	291
FY 92	8300	218	11050	290
FY 93	8544	218	11472	293
FY 94	9167	229	12195	305
FY 95	10225	254	13497	336

NOTE : The period average exchange rate for the relevant fiscal year is used for conversion into US $.

TABLE 2 : GDP AT CURRENT MARKET PRICES
(in billion Taka)
1989/90 - 1994/95

YEAR	OLD	NEW	% CHANGE
FY 90	737.6	975.1	32.20
FY 91	834.4	1101.9	32.06
FY 92	906.5	1190.7	31.35
FY 93	948.1	1257.5	32.63
FY 94	1030.4	1356.9	31.69
FY 95	1170.3	1525.9	30.39

Source : BBS, *National Accounts Statistics of Bangladesh (Revised Estimates, 1989-90 to 1994-95)*, draft, July 1997.

TABLE 3 : Broad Sectoral GDP and Changes
(at current market prices, in billion taka)

SECTOR	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
AGRICULTURE						
OLD	271.8	300.6	312.4	288.8	305.9	361.4
NEW	281.1	310.1	324.1	307.8	327.3	378.9
% CHANGE	3.42	3.16	3.75	6.55	6.99	4.85
INDUSTRY						
OLD	116.5	131.4	150.3	165.9	182.6	205.8
NEW	220.1	246.8	274.5	304.0	330.7	369.3
% CHANGE	88.87	87.89	82.61	83.26	81.14	79.47
SERVICES						
OLD	349.3	402.4	443.8	493.3	541.9	603.1
NEW	473.9	545.0	592.1	645.7	698.9	777.6
% CHANGE	35.69	35.42	33.42	30.88	28.97	28.94
GDP at m.p.						
OLD	737.6	834.4	906.5	948.1	1030.4	1170.3
NEW	975.1	1101.9	1190.7	1257.5	1356.9	1525.9
% CHANGE	32.20	32.06	31.35	32.63	31.69	30.39

Source : BBS, *National Accounts Statistics of Bangladesh (Revised Estimates, 1989-90 to 1994-95)*, draft, July 1997.

TABLE 4: GDP growth at constant (1989/90) prices (percent).

SECTOR	FY 91	FY 92	FY 93	FY 94	FY 95
AGRICULTURE					
Old	1.6	2.2	1.8	0.3	-1.0
New	1.6	2.9	2.2	1.7	-0.2
INDUSTRY					
Old	4.3	7.1	8.0	7.8	8.4
New	3.5	6.8	7.4	8.1	8.7
SERVICES					
Old	4.6	4.8	5.3	5.8	6.9
New	4.0	4.4	5.6	4.0	7.5
GDP at m.p.					
Old	3.4	4.2	4.5	4.2	4.4
New	3.1	4.5	5.1	4.3	4.4

Source : BBS, *National Accounts Statistics of Bangladesh (Revised Est. 1989-90 to 1994-95)*, draft, July 1997.

TABLE 5 : Broad Sectoral Shares Of GDP At Constant Prices (percent)

SECTOR	FY 90	FY 91	FY 92	FY 93	FY 94	FY 95
AGRICULTURE						
Old	36.80	36.00	34.50	30.50	29.70	30.90
New	28.83	28.38	27.94	27.18	26.48	25.00
INDUSTRY						
Old	15.80	15.70	16.60	17.50	17.70	17.60
New	22.57	22.64	23.13	23.64	24.50	25.18
SERVICES						
Old	47.40	48.20	49.00	52.00	52.60	51.50
New	48.56	48.98	48.93	49.18	48.02	49.82

Source : BBS, *National Accounts Statistics of Bangladesh (Revised Est. 1989-90 to 1994-95)*, draft, July 1997.

Table 6: Gross Domestic Savings and Investment
(percentof GDP)

	SAVINGS		INVESTMENT	
YEAR	OLD	NEW	OLD	NEW
FY 90	2.7	10.6	12.8	18.0
FY 91	4.1	12.0	11.5	17.4
FY 92	5.8	12.8	12.1	17.2
FY 93	7.0	12.5	14.3	17.5
FY 94	7.4	13.3	15.4	18.1
FY 95	8.2	12.8	16.6	19.1

Source : BBS, *National Accounts Statistics of Bangladesh (Revised Estimates, 1989-90 to 1994-95)*, draft, July 1997.

ANNEX-IV

Medium-Term Growth Scenario Under Accelerated Reforms - Key Macroeconomic Indicators

	1997	1998	1999	2000	2001	2002	2003
GDP Growth Rate (Percent)	5.7	5.5	5.8	6.1	6.4	6.7	7.0
			(Percent of GDP)				
Gross Fixed investment 1/	17.0	18.8	20.5	21.7	22.1	22.4	22.8
Private	10.5	12.1	13.7	14.9	15.2	15.4	15.8
Public	6.5	6.7	6.8	6.8	6.9	7.0	7.0
National Savings	14.4	15.2	16.3	17.3	17.6	18.1	18.7
Private	11.3	12.1	12.8	13.8	13.8	13.8	14.1
Public	3.1	3.1	3.5	3.5	3.8	4.3	4.6
Government Budget							
Revenue	11.7	12.1	12.5	12.8	13.2	13.6	13.9
Expenditure	17.0	17.6	17.7	17.8	17.8	17.9	17.9
Overall Budget Deficit	-5.3	-5.5	-5.2	-5.0	-4.6	-4.3	-4.0
External Sector 2/							
Current Account Deficit	-2.6	-3.6	-4.2	-4.4	-4.5	-4.3	-4.1
Exports/GDP	15.5	16.5	17.5	18.7	19.5	20.2	21.0
Imports/GDP	23.2	25.3	27.0	28.5	29.3	29.9	30.3
Reserves in months of March. imports	2.9	3.0	3.1	3.1	3.1	3.1	3.2

Key Underlying Assumptions:

1. FDI inflows will rise from $450 million in FY98 to $600 million in FY99 and then stabilize in the range of $425-$475 million per annum.
2. ICOR will rise initially, as FDI flow into the capital intensive investment in energy and infrastructure, and then decline somewhat to a level of around 3.
3. Exchange rate policy will be used to support external competitiveness and sustainability.
4. Tariffs will be rationalized gradually to move towards a low uniform rate by reducing rates on consumer goods and increasing rates on capital goods.
5. Real merchandize export growth will pick-up slowly, because of the lagged effect of higher FDI on production and trade, to around a sustained 10 percent per annum by FY2000.
6. Real merchandise import growth will pick-up immediately due to the high import content of FDI and start declining somewhat from FY2000 onwards as oil and gas extractions begin, thus reducing demand for POL imports, and some efficient import substitution in energy intensive activities begin to take place.
7. Remittance growth around 10 percent per annum in real terms; aid disbursement will decline in real terms; and profit repatriation will amount to 15 percent of the total stock of FDI every year.
8. Revenue mobilization will be strengthened through expansion of domestic VAT net and streamlining income tax administration.
9. Government consumption will be contained via rightsizing and Government investment expenditures will grow in tandem with GDP growth.

1/ The investment ratio in this table allows for possible over-statement in BBS investment estimates.

2/ Exports and imports include goods and non-factor services.

STATISTICAL APPENDIX

STATISTICAL APPENDIX

Table 1.1
BANGLADESH POPULATION PROJECTIONS
('000)
Projection with NRR = 1 by 2010

AGE GROUP	1990	1995	2000	2005	2010	2015	2020	2025	2030
TOTAL M+F	110371	119769	129066	139293	149796	160534	170384	179655	188312
MALES									
0-4	9816	7833	7743	7877	7998	8141	7874	7945	7901
5-9	9387	9471	7586	7558	7736	7877	7556	7778	7862
10-14	6472	9271	9366	7518	7504	7689	7497	7517	7744
15-19	5564	6339	9118	9255	7443	7442	7801	7445	7472
20-24	4273	5277	6054	8911	9094	7335	7742	7713	7372
25-29	3789	3920	4921	5843	8712	8932	7473	7634	7620
30-34	3621	3478	3621	4736	5693	8547	7420	7361	7534
35-39	3176	3354	3227	3470	4601	5566	7363	7291	7247
40-44	2461	2957	3140	3088	3352	4476	6515	7199	7144
45-49	1991	2294	2777	2993	2961	3233	5369	6315	6996
50-54	1606	1846	2138	2615	2831	2816	4298	5131	6055
55-59	1284	1460	1686	1966	2415	2633	3347	4019	4818
60-64	1041	1127	1287	1493	1748	2169	2581	3027	3655
65-69	791	860	935	1074	1253	1488	1595	2216	2619
70-74	684	595	651	713	823	981	1046	1263	1773
75+	718	743	703	729	786	915	1007	1184	1438
TOTAL	56674	60825	64953	69839	74950	80240	86484	91038	95250
FEMALES									
0-4	9336	7522	7447	7589	7719	7845	7580	7638	
5-9	9055	8936	7252	7263	7473	7620	7298	7500	
10-14	6223	8925	8826	7185	7216	7433	7257	7265	
15-19	5734	6128	8810	8734	7123	7163	7569	7212	
20-24	4783	5605	6002	8669	8616	7039	7532	7493	
25-29	3981	4647	5459	5875	8517	8485	7284	7435	
30-34	3297	3858	4515	5332	5756	8369	7217	7177	
35-39	2614	3187	3740	4397	5209	5640	6994	7094	
40-44	2116	2520	3081	3629	4279	5086	6073	6852	
45-49	1700	2031	2424	2973	3511	4155	5162	5918	
50-54	1386	1614	1933	2314	2845	3375	4117	4984	
55-59	1033	1292	1508	1812	2175	2692	3265	3917	
60-64	850	933	1171	1372	1654	2005	2563	3033	
65-69	570	729	803	1013	1193	1460	1662	2287	
70-74	485	449	578	641	813	980	1145	1385	
75+	534	568	564	656	747	947	1182	1427	
TOTAL	53697	58944	64113	69454	74846	80294	83900	88617	
Birth Rate	29.80	26.90	25.00	23.20	21.80	19.70	18.70		
Death Rate	10.90	9.60	8.80	8.20	7.80	7.90	8.00		
Rate of Nat'l. Inc. 1/	1.90	1.73	1.62	1.50	1.41	1.17	1.07		
Net Migration Rate	-2.60	-2.30	-0.90	-0.40	-0.20	-0.10	-0.10		
Growth Rate	1.63	1.50	1.52	1.45	1.38	1.16	1.06		
Total Fertility	3.80	3.27	2.81	2.41	2.27	2.26	2.24		
NRR	1.51	1.34	1.18	1.05	1.00	1.00	1.00		
e(0) - Both Sexes	56.59	58.41	60.27	62.19	63.98	64.58	65.83		
e(15) - Both Sexes	50.83	51.43	52.03	52.65	53.91	54.24	55.07		
IMR - Both Sexes	85.10	74.60	64.20	53.80	47.60	44.70	40.10		
IMR - MALE	93.00	82.00	70.90	59.90	53.00				
IMR - FEMALE	76.70	66.90	57.10	47.40	41.90				
q(5) - Both Sexes	0.12	0.11	0.09	0.07	0.06	0.06	0.05		
q(5) - MALE	0.13	0.11	0.09	0.08	0.07				
q(5) - FEMALE	0.12	0.10	0.08	0.06	0.06				
Dep. Ratio 2/	96.00	87.50	68.50	55.70	52.00	49.80	44.80	44.60	

Source: World Bank.

1/ Rate of Natural Increase

2/ Dependency Ratio

Table 1.2
VITAL POPULATION STATISTICS

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
CRUDE DEATH RATE [per thousand]																
National	10.18	11.5	12.2	12.3	12.3	12.0	11.9	11.5	11.3	11.4	11.3	11.0	11.0	10.0	9.0	8.6
Rural	10.77	12.2	12.8	13.2	12.9	12.9	12.3	11.8	11.8	12.0	11.8	11.5	11.3	10.5	9.3	9.0
Urban	6.81	7.2	6.9	7.5	8.5	8.3	8.4	7.6	7.4	7.3	7.9	7.3	7.5	7.2	7.1	6.9
INFANT MORTALITY RATES [per thousand]																
National	101.40	111.5	121.9	117.5	121.8	112.0	116.0	113.0	110.0	98.0	94.0	90.6	88.0	84.0	77.0	75.0
Rural	103.50	112.5	123.2	120.8	122.0	113.0	118.0	115.0	112.0	105.0	97.0	94.4	91.0	88.0	79.0	78.0
Urban	80.70	99.4	103.0	98.8	119.5	99.0	101.0	95.0	91.0	84.0	71.0	69.3	65.0	61.0	57.0	53.0
Male	102.30	113.4	124.1	118.8	113.5	114.2	122.0	120.0	116.0	102.0	98.0	94.4	90.0	86.0	77.0	77.0
Female	97.40	109.4	119.4	116.0	109.3	109.0	111.0	105.0	105.0	95.0	91.6	86.8	86.0	82.0	76.0	74.0
LIFE EXPECTANCY AT BIRTH [years]																
National	56.90	54.8	54.5	53.9	54.8	55.1	55.2	56.4	56.0	56.0	56.0	56.1	56.3	57.9	58.1	58.7
Rural	56.60	54.3	53.9	53.1	54.4	54.7	54.8	56.1	55.4	55.0	55.4	55.8	56.0	57.5	57.7	60.9
Urban	61.90	60.1	60.6	60.3	58.7	60.1	58.8	60.0	60.9	61.0	60.5	60.0	60.5	60.6	60.0	57.9
Male	57.00	55.3	54.4	54.2	54.9	55.7	55.2	55.6	57.0	56.0	56.3	56.5	56.8	58.2	58.2	58.4
Female	57.10	54.4	54.8	53.6	54.7	54.6	55.9	54.9	56.0	55.6	55.6	55.6	55.9	57.7	57.9	58.1
CRUDE BIRTH RATE [per thousand]																
National	33.40	34.6	34.8	35.0	34.8	34.6	34.4	33.3	33.2	33.0	32.8	31.6	30.8	28.8	27.8	27.0
Rural	33.90	35.7	36.9	36.4	36.1	35.3	35.4	34.6	34.5	34.2	34.3	32.9	32.2	30.0	29.1	28.9
Urban	29.20	24.8	22.9	27.1	25.0	28.0	25.9	24.8	24.9	24.3	24.6	23.9	23.4	21.0	20.2	20.0
FERTILITY RATE [per woman]																
National	4.99	5.04	5.21	5.07	4.83	4.71	4.70	4.41	4.43	4.24	4.33	4.24	4.18	3.84	3.58	3.45
Rural	5.13	5.28	5.50	5.36	5.08	4.91	4.89	4.64	4.59	4.58	4.57	4.51	4.33	4.00	3.79	N/A
Urban	3.87	3.20	3.01	3.45	3.10	3.52	3.26	3.05	2.84	2.92	2.90	2.89	2.88	2.62	2.38	N/A

N/A = Not available.
Source: Annual Report of Sample Vital Registration System 1993 and 1994, October 1995, Bangladesh Bureau of Statistics.

Table 1.3
FAMILY PLANNING STATISTICS
[thousands]

	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95
Voluntary Sterilization													
Tubectomies	275	337	232	116	141	97	130.94	142	97	92	63	49	54
Vasectomies	88	216	259	151	210	100	100.03	83	68	69	50	71	17
Total	363	552	492	268	351	197	230.97	225	165	161	114	120	71
Delivery of Contraceptive Devices													
IUDs	118	303	432	368	420	379	362	366	274	270	262	336	245
Pills (cycles)	8258	9726	11553	12137	15023	19100	24620	34346	42704	46629	63920	67548	74403
Condoms (doz.)	116821	131096	151940	135907	149236	166436	181976	198023	133798	159514	224134	208303	213142
EMKO	70	64	72	46	39	15	10.12	4	5	2	1	4	5
Injections	73	122	166	216	315	392	605	1258	1689	2255	2561	3534	4333
Foam tablets	5404	4385	3222	3125	3463	3890	4100	1547	25174	9258	1778	14	17
COUPLE-YEARS OF PROTECTION [thousands]													
By Sterilization a/													
Tubectomies	909	1155	1272	1261	1276	1245	1252	1269	1240	1208	1150	1098	1042
Vasectomies	408	583	784	857	981	983	984	969	940	915	874	837	770
Total	1317	1738	2055	2118	2257	2228	2236	2238	2179	2123	2024	1935	1812
With Contraceptive Devices b/													
IUDs c/	236	469	760	900	1050	1114	1142	1165	1090	1032	984	1025	963
Pills	551	648	770	809	1002	1273	1641	2290	2847	3109	4261	4503	4960
Condoms	779	874	1013	906	995	1108	1213	1320	892	1063	1494	1389	1421
EMKO	17	16	18	12	10	4	3	1	1	1	0	1	1
Injections	18	31	41	54	79	97	150	314	422	564	640	883	1083
Foam tablets	36	29	21	21	23	26	27	10	168	62	12	1	
Total	1637	2067	2625	2702	3159	3622	4175	5101	5420	5830	7392	7802	8428
Total	2954	3804	4680	4820	5416	5850	6411	7339	7599	7953	9416	9737	10240
Married Females Aged 15-49 d/	17179	17746	18332	18937	19562	20208	20875	21565	19946	20590	N/A	N/A	22200
Apparent Contraceptive Rate e/	17.0	21.3	25.5	25.5	27.7	28.9	30.7	34.0	38.1	38.6	N/A	44.6	46.1

a/ Cumulative, assuming year-to-year carry-over of 90%.
b/ Assuming one couple-year of protection per 15 cycles of pills, 150 condoms or foam tablets, or 4 doses of injectables or vials of EMKO.
c/ Cumulative, assuming year-to-year carry-over of 70%.
d/ Staff estimates based on age-specific marriage rates from 1981 census.
e/ Couple-years of protection per married female aged 15-49.
N/A= Not available

Sources: MIS, Directorate of Family Planning, Bangladesh Bureau of Statistics, and staff estimates.

Table 1.4
INCOME DISTRIBUTION AND POVERTY INDICATORS

		1973/74	1981/82	1983/84	1985/86	1988/89		1991/92	1995/96 (P)
I. Income Distribution:									
Percent of income accruing to:									
Bottom 40%	Rural	19.10	18.82	19.24	19.95	18.02		17.89	24.18
	Urban	17.80	16.07	17.84	19.20	17.52		17.59	18.57
	National	18.30	17.36	18.95	19.35	17.53		17.41	21.33
Lower middle 40%	Rural	38.40	38.77	38.06	36.21	36.80		38.36	39.49
	Urban	38.00	36.02	37.91	37.87	35.74		36.34	37.36
	National	-	37.32	37.67	35.80	36.28		37.72	36.76
Upper middle 15%	Rural	26.50	25.64	24.56	22.48	25.37		25.95	36.32
	Urban	25.60	27.02	27.32	24.89	26.72		26.65	44.06
	National	65.30	26.37	25.08	23.50	25.68		26.02	41.90
Top 5%	Rural	16.00	16.78	18.14	21.36	19.81		17.80	18.45
	Urban	18.60	20.89	16.93	18.04	20.02		19.42	18.83
	National	16.40	18.95	18.30	21.35	20.51		18.85	18.09
Gini Coefficient	Rural	0.35	0.36	0.35	0.36	0.37		0.36	0.43
	Urban	0.38	0.41	0.37	0.37	0.38		0.40	0.38
	National	0.36	0.39	0.36	0.37	0.38		0.39	0.45
II. Poverty Incidence: a/									
Percent of population with daily calorie intake per person below:									
2122 calories	Rural	93.03	74.00	56.97	51.04	47.80		47.61	45.82
	Urban	81.16	65.98	66.36	56.00	47.73		46.58	45.30
	National	91.84	73.15	58.05	51.66	47.79		47.47	48.45
1805 calories	Rural	49.76	52.37	37.94	22.06	29.52		28.27	23.81
	Urban	28.99	30.93	35.51	19.20	20.45		26.03	23.31
	National	47.67	50.11	37.66	21.70	28.37		27.97	26.37
Numbers of people with daily calorie intake per person below (millions):									
2122 calories	Rural	57.40	60.90	47.00	44.20	43.40		44.80	44.82
	Urban	5.60	6.40	7.10	7.00	6.30		6.80	9.38
	National	63.00	67.30	54.10	51.20	49.70		51.60	54.2
1805 calories	Rural	30.70	43.10	31.30	19.10	26.80		26.60	23.06
	Urban	2.00	3.00	3.80	2.40	2.70		3.80	5.11
	National	32.70	46.10	35.10	21.50	29.50		30.40	28.17
Total population (in million)	Rural	61.70	82.30	82.50	86.60	90.80	b/	94.10	98.95
	Urban	6.90	9.70	10.70	12.50	13.20	b/	14.60	19.38
	National	68.60	92.00	93.20	99.10	104.00	b/	108.70	118.33

a/ Intertemporal comparisons of poverty incidence is complicated by changes in methodology between the various rounds of survey.
b/ The derived total population is inconsistent with those in the HES (FY89, p.47) which indicate a total population of 104 million of which 90.8 million were rural and 13.2 million were ueban.
The latter will, however, result in poverty incidence indicators substantially different from the HES estimates.
P = Preliminery Estimates.
Source: BBS, Household Expenditure Surveys.

Table 2.1

MACROECONOMIC INDICATORS, FY90-FY97

(Based on the 1984-85 National Accounts Series)*

	FY90	FY91	FY92	FY93	FY94	FY95	FY96	FY97 (PE)
				(In Percentage)				
GDP growth rate:	6.6	3.4	4.2	4.5	4.2	4.4	5.3	5.7
GNP Per Capita (in $)	208	213	213	214	230	253	270	276
				(Percent of GDP)				
Savings:								
Domestic Saving	2.7	4.2	6.0	7.6	9.1	8.3	7.2	9.5
National Saving	5.8	7.4	9.7	11.7	13.8	13.1	11.9	14.6
Investment:								
Gross Investment	12.8	11.5	12.1	14.3	15.4	16.6	17.0	17.4
Public	6.4	5.7	5.5	6.4	7.6	7.2	6.3	6.5
Private	6.4	5.8	6.6	7.9	7.8	9.4	10.7	10.9
Budget:								
Total Revenue	9.3	9.6	10.9	12.0	12.2	12.1	11.5	11.7
Tax Revenue	7.8	7.8	8.8	9.6	9.3	9.6	9.2	9.5
Total Expenditure	17.2	16.8	16.8	17.8	18.1	18.9	17.1	17.0
Current Expenditure	8.8	8.7	8.3	8.9	8.9	8.8	8.7	8.9
Overall Budget Deficit	-7.9	-7.2	-5.9	-5.9	-6.0	-6.8	-5.7	-5.3
Balance of Payments:								
Exports	6.8	7.3	8.4	9.8	9.8	11.9	12.2	13.5
Imports	16.9	15.0	14.8	16.8	16.3	20.0	21.6	21.7
Current Account Balance	-7.0	-4.2	-2.4	-2.6	-1.6	-3.5	-5.1	-2.8
				(In Percentage)				
Debt Service Ratio	13.7	12.5	11.5	10.2	11.5	10.0	9.8	8.5
External Debt								
(million US $)	12,757	13,470	13,898	14,619	16,223	16,370	17,070	na
Rate of Inflation (based on old CPI)								
Twelve-monthly moving average	9.3	8.9	5.1	1.3	1.8	5.2	4.1	3.9
Year-on-Year (June-over-June)	na	na	6.2	-2.4	4.0	6.2	2.2	6.1
Memorandum Items:								
BB Gross Reserves:								
(million US $)	520	880	1,608	2,121	2,765	3,070	2,039	1,719
(in months of imports)	1.6	3.0	5.5	6.3	7.9	6.3	3.6	2.9
Exchange Rate (TK/US $)	32.9	35.7	38.2	39.2	40.0	40.2	40.9	42.7
Real Effective Exchange Rate (1990=100)								
Period Average		98.2	92.3	91.5	90.8	85.9	85.7	89.3

*** See Box 1 in the text**

PE = Preliminary estimates; na = Not available

Sources: Bangladesh Bureau of Statistics (BBS) ; Twenty Years of National Accounting of Bangladesh 1971-1992, Export Promotion Bureau (EPB); Bangladesh Bank (BB); Ministry of Finance, IMF.

Table 3.1
GROSS DOMESTIC PRODUCT AT CURRENT PRICES
(Taka in Million)

	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97 (P)
Agriculture	354083	169970	188382	219761	231623	245392	271790	300596	312438	288842	305888	361367	389986	418306
Crops	325689	135031	139489	164975	167646	176467	194211	217823	222451	184660	187653	225139	235200	249693
Forestry	10947	10948	18981	20544	25374	24187	26529	28639	31005	32442	33739	38943	43059	45531
Livestock	8053	11785	15401	16222	17875	21266	25300	26564	28115	31613	36091	40373	46857	51351
Fisheries	9394	12206	14511	18020	20728	23472	25750	27570	30867	40127	48405	56912	64870	71731
Industry	57771	64982	72337	80019	89639	101593	116529	131375	150306	165888	182582	205803	229922	243291
Mining and Quarrying a/	4	4	3	4	3	4	89	112	134	160	190	209	282	346
Manufacturing	37733	40112	43563	47631	50437	55608	64506	72801	82571	92009	101463	112739	124411	129765
Large Scale	20543	21282	23380	26911	28517	31414	37565	42259	49347	57087	64327	73161	81311	84555
Small Scale	17190	18830	20183	20720	21920	24194	26941	30542	33224	34922	37136	39578	43100	45210
Construction	18095	22518	26058	28839	34602	39262	43110	47261	53590	56717	60395	69209	76599	82346
Power, Gas, Water & Sanitary	1939	2348	2713	3545	4597	6719	8824	11201	14011	17002	20534	23646	28630	30834
Services	146342	171981	205508	239421	275874	312613	349252	402421	443758	493335	541895	603091	681692	740983
Transport, Storage	41797	45655	54605	61901	65945	71774	75061	97697	108672	122466	129221	139049	148238	158040
Trade Services	30813	38816	41505	45883	50396	55015	61583	68279	73766	78306	86156	100548	117461	125799
Housing Services	28558	32444	37066	40988	49982	59866	66358	73867	79055	87378	97314	106869	124567	134117
Public Admn. & Defense	8934	13235	17366	20867	24735	29203	32764	38191	43406	49210	55040	62308	70742	79048
Banking and Insurance	5152	6889	8935	10116	11435	13126	15110	16299	17793	19607	21500	23127	26373	28084
Prof. & Misc. Services	31088	34942	46031	59666	73381	83629	98376	108088	121066	136368	152664	171190	194311	215895
GDP at Market Prices	558196	406933	466227	539201	597136	659598	737571	834392	906502	948065	1030365	1170261	1301600	1402580
Growth Rate (%)	20.14	-27.10	14.57	15.65	10.74	10.46	11.82	13.13	8.64	4.58	8.68	13.58	11.22	7.76
Indirect Taxes - Subsidies	20969	21794	25516	30082	32695	37601	41807	50070	57492	65589	73150	88073	97990	112950
GDP at Factor Cost	537227	385139	440711	509119	564441	621997	695764	784322	849010	882476	957215	1082188	1203610	1289630

a/ Due to variation in coverage, the figures may not be comparable for the years preceding 1989/90.

P = Provisional

Source: Bangladesh Bureau of Statistics.

Table 3.2
GROSS DOMESTIC PRODUCT AT CONSTANT (1984/85) PRICES
(Taka in Million)

	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/'97(P)
Agriculture	168264	169970	175549	176250	174901	173037	190354	193421	197662	201230	201915	199822	207126	219652
Crops	133921	135031	139599	139596	137119	134509	150828	152575	155101	156392	153852	148068	152168	160698
Forestry	11801	10948	11413	11168	12038	12309	12586	12845	13147	13536	14077	14712	15338	15980
Livestock	10507	11785	12131	12801	12922	13348	13805	14102	14615	15522	16841	18239	19706	21278
Fisheries	12035	12206	12406	12685	12822	12871	13135	13899	14799	15780	17145	18803	19914	21696
Industry	63049	64982	66709	72093	75902	79568	84632	88294	94558	102105	110044	119234	125603	130132
Mining and Quarrying a/	4	4	3	4	2	3	66	80	94	107	121	137	174	208
Manufacturing	40765	40112	41156	44403	44682	45927	49256	50423	54117	59033	63665	69165	72823	75235
Large Scale	22134	21282	22088	25087	25263	25945	28095	29269	32342	36627	40363	44884	47595	49023
Small Scale	18631	18830	19068	19316	19419	19982	20561	21154	21775	22406	23302	24281	25228	26212
Construction	20072	22518	22908	24469	27475	28816	29749	31087	32471	34032	36074	38593	40146	41606
Power, Gas, Water & Sanita	2208	2348	2642	3217	3743	4822	5561	6704	7876	8933	10184	11339	12460	13083
Services	160225	171981	182335	194004	204332	213998	222541	232727	243969	256894	271881	290737	309712	328969
Transport, Storage & Comm	43508	45655	47115	52341	54293	56611	59024	60840	63349	66416	70089	74203	77889	82626
Trade Services	36093	38816	39389	40394	41675	43663	44965	46707	48561	50631	53284	58669	64544	68739
Housing Services	31413	32444	33435	34534	35645	36811	38030	39316	40656	42197	43792	45457	47204	49039
Public Admn. & Defense	9984	13235	15944	17191	18553	19839	20363	22334	24184	26240	28484	30962	33533	36344
Banking and Insurance	5867	6889	8700	9180	9312	9417	9523	9755	10002	10302	10663	11090	11478	11903
Prof. & Misc. Services	33360	34942	37752	40364	44854	47657	50636	53775	57217	61108	65569	70356	75064	80318
GDP at Market Prices	391538	406933	424593	442347	455135	466603	497527	514442	536189	560229	583840	609793	642441	678753
Growth Rate (%)	4.90	3.93	4.34	4.18	2.89	2.52	6.63	3.40	4.23	4.48	4.21	4.45	5.35	5.65
Indirect Taxes - Subsidies	34019	21794	23496	24657	24958	26667	28200	30907	34019	38764	41400	45893	48366	54671
GDP at Factor Cost	357519	385139	401097	417690	430177	439936	469327	483535	502170	521465	542440	563900	594075	624082

a/ Due to variation in coverage, the figures may not be comparable for the years preceding 1989/90.

P = Provisional.

Source: Bangladesh Bureau of Statistics.

Table 3.3
GDP GROWTH AT CONSTANT (1984/85) PRICES
(In Percentage)

	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97(P)
Agriculture	4.4	5.0	1.0	3.3	0.4	-0.8	-1.1	10.0	1.6	2.2	1.8	0.3	-1.0	3.7	6.0
Crops	4.2	4.8	0.8	3.4	0.0	-1.8	-1.9	12.1	1.2	1.7	0.8	-1.6	-3.8	2.8	5.6
Forestry	6.1	9.4	-7.2	4.2	-2.1	7.8	2.3	2.3	2.1	2.4	3.0	4.0	4.5	4.3	4.2
Livestock	2.7	5.0	12.2	2.9	5.5	0.9	3.3	3.4	2.2	3.6	6.2	8.5	8.3	8.0	8.0
Fisheries	7.2	2.9	1.4	1.6	2.2	1.1	0.4	2.1	5.8	6.5	6.6	8.7	9.7	5.9	8.9
Industry	1.5	11.2	3.1	2.7	8.1	5.3	4.8	6.4	4.3	7.1	8.0	7.8	8.4	5.3	3.6
Mining and Quarrying	..	..	..	..	..	..	..	..	21.2	17.5	13.8	13.1	13.5	26.7	19.5
Manufacturing	1.9	7.5	-1.6	2.6	7.9	0.6	2.8	7.2	2.4	7.3	9.1	7.8	8.6	5.3	3.3
Large Scale	2.6	13.3	-3.8	3.8	13.6	0.7	2.7	8.3	4.2	10.5	13.2	10.2	11.2	6.0	3.0
Small Scale	1.1	1.3	1.1	1.3	1.3	0.5	2.9	2.9	2.9	2.9	2.9	4.0	4.2	3.9	3.9
Construction	-3.4	20.1	12.2	1.7	6.8	12.3	4.9	3.2	4.5	4.5	4.8	6.0	7.0	4.0	3.6
Power, Gas, Water & Sanitary	53.0	7.1	6.3	12.5	21.8	16.4	28.8	15.3	20.6	17.5	13.4	14.0	11.3	9.9	5.0
Services	6.2	2.4	7.3	6.0	6.4	5.3	4.7	4.0	4.6	4.8	5.3	5.8	6.9	6.5	6.2
Transport, Storage & Comm.	7.2	4.2	4.9	3.2	11.1	3.7	4.3	4.3	3.1	4.1	4.8	5.5	5.9	5.0	6.1
Trade Services	5.2	-1.6	7.5	1.5	2.6	3.2	4.8	3.0	3.9	4.0	4.3	5.2	10.1	10.0	6.5
Housing Services	3.1	3.0	3.3	3.1	3.3	3.2	3.3	3.3	3.4	3.4	3.8	3.8	3.8	3.8	3.9
Public Admn. & Defense	22.5	-6.9	32.6	20.5	7.8	7.9	6.9	2.6	9.7	8.3	8.5	8.6	8.7	8.3	8.4
Banking and Insurance	-5.7	5.7	17.4	26.3	5.5	1.4	1.1	1.1	2.4	2.5	3.0	3.5	4.0	3.5	3.7
Prof. & Misc. Services	6.5	6.8	4.7	8.0	6.9	11.1	6.2	6.3	6.2	6.4	6.8	7.3	7.3	6.7	7.0
GDP at Constant Market Price	4.7	4.9	3.9	4.3	4.2	2.9	2.5	6.6	3.4	4.2	4.5	4.2	4.4	5.4	5.7
Memo item:															
ICOR 1/	3.3	2.8	3.1	3.0	3.0	4.5	4.9	1.9	3.8	2.7	2.7	3.4	3.5	3.1	3.0

.. Because of extremely low base the growth rates were misleadingly large with wild fluctuations.

1/ Incremental Capital-Output Ratio (ICOR). The calculation assumes a one year lag in investment-growth relation.

P: Provisional

Source: Derived from Table 2.2

Table-3.4:
GROSS DOMESTIC PRODUCT BY EXPENDITURE IN CURRENT PRICES
(Taka in Million)

	FY87/88	FY88/89	FY89/90	FY90/91	FY91/92	FY92/93	FY93/94	FY94/95	FY95/96	FY96/97 (P)
Net Resource 1/	652301	727523	811764	895597	962395	1011165	1095813	1267360	1428631	1512806
Consumption 2/	577995	642332	717337	799642	852544	875951	936886	1072709	1207431	1269120
Private 2/	508026	551877	614119	684910	727607	741647	789606	911911	1029776	1073509
Public 3/	69969	90455	103218	114732	124937	134304	147280	160798	177655	195611
Investment 3/	74306	85191	94427	95955	109851	135214	158927	194651	221200	243686
Private 2/	38290	42891	47275	48562	60063	74406	80676	110172	139343	152263
Public 3/	36016	42300	47152	47393	49788	60808	78251	84479	81857	91423
Resource Balance 4/	-55165	-67925	-74193	-61205	-55893	-63100	-65448	-97099	-127031	-110226
Exports	46438	51522	62683	75364	94121	113783	122272	166010	184373	217650
Imports	101603	119447	136875	136569	150014	176883	187720	263109	311404	327876
Gross Domestic Product at m.p.	597136	659598	737571	834392	906502	948065	1030365	1170261	1301600	1402580
Net Factor Income from Abroad 4/ 5/	18873	21266	21044	23612	28996	34095	42344	46511	49550	59102
Gross National Product at m.p.	616009	680864	758615	858004	935498	982160	1072709	1216772	1351150	1461682
Net Indirect Taxes	32695	37601	41807	50070	57492	65589	73150	88073	97990	112950
GNP at Factor Cost	583314	643263	716808	807934	878006	916571	999559	1128699	1253160	1348732
Net Private Transfers from Abroad 6/	1594	2089	1350	2925	4845	4815	6320	9166	10552	12599
Gross Disposable Income 7/	617602	682953	759965	860928	940343	986975	1079029	1225938	1361703	1474282
Gross Domestic Saving 8/	19141	17266	20234	34750	53958	72114	93479	97552	94169	133460
Gross National Saving 9/	39607	40622	42628	61287	87799	111024	142143	153229	154271	205162
Current Account Deficit 10/	34699	44569	51799	34668	22052	24190	16784	41422	66929	38524
Memo items (% of GDP):										
Consumption	96.79	97.38	97.26	95.84	94.05	92.39	90.93	91.66	92.77	90.48
Private	85.08	83.67	83.26	82.08	80.27	78.23	76.63	77.92	79.12	76.54
Public	11.72	13.71	13.99	13.75	13.78	14.17	14.29	13.74	13.65	13.95
Investment	12.44	12.92	12.80	11.50	12.12	14.26	15.42	16.63	16.99	17.37
Private	6.41	6.50	6.41	5.82	6.63	7.85	7.83	9.41	10.71	10.86
Public	6.03	6.41	6.39	5.68	5.49	6.41	7.59	7.22	6.29	6.52
Resource Balance	-9.24	-10.30	-10.06	-7.34	-6.17	-6.66	-6.35	-8.30	-9.76	-7.86
Exports	7.78	7.81	8.50	9.03	10.38	12.00	11.87	14.19	14.17	15.52
Imports	17.01	18.11	18.56	16.37	16.55	18.66	18.22	22.48	23.92	23.38
Gross Domestic Saving	3.21	2.62	2.74	4.16	5.95	7.61	9.07	8.34	7.23	9.52
Gross National Saving	6.63	6.16	5.78	7.35	9.69	11.71	13.80	13.09	11.85	14.63
Current Account Deficit	5.81	6.76	7.02	4.15	2.43	2.55	1.63	3.54	5.14	2.75

1/ Consumption plus Invesment.
2/ Derived as residual.
3/ BBS data.
4/ From Balance of Payments Table 3.1 converted into Taka by using average exchange rate.
5/ Includes Net Investment Income and Workers' Remittances. Excludes "other" private unrequited transfers -- e.g. unilateral transfers to NGOs.
6/ Excludes official grants to the Government.
7/ Equals Gross National Product at Current m.p. plus Net Private Transfers from Abroad.
8/ Equals Gross National Savings minus Net Factor Income from Abroad minus Net Private Transfers from Abroad.
9/ Equals Investment minus Foreign Saving (External Current Account Balance).
10/ Current Account Deficit from Table 3.1 converted into Taka, excluding official grants to the Government.
Note: P = Provisional

Table 4.1
BALANCE OF PAYMENTS, 1987/88-1996/97
(US$ in Millions)

	1987/88	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97(P)
Merchandise exports, fob a/	1231	1291	1524	1718	1993	2383	2534	3473	3882	4418
Merchandise imports, fob/c&f a/ b/	-2986	-3390	-3791	-3510	-3526	-4071	-4191	-5834	-6881	-7120
Trade Balance	-1755	-2099	-2267	-1792	-1533	-1688	-1657	-2361	-2999	-2702
Non-factor services, net	-11	-14	14	76	68	76	21	-54	-107	121
Non-factor services, receipts	255	312	379	395	474	523	523	657	626	678
(- Other transport)	27	32	36	34	37	38	41	57	66	84
(- Travel)	10	17	20	17	25	32	20	23	28	39
(- Government services, n.e.i.)	39	51	92	96	78	99	114	229	123	na
(- Other)	179	212	232	248	334	354	348	348	409	555
Non-factor services, payments	-266	-326	-365	-319	-406	-447	-502	-711	-733	-557
(- Other transport)	-41	-52	-63	-73	-102	-107	-129	-142	-149	-180
(- Travel)	-77	-114	-112	-61	-109	-126	-153	-265	-162	-140
(- Government services, n.e.i.)	-106	-115	-138	-141	-142	-149	-160	-223	-270	na
(- Other)	-41	-46	-52	-44	-53	-65	-60	-81	-152	-237
Investment income, net	-133	-109	-122	-102	-88	-73	-30	-41	-6	-91
Investment income, receipts	55	78	67	65	91	94	147	162	182	92
(- Interest on reserves)	41	67	41	52	61	49	83	83	81	81
(- Other interest & investment income)	14	11	26	13	30	45	64	79	101	11
Investment income, payments	-188	-187	-189	-167	-179	-167	-178	-203	-188	-183
(- Interest on external public M&LT debt)	-123	-139	-131	-129	-137	-144	-137	-154	-153	-165
(- IMF service charges)	-39	-43	-48	-33	-35	-11	-7	-7	-7	-7
(- Other interest & investment income)	-26	-5	-10	-5	-7	-12	-34	-42	-28	-11
Private unrequited transfers, net	788	836	802	846	975	1067	1247	1426	1475	1770
Receipts	788	836	802	846	975	1067	1247	1426	1475	1770
Workers Remittences	737	771	761	764	848	944	1089	1198	1217	1475
Others	51	65	41	82	127	123	158	228	258	295
Payments	0	0	0	0	0	0	0	0	0	0
Current Account Balance	-1111	-1387	-1573	-972	-578	-618	-420	-1030	-1636	-902
Amortization of public M&LT debt	-166	-170	-186	-197	-210	-239	-264	-314	-316	-329
Total IMF transactions, net	-18	68	-164	4	85	2	-70	-60	-66	-108
Gross Aid Disbursements	1640	1669	1810	1733	1611	1675	1559	1739	1444	1530
Other long-term capital, net	-7	44	0	1	0	6	58	55	10	-74
(- Direct & portfolio investment, net)	3	2	3	2	10	16	69	67	-14	-120
(- Subscriptions to int'l non-monetary orgs)	-2	0	0	-1	0	-1	0	0	0	0
(- Other, net)	-8	42	-3	0	-10	-9	-11	-12	24	46
Short-term capital, net	-160	-139	-131	-143	-85	-9	32	11	-92	-41
(- Resident official sector, net)	-5	4	0	0	-1	1	0	117	-21	-53
(- Deposit money banks, net)	-97	-144	-38	-40	-18	-3	4	-72	-25	-17
(- Other, net)	-57	-	-93	-103	-66	-7	28	-34	-46	29
Liabilities constituting foreign authorities' reserves, net	-40	-	-	0	0	0	0	0	0	0
Food borrowing, net	6	43	-21	-21	-19	-8	-11	0	0	0
(- Food Borrowing, gross)	39	55	0	0	0	0	0	0	0	0
(- Food Loan Amortization)	-33	-12	-21	-21	-19	-8	-11	0	0	0
Errors & ommissions, net d/	-1	-61	-112	-24	-62	-291	-259	-127	-406	-396
Change in reserves e/ (-=increase)	-145	-66	377	-381	-742	-518	-625	-274	1062	320
MEMORANDUM ITEMS:										
Reserve level, end of June (US$ m)	856	913	520	880	1608	2121	2765	3070	2039	1719
-Reserves, excluding gold (US$ m)	832	892	500	857	1586	2095	2738	3043	2012	1694
-Gold, national valuation (US$ m)	24	21	20	23	22	26	27	27	27	25
Average annual exchange rate (Tk/US$)	31.25	32.14	32.93	35.67	38.15	39.14	40.00	40.20	40.90	42.70

--not available separately
a/ Exports and imports include that of EPZ since 1987/88
b/ Merchandise imports are reported on a mixed valuation basis, partly fob and partly cif
c/ Including valuation changes and ACU account changes other than those of reserves. (from 1994-95, it does not include ACU account changes).
d/This includes the difference between the shipment and payment-based values of exports.
e/ Including Non Resident Foreign Currency Deposit (NFCD).
P = Preliminery estimates; na = Not available.

Source: Bangladesh Bank, Statistics Department

Table 4.2
COMPOSITION OF EXPORTS

	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97
Ready-made Garments						
Value (million US $)	1064.0	1231.0	1287.0	1834.6	1950.3	2236.6
Knitwear						
Value (million US $)	118.6	204.5	264.1	145.8	597.8	764.1
Frozen food						
Value (million US $)	127.6	164.0	210.5	298.9	314.6	321.6
Quantity (million lbs.)	42.6	48.4	55.5	78.4	75.1	86.0
Unit value	3.0	3.4	3.8	3.9	4.2	4.1
Jute Goods						
Value (million US $)	293.3	290.0	283.0	319.0	329.7	318.3
Quantity ('000 metric tons)	491.1	503.2	502.9	539.6	536.9	542.1
Unit value	597.1	564.1	540.6	574.5	605.0	627.2
Raw Jute						
Value (million US $)	85.5	74.0	57.0	72.0	90.0	116.0
Quantity (million bales)	1.4	1.4	1.0	1.4	1.4	1.7
Unit value	61.5	54.7	57.0	56.0	64.4	65.5
Leather						
Value (million US $)	144.5	147.9	168.2	202.0	211.7	185.0
Volume (million square feet)	119.6	138.6	157.4	161.7	155.8	133.1
Unit value	1.2	1.1	1.1	1.2	1.4	1.4
Tea						
Value (million US $)	32.4	41.0	38.0	32.8	33.4	38.3
Quantity (million kgs.)	23.7	32.8	27.4	25.2	21.4	32.0
Unit value	1.4	1.3	1.4	1.3	1.5	1.5
Naphtha						
Value (million US $)	8.3	15.0	7.0	4.0	4.1	16.5
Fertilizers						
Value (million US $)	21.4	51.2	51.4	91.0	94.7	85.0
Other	98.4	177.7	158.8	462.9	282.7	336.6
Total	1994.0	2365.0	2525.0	3463.0	3883.0	4418.0

Source: Export Promotion Bureau (EPB).

Table 4.3
QUANTITY AND VALUE OF MAJOR IMPORT COMMODITIES

	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97
Major Primary Goods	836.0	448.7	468.5	752.0	609.8	584.7	525.0	497.0	474.0	409.0	869.0	989.0	662.0
Rice a/(mill. US $)													
Value (mill. US $)	176.0	8.0	49.5	150.0	17.0	102.0	0.0	5.0	0.0	10.0	208.0	334.0	10.0
Quantity ('000,long tons)	690.0	39.0	261.0	590.0	60.0	300.0	11.0	39.0	19.0	74.0	813.0	1150.0	33.0
Unit Price a/ (US $)	255.1	205.1	189.7	254.2	283.3	340.0	0.0	128.2	0.0	135.1	255.8	290.4	303.0
Wheat a/													
Value (mill. US $)	322.0	212.0	223.0	339.0	357.0	241.0	297.0	260.0	176.0	141.0	291.0	236.0	187.0
Quantity ('000,long tons)	1899.0	1164.0	1508.0	2327.0	2077.0	1234.0	1566.0	1525.0	1164.0	892.0	1754.0	1313.0	934.0
Unit Price a/ (US $/long ton)	169.6	182.1	147.9	145.7	171.9	195.3	189.7	170.5	151.2	158.1	165.9	179.7	200.2
Oilseeds													
Value (mill. US $)	6.0	0.1	25.0	39.0	11.0	13.7	16.0	9.0	35.0	65.0	63.0	75.0	70.0
Quantity ('000,mt tons)	20.0	0.4	116.0	148.0	42.0	50.0	2.0	105.0	108.0	200.0	211.0	225.0	220.0
Unit Price (US$/mt ton)	300.0	250.0	215.5	263.5	261.9	274.0	8000.0	85.7	324.1	325.0	298.6	333.3	318.2
Crude Petroleum													
Value (mill. US $)	226.0	177.0	126.0	136.0	131.8	123.0	144.0	152.0	181.0	116.0	187.0	164.0	205.0
Quantity ('000 tons)	985.0	1008.0	1000.0	988.0	1096.0	1008.0	1182.0	1018.0	1129.0	1239.0	1364.0	1288.0	1200.0
Unit Price (US $/ton)	229.4	175.6	126.0	137.7	120.3	122.0	121.8	149.3	160.3	93.6	137.1	127.3	170.8
Raw Cotton													
Value (mill. US $)	106.0	51.6	45.0	88.0	93.0	105.0	68.0	71.0	82.0	77.0	120.0	180.0	190.0
Quantity ('000 bales)	305.0	181.0	205.0	267.0	349.0	375.0	250.0	286.0	305.0	221.0	294.0	344.0	400.0
Unit Price (US $/bale)	347.5	285.1	219.5	329.6	266.5	280.0	272.0	248.3	268.9	348.4	408.2	523.3	475.0
Major Intermediate Goods	433.0	516.5	357.0	476.0	563.0	567.0	626.0	627.0	733.0	719.0	840.0	895.0	1130.0
Edible Oil a/													
Value (mill. US $)	103.0	135.5	115.0	176.0	170.0	200.0	153.0	163.0	152.0	117.0	228.0	188.0	189.0
Quantity ('000 tons)	136.0	272.0	283.0	382.0	408.0	425.0	500.0	426.0	259.0	310.0	337.0	315.0	315.0
Unit Price (US $/ton)	757.4	498.2	406.4	460.7	416.7	470.6	306.0	382.6	586.9	377.4	676.6	596.8	600.0
Petroleum Products b/													
Value (mill. US $)	133.0	165.0	104.0	136.0	153.0	174.0	204.0	168.0	177.0	168.0	209.0	274.0	361.0
Quantity ('000 tons)	570.0	805.0	732.0	790.0	926.0	973.0	711.0	825.0	821.0	951.0	1181.0	1511.0	1596.0
Unit Price (US$/ton)	233.3	205.0	142.1	172.2	165.2	178.8	286.9	203.6	215.6	176.7	177.0	181.3	226.2
Fertilizer a/													
Value (mill. US $)	137.0	108.0	25.0	46.0	108.0	46.0	90.0	117.0	131.0	135.0	142.0	149.0	169.0
Quantity ('000,long tons)	666.0	640.0	145.0	277.0	535.0	227.0	457.0	595.0	656.0	675.0	710.0	725.0	750.0
Unit Price (US $/long ton)	205.7	168.8	172.4	166.1	201.9	202.6	196.9	196.6	199.7	200.0	200.0	205.5	225.3
Cement													
Value (mill. US $)	26.0	57.0	64.0	67.0	83.0	83.0	75.0	77.0	115.0	100.0	150.0	156.0	180.0
Quantity ('000, mt.tons)	588.0	1333.0	1601.0	1563.0	1893.0	1500.0	1800.0	1786.0	2040.0	1990.0	2200.0	2300.0	2400.0
Unit Price (US $/ton)	44.2	42.8	40.0	42.9	43.8	55.3	41.7	43.1	56.4	50.3	68.2	67.8	75.0
Staple Fibres													
Value (mill. US $)	3.0	1.0	7.0	7.0	9.0	10.0	12.0	10.0	31.0	31.0	26.0	26.0	30.0
Quantity ('000 bales)	10.0	3.0	29.0	24.0	24.0	25.0	15.0	51.0	77.0	124.0	87.0	52.0	75.0
Unit Price (US $/bale)	300.0	333.3	241.4	291.7	375.0	400.0	800.0	196.1	402.6	250.0	298.9	500.0	400.0
Yarn													
Value (mill. US $)	31.0	50.0	42.0	44.0	40.0	54.0	92.0	92.0	127.0	168.0	85.0	102.0	201.0
Quantity (million .lbs)	26.0	56.0	39.0	38.0	37.0	45.0	60.0	55.0	52.0	64.0	53.0	64.0	115.0
Unit Price (US cents/ lb)	119.2	89.3	107.7	115.8	108.1	120.0	153.3	167.3	244.2	262.5	160.4	159.4	174.8
Capital Goods (mill. US $)	691.0	1003.0	856.0	1090.0	1070.0	1296.0	1231.0	1289.0	1346.0	1299.0	1480.0	1918.0	2000.0
Others (mill. US $) c/	687.0	396.0	939.0	668.0	1147.0	1343.0	1128.0	1113.0	1518.0	1764.0	2645.0	3079.0	3328.0
TOTAL IMPORTS (mill.US $)	2647.0	2364.2	2620.5	2986.0	3389.8	3790.7	3510.0	3526.0	4071.0	4191.0	5834.0	6881.0	7120.0

a/ As a large portion of imports is financed on a grant basis, unit prices are often available for accounting purposes only.
b/ Includes petroleum products imported by BPC from its refining operations in Singapore as well as imports of non-fuel petroleum products.
c/ Consumer and other intermediate goods not seperately shown.
N/A : Not available
Note: 1 bale of raw cotton = 500 lbs; 1 bale of polyester = 618 lbs; 1 bale of viscose - 441 lbs; 1 bale of yarn = 400 lbs.
Source: Bangladesh Bank.

Table 4.4
AID PIPELINE
(US$ in Million)

	1985/86	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97 (Est)
FOOD AID												
Opening pipeline	194.4	323.8	207.4	270.9	201.0	173.2	88.4	73.2	130.0	95.6	90.3	85.1
Commitments	329.6	109.0	364.0	157.0	159.7	183.8	226.0	177.7	83.4	132.1	132.8	105.0
Disbursements	202.7	225.4	300.5	226.9	187.5	268.6	241.2	121.0	117.8	137.4	138.0	110.0
Closing pipeline	323.8	207.4	270.9	201.0	173.2	88.4	73.2	130.0	95.6	90.3	85.1	80.1
Pledges	260.2	164.6	168.6	153.1	109.3	91.5	92.6	156.2	208.7	157.4	130.0	160.0
COMMODITY AID												
Opening pipeline	387.2	402.7	562.3	304.1	367.7	341.7	229.5	419.2	383.2	297.3	498.8	498.8
Commitments	408.9	562.1	251.2	601.3	430.7	295.9	575.7	336.1	365.4	354.3	163.1	120.0
Disbursements	393.4	402.5	509.4	537.7	456.7	408.1	386.0	372.1	451.3	332.8	229.4	161.0
Closing pipeline	402.7	562.3	304.1	367.7	341.7	229.5	419.2	383.2	297.3	498.8	498.8	498.8
Pledges	431.4	183.0	279.6	214.5	598.3	387.8	494.4	409.5	274.1	253.3	250.0	170.0
PROJECT AID												
Opening pipeline	4061.8	4632.8	4597.8	4681.8	4893.0	5312.2	5146.9	5196.8	4855.6	5827.5	5684.4	5591.6
Commitments	922.9	932.2	914.5	1115.1	1584.6	890.6	1113.9	760.7	1961.4	1125.8	983.6	1200.0
Disbursements	709.8	967.2	830.5	903.9	1165.4	1055.9	1064.0	1101.9	989.5	1268.9	1076.4	1179.0
Closing pipeline	4632.8	4597.8	4681.8	4893.0	5312.2	5146.9	5196.8	4855.6	5827.5	5684.4	5591.6	5612.6
Pledges	1018.7	1106.4	1179.4	1237.3	1351.6	1235.3	1407.1	1474.6	1584.4	1675.4	1570.0	1610.0
TOTAL												
Opening pipeline	4643.4	5359.3	5367.4	5256.7	5461.6	5827.0	5464.8	5689.2	5368.7	6220.3	6273.5	6175.5
Commitments	1661.4	1603.3	1529.7	1873.4	2175.0	1370.3	1915.6	1274.5	2410.2	1612.2	1279.5	1425.0
Disbursements	1305.9	1595.2	1640.4	1668.5	1809.6	1732.6	1691.2	1595.0	1558.6	1739.1	1443.8	1450.0
Closing pipeline	5359.3	5367.4	5256.7	5461.6	5827.0	5464.8	5689.2	5368.7	6220.3	6273.5	6175.5	6191.5
Pledges	1710.3	1454.0	1627.6	1604.9	2059.2	1714.6	1994.1	2040.3	2067.2	2086.1	1950.0	1940.0
Ratio of Actual Commitments to Pledges (%)	97.1	110.3	94.0	116.7	105.6	79.9	96.1	62.5	116.6	77.3	65.6	73.5

Commodity aid includes cash aid, and project aid includes technical assistance.
Discrepencies between closing pipeline in one year and opening pipeline in the next year result from adjustments for currency revaluations, aid cancellations, and reclassifications.

Source: Economic Relations Division, Planning Commission.

Table 4.5

REAL EFFECTIVE EXCHANGE RATE (REER) INDEX

(Base 1990=100)

Panel - A

Year		REER	Year		REER
1991	I	97.43		II	98.73
	II	101.37		III	86.56
	III	100.05		IV	86.94
	IV	93.85	1995	I	87.19
1992	I	92.65		II	84.12
	II	94.50		III	86.34
	III	90.39		IV	86.10
	IV	91.61	1996	I	86.77
1993	I	93.86		II	85.77
	II	90.18		III	84.77
	III	90.42		IV	85.61
	IV	91.72	1997	I	89.67
1994	I	91.00		II	88.86

Source: IMF

Panel - B

Month	1995	1996	1997
January	N/A	86.53	88.77
February	N/A	86.30	90.08
March	N/A	87.50	90.16
April	N/A	85.86	89.43
May	N/A	85.54	88.57
June	84.28	85.92	N/A
July	84.81	85.23	N/A
August	86.67	84.70	
September	87.63	84.38	
October	86.19	85.54	
November	83.95	85.11	
December	86.16	86.19	

N/A = Not available.

Source: IMF

TABLE 5.1
SERVICE PAYMENTS, COMMITMENTS, DISBURSEMENTS, AND OUTSTANDING AMOUNTS OF EXTERNAL PUBLIC DEBT
PROJECTIONS ARE BASED ON DEBT OUTSTANDING INCLUDING UNDISBURSED AS OF DEC 31, 1996.
INCLUDES ONLY DEBT COMMITTED THROUGH DEC. 31, 1996 AND
DEBT REPAYABLE IN FOREIGN CURRENCY AND GOODS
(IN THOUSANDS OF U.S. DOLLARS)

DATE	DEBT OUTSTANDING AT END OF PERIOD		TRANSACTION DURING PERIOD					OTHER CHANGES	
	DISBURSED ONLY	INCLUDING UNDISBURSED	COMMIT-MENTS	DISBURSE-MENTS	SERVICE PAYMENTS			CANCEL-LATIONS*	ADJUST-MENT**
					PRINCIPAL	INTEREST	TOTAL		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9))
199112	13469522	17620779	901492	1056952	434033	197518	631,551	397024	-
199212	13895740	18032511	1176631	1063982	401936	172063	573,999	132489	-230182
199312	14615569	18704663	717408	707199	389306	175473	564,779	132083	476516
199412	16211245	20406655	1420674	1017013	406011	197346	603,357	534534	1223863
199512	16350900	20455506	686543	675280	542936	186419	729,355	164400	42162
199612	15841367	18770701	190278	941493	481062	188812	669,874	265443	-1089647
*** THE FOLLOWING FIGURES ARE PROJECTED ***									
199712	16184194	18008535	-	1078098	526275	194568	720843	-	-235890
199812	16430195	17464582	-	789954	543952	194609	738562	-	-
199912	16370377	16887680	-	517085	576903	191502	768405	-	1
200012	16058322	16282045	-	293591	605646	185645	791291	-	10
200112	15629812	15695470	-	158089	586600	178335	764935	-	25
200212	15104583	15129370	-	40884	566113	170500	736613	-	13
200312	14557626	14568469	-	13943	560901	162143	723044	-	-
200412	13975524	13978641	-	7726	589826	153860	743686	-	-1
200512	13372146	13372177	-	3086	606465	145468	751933	-	1
200612	12765119	12765149	-	-	607028	143210	750238	-	-
200712	12164302	12164332	-	-	600817	134239	735056	-	0
200812	11547669	11547699	-	-	616633	126646	743278	-	-
200912	10952461	10952490	-	-	594868	119030	713898	-	-340
201012	10359479	10359507	-	-	592983	111926	704908	-	-
201112	9770847	9770875	-	-	588632	104874	693507	-	-
201212	9186858	9186886	-	-	583989	98047	682035	-	-
201312	8606439	8606467	-	-	580420	91313	671733	-	-
201412	7986524	7986552	-	-	619914	84723	704637	-	0
201512	7394399	7394428	-	-	592125	77816	669941	-	1
201612	6806394	6806422	-	-	588006	71492	659498	-	-

* Includes Writeoffs; Projected amounts in this column are amounts excluded from projections due to unknown terms.

** This column shows the amount of arithmetic imbalance in the amount outstanding including undisbursed from one period to the next. The most common causes of imbalance are changes in exchange rates and transfers of debts from one catagory to another in the table.

Source: World Bank.

Table 6.1: ACTUAL INCOME AND EXPENDITURE OF THE CENTRAL GOVERNMENT

(In billion taka)

	FY87	FY88	FY89	FY90	FY91	FY92	FY93	FY94	FY 95	FY96	FY97(E)
Total Revenue	48.0	53.3	60.0	68.9	80.0	98.9	113.6	125.3	141.8	150.3	163.4
Tax	38.8	42.6	48.9	57.3	65.2	79.5	91.2	96.3	111.9	120.1	132.7
Non-tax	9.2	10.7	11.1	11.6	14.8	19.4	22.4	29.0	29.9	30.2	30.7
Total expenditure	-93.0	-95.9	-107.3	-127.0	-139.9	-152.4	-169.2	-186.8	-221.5	-222.8	-238.2
Current expenditure a/	-41.6	-48.2	-56.7	-64.7	-72.3	-75.6	-84.6	-91.2	-103.1	-113.1	-125.4
Food account surplus	-0.1	-5.6	-3.9	-8.8	-7.4	-5.8	-6.5	4.5	-7.0	-5.0	-0.6
Annual Development Program (ADP)	-46.3	-38.0	-42.2	-47.2	-52.0	-57.0	-67.5	-87.1	-100.9	-96.1	-105.0
Other capital expenditure and net lending b/	-5.0	-4.1	-5.2	-5.2	-5.3	-5.4	-8.5	-12.5	-12.0	-8.6	-7.2
Residual d/			0.7	-1.1	-2.9	-8.6	-2.2	-0.5	1.4	-2.0	0.0
Overall budget deficit	-45.0	-42.6	-47.3	-58.1	-59.9	-53.5	-55.6	-61.5	-79.7	-74.5	-74.8
Net foreign financing c/	40.4	41.4	46.7	48.6	51.9	44.1	52.9	50.4	57.5	46.1	48.1
Project aid	29.6	25.0	27.2	35.5	35.2	36.4	39.6	38.9	49.7	44.0	47.6
Commodity aid	11.1	14.1	15.5	13.5	16.3	6.4	17.2	18.2	13.4	9.4	6.9
Food aid	6.9	7.6	7.3	6.2	9.7	8.8	4.7	4.8	5.5	5.6	5.5
Commercial food borrowing	-2.9	0.1	1.3	-0.8	-0.5	-0.8	-0.7	-0.4	0.0	0.0	0.0
Others											2.4
Debt amortization	-4.4	-5.4	-4.6	-5.8	-8.8	-6.7	-7.8	-11.0	-11.0	-12.9	-14.3
Net domestic financing	4.7	1.2	0.7	9.5	8.0	9.3	2.7	11.1	22.2	28.4	26.7
Banking system	3.4	-0.7	-2.5	6.5	1.7	-2.9	-10.3	-5.4	5.2	15.6	17.1
Other domestic	1.3	1.9	3.1	1.9	3.5	9.2	13.0	16.4	17.0	12.8	9.6
					(Annual percentage change)						
Total Revenue	13.5	11.0	12.6	14.8	16.1	23.6	14.9	10.3	13.2	6.0	8.7
Total expenditure	20.1	3.1	11.9	18.3	10.2	8.9	11.0	10.4	18.6	0.6	6.9
Current expenditure a/	18.9	15.9	17.7	14.1	11.7	4.6	11.9	5.6	16.2	7.3	10.5
ADP	26.8	-18.0	11.1	11.8	10.2	9.6	18.4	29.0	15.9	-4.7	9.3
					(As percent of GDP)						
Total revenue	8.9	8.9	9.1	9.3	9.6	10.9	12.0	12.2	12.1	11.5	11.7
Tax revenue	7.2	7.1	7.4	7.8	7.8	8.8	9.6	9.3	9.6	9.2	9.5
Non-tax revenue	1.7	1.8	1.7	1.6	1.8	2.1	2.4	2.8	2.6	2.3	2.2
Total expenditure	17.3	16.1	16.3	17.2	16.8	16.8	17.8	18.1	18.9	17.1	17.0
Current expenditure a/	7.7	8.1	8.6	8.8	8.7	8.3	8.9	8.9	8.8	8.7	8.9
ADP	8.6	6.4	6.4	6.4	6.2	6.3	7.1	8.4	8.6	7.4	7.5
Overall budget deficit	8.4	7.1	7.2	7.9	7.2	5.9	5.9	6.0	6.8	5.7	5.3
Net foreign financing	7.5	6.9	7.1	6.6	6.2	4.9	5.6	4.9	4.9	3.5	3.4
Net domestic financing	0.9	0.2	0.1	1.3	1.0	1.0	0.3	1.1	1.9	2.2	1.9
Banking system	0.6	-0.1	-0.4	0.9	0.2	-0.3	-1.1	-0.5	0.4	1.2	1.2
Other domestic	0.2	0.3	0.5	0.3	0.4	1.0	1.4	1.6	1.5	1.0	0.7
GDP Mkt. Prices	539.2	597.1	659.6	737.6	834.4	906.5	948.1	1030.4	1170.3	1301.6	1402.6

a/ Excludes food subsidies, which are included under the food account deficit.

b/ Comprises non-ADP project expenditure, the Food for Work program, miscellaneous investment (non-development) and net loan and advances. A major part of gross lending by Government is included within the ADP.

c/ Including foreign grants.

d/ Represents the difference between the balance of revenue and expenditure from the fiscal accounts and total financing estimates of the central Government.

Note: E= Estimated outcome

Source: Ministry of Finance, IMF and BBS.

Table-6.2

ANNUAL DEVELOPMENT PROGRAM - SIZE AND SECTORAL ALLOCATION

(In billion taka)

Sector	FY90	FY91	FY92	FY93	FY94	FY95	FY96	FY97
								Revised
Agriculture	3.3	3.1	4.2	3.7	5.2	5.4	4.5	6.4
Rural Development	1.8	2.2	3.2	3.7	4.8	6.8	6.8	10.3
Water Resources	9.8	6.8	5.4	6.2	5.7	6.5	5.6	10.6
Industry	4.3	1.0	1.2	0.7	1.6	1.3	1.5	1.9
Energy:	10.0	7.5	10.6	14.8	15.4	17.7	17.7	18.9
Power	6.5	3.7	7.4	10.1	12.1	15.3	13.7	14.1
Oil, Gas & NR	3.5	3.8	3.2	4.8	3.2	2.4	4.1	4.9
Infrastructure:	12.1	9.7	13.2	13.5	24.0	28.8	27.4	32.4
Transport	7.6	6.3	8.4	9.7	15.4	19.5	19.9	23.3
of which Jamuna bridge				0.1	4.4	4.2	10.0	
Communications	1.7	1.1	1.6	1.5	5.4	4.5	2.9	2.2
Physical Planning	2.9	2.3	3.1	2.4	3.2	4.8	4.6	6.8
Social Sectors:	5.7	6.6	7.3	10.5	16.5	24.1	20.9	28.5
Education	2.3	1.7	3.0	5.3	9.2	14.7	13.0	15.8
Health	1.0	1.4	1.4	2.1	2.8	3.7	2.8	5.8
Family Planning	2.2	3.1	2.7	2.8	4.1	4.7	4.1	4.9
Social Welfare	0.3	0.3	0.3	0.3	0.4	1.0	0.9	1.9
Local Government 1/	3.5	1.6	3.2	5.5	6.9	4.3	5.2	5.0
Others 2/	1.6	25.7	17.9	11.6	10.3	8.0	10.5	3.0
Total ADP	**51.9**	**64.1**	**66.2**	**70.2**	**90.4**	**103.0**	**100.2**	**117.0**
Food For Work (FFW) 3/								
ADP net of FFW 3/								
Self Financing	4.7	12.1	9.2	2.7	3.3	2.2	4.1	1.6
ADP excluding self financing	**47.2**	**52.0**	**57.0**	**67.5**	**87.1**	**100.9**	**96.0**	**115.5**

1/ Local Government includes block allocation for District Councils, District and Thana infrastructure, development assistance to Thana and Union Parishad, development assistance to Municipal Corporations and Pourasha and local government bodies in Chittagong Hill-Tracts.

2/ Include ADP spending on Science and Technology Research, Sports and Culture, Mass Media, Labour and Manpower Self Financing Program, Dhaka City Flood Protection, CDVAT, Canal Digging and Unallocated Bloc.

3/ A portion of Food For Work (FFW) is included in the FY98 ADP, but not in previous years. This makes intertemporal comparison of FY98 ADP size difficult. Thus in order to compare FY98 ADP size with previous years the portion of FFW included in the ADP is netted out.

Source: IMED

Table 6.3
PROFIT PERFORMANCE OF STATE-OWNED ENTERPRISES 1/
(In Million taka)

Corporations 2/	1985/86	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97
Manufacturing:												
BSEC	-85	-49	-62	-78	-365	-861	-1078	-1292	-903	-650	-645	-694
BSFIC	-336	-315	-125	-237	170	-121	-722	-862	-150	78	-378	-679
BCIC	105	-86	198	374	455	-343	-554	206	255	-754	-1214	-2305
BTMC	-566	-245	-354	-22	-188	-584	-434	-1355	-1539	-1142	-1344	-1248
BJMC	-1583	-420	-1431	-1882	-3709	-2473	-3175	-5233	-640	-314	-962	-1005
BFIDC	28	10	-16	17	-39	-62	-142	-132	-113	12	301	124
Subtotal	-2438	-1105	-1789	-1828	-3675	-4444	-6105	-8668	-3091	-2770	-4241	-5807
Utilities:												
BPC	1044	1410	840	1236	387	2488	3512	3800	4600	1017	757	-4481
BOGMC	-27	-155	100	-159	-265	288	510	709	986	1170	1436	1088
BSC	-117	-101	37	-244	-245	-527	-542	-172	-158	-129	-149	57
BIMAN	-57	-352	-266	33	117	-249	348	679	714	719	496	408
PDB	-285	172	-89	-363	-3375	-2802	-7482	-4262	-3892	-6469	-765	-3196
Subtotal	558	975	623	503	-3381	-802	-3654	754	2250	-3692	1775	-6125
Other:												
BRTC	-174	-183	-214	-235	-259	-246	-221	-241	-113	-88	-54	-49
DWASA	-10	20	14	19	16	-4	5	11	36	-20	-67	14
CWASA	-2	6	-2	-31	-63	-64	-57	-38	-27	-26	-33	-43
MPA	74	118	216	191	197	193	230	220	154	203	204	123
CPA	207	366	431	392	468	508	486	441	484	640	924	491
BJC	-1623	-118	-1841	-1477	-1324	-142	-1675	-2038	-75	-63	-19	-18
BFDC	-27	-1	-18	-26	-11	-20	-9	-11	-1	-9	9	-27
TCB	24	47	41	45	34	7	22	-94	179	16	-14	23
BFFWT	-5	-11	-28	20	24	35	5	-8	1	22	48	68
DESA	0	0	0	0	0	0	-853	-988	-1851	-1985	-1392	-1574
BADC	-439	-525	78	152	133	78	-105	-112	-129	-118	-134	-234
BFDC (FILM)	2	2	2	2	1	-20	-16	10	17	25	22	10
BIWTC	-45	-55	-53	-73	-37	-37	-69	-30	-25	-7	17	100
EPZA	-10	-8	1	3	-12	-2	-1	23	29	52	90	72
BSCIC	0	0	0	0	1	1	-6	-41	-34	-7	-19	-31
CDA	-4	28	42	89	53	49	20	19	31	39	38	17
RAJUK	92	134	110	126	79	75	138	143	200	191	164	47
KDA	2	4	-1	15	11	13	7	6	20	68	42	26
BIWTA	-52	-48	-5	-1	-21	-31	1	-6	-51	-166	-215	-9
REB	0	-3	-26	-35	31	79	84	175	166	223	239	192
BPRC	16	-5	13	13	13	10	9	19	113	24	8	36
BSB	-2	-2	0	-1	-1	-2	-2	-2	-14	-1	-14	-14
BHB	9	2	0	0	0	-4	-3	0	2	3	-2	0
Subtotal	-1968	-234	-1239	-813	-668	477	-2011	-2543	-888	-984	-159	-779
Total Net Profit 2/	-3847	-365	-2405	-2138	-7725	-4769	-11770	-10457	-1729	-7446	-2624	-12710
Total excluding Petroleum (BPC)	-4891	-1775	-3245	-3374	-8112	-7257	-15282	-14257	-6329	-8463	-3381	-8229
Memo items:												
Grand Total of Net Profit 3/	na	na	na	na	na	na	na	na	-1111	-6405	-1893	-11838
Grand Total, excl. BPC	na	na	na	na	na	na	na	na	-5711	-7422	-2650	-7357
Gross Losses 4/	na	na	na	na	na	na	na	na	9700	11949	7419	15604
Gross Losses in $									242	297	181	364

na = not available.

1/ Profit after tax

2/ This table includes 34 out of the 39 non-financial corporations. Note also that this table does not include the financial profit/loss of Head Office of the corporations.

3/ Total of all the 39 corporations

4/ Total losses of the losing corporations.

Source: Monitoring Cell, Autonomous Bodies Wing, Ministry of Finance.

Table 6.4

COMPOSITION OF NBR TAX REVENUES

Revenues Categories	**1992/93**	**1993/94**	**1994/95**	**1995-96**	**1996-97**
	In billion taka				
Import Based Taxes	46.4	47.7	60.8	66.9	72.5
Customs Duty	28.8	29.8	36.8	37.73	40.07
VAT (import)	17.3	17.1	22.2	25.56	27.89
Supp. (import)	0.3	0.7	1.9	3.59	4.52
Domestic Activity Based Taxes	38.0	42.3	44.4	46.8	51.9
Excise Duty	3.3	1.6	1.8	1.83	2.00
VAT (Domestic)	8.3	10.3	12.5	13.05	15.18
Supp. Duty (Domestic)	9.8	11.8	13.4	14.64	16.19
Income Tax	16.1	17.0	14.9	15.33	16.41
Other Tax and Duty	0.4	1.5	1.8	1.97	2.14
Grand Total	**84.38**	**89.96**	**105.22**	**113.70**	**124.41**
	Percent of Total				
Import Based Taxes	55.0	53.0	57.8	58.8	58.3
Customs Duty	34.1	33.2	34.9	33.2	32.2
VAT (import)	20.5	19.0	21.1	22.5	22.4
Supp. (import)	0.4	0.8	1.8	3.2	3.6
Domestic Activity Based Taxes	45.0	47.0	42.2	41.2	41.7
Excise Duty	3.9	1.8	1.7	1.6	1.6
VAT (Domestic)	9.9	11.5	11.9	11.5	12.2
Supp. Duty (Domestic)	11.6	13.1	12.8	12.9	13.0
Income Tax	19.1	19.0	14.2	13.5	13.2
Other Tax and Duty	0.5	1.7	1.7	1.7	1.7
Grand Total	100	100	100	100	100

Source: National Board of Revenue

Table 7.1
MONEY SUPPLY AND DOMESTIC LIQUIDITY (Adjusted a/)
(Taka in Billion)

	June 30 1989	June 30 1990	June 30 1991	June 30 1992	June 30 1993	June 30 1994	June 30 1995	June 30 1996	June 30 1997
1. Credit (net) to Government	12.7	20.1	21.9	19.0	22.7	46.8	46.14	63.1	80.2
2. Credit to Other Public Sector	46.3	50.1	53.6	57.0	60.3	44.6	52.6	54.8	57.4
3. Credit to Private Sector	133.6	160.0	178.2	191.2	199.6	215.5	262.1	316.6	356.4
4. Total Domestic Credit (1+2+3)	192.6	230.3	253.7	267.1	282.6	306.9	360.8	434.5	494.0
5. Net Foreign Assets	7.8	4.3	16.2	34.1	48.9	89.9	104.6	67.1	64.2
6. Other Liabilities (net)	-9.6	-11.6	-19.8	-16.0	-13.7	-34.5	-43.4	-44.7	-51.9
7. Broad Money (M2)	190.8	223.0	250.0	285.3	317.8	362.4	422.1	456.9	506.3
8. Currency Outside Banks	26.2	31.9	36.1	40.7	44.8	54.2	65.7	71.2	75.7
9. Demand Deposits	28.5	31.8	35.9	41.8	45.8	57.5	66.1	73.4	75.9
10. Currency and Demand Deposits (M1)	54.6	63.7	72.0	82.6	90.6	111.7	131.8	144.6	151.7
11. Time Deposits	136.2	159.3	178.0	202.7	224.7	252.3	290.3	312.3	354.6
					Changes for major components (%) b/				
1. Credit (net) to Government									
and Public Sector	-	19.0	7.4	0.7	9.2	10.2	8.0	19.4	16.7
Government	-	58.6	8.6	-13.3	19.4	106.4	-1.4	36.8	27.1
Other Public Sector	-	8.2	6.9	6.3	5.8	-26.0	17.8	4.2	4.7
2. Credit to Private Sector	-	19.8	11.4	7.3	4.4	8.0	21.6	20.8	12.6
3. Total Domestic Credit (1+2)	-	19.6	10.1	5.3	5.8	8.6	17.6	20.4	13.7
4. Broad Money (M2)	-	16.9	12.1	14.1	11.4	14.0	16.5	8.3	10.8

a/ The data are adjusted for changes in cross exchange rate and discrepancies in data on Government debt.
b/ Percent changes over preceding period.
Source: Bangladesh Bank.

Table 8.1
PRODUCTION OF MAIN CROPS
(thousand metric tons, unless noted otherwise)

	1985/86	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97
Foodgrains	16084	16498	16462	16573	18750	19464	19319	19676	19172	18077	19056	20337
- Rice	15041	15407	15414	15551	17860	18460	18254	18500	18041	16832	17687	18883
(Aus)	2828	3130	2993	2860	2490	2330	2180	2070	1850	1790	1676	1871
(Aman)	8542	8267	7690	6860	9200	9170	9270	9680	9419	8504	8790	9552
(Boro)	3671	4010	4731	5831	6170	6960	6804	6750	6772	6538	7221	7460
- Wheat	1043	1091	1048	1022	890	1004	1065	1176	1131	1245	1369	1454
Other cereals	107	93	86	84	80	80	79	74	72	70	na	na
Pulses	496	487	515	395	490	503	499	488	513	518	508	::
- Gram	77	82	75	64	70	71	65	57	61	62	61	::
- Khesari	167	164	182	118	170	177	185	172	188	189	181	::
- Mashkalai	45	43	52	47	52	52	50	51	52	53	50	::
- Masur	160	149	159	125	155	157	153	163	168	168	170	::
- Matar	14	14	14	13	12	14	14	14	14	14	14	::
- Mung	33	35	33	28	31	32	32	31	30	32	32	::
Oil seeds	469	438	448	420	437	449	462	475	469	479	472	::
- Rape and mustard	261	229	222	207	217	228	243	244	239	245	246	::
- Til	54	49	49	43	49	49	45	50	48	50	49	::
- Groundnut	34	34	48	45	41	41	42	39	40	40	38	::
- Linseed	37	43	43	41	48	55	49	49	48	49	50	::
- Coconut	83	83	86	84	82	76	82	93	94	95	89	::
Fibres												
- Jute ('000 bales)	8660	6753	4701	4436	4639	5302	5273	4919	4453	5311	3750	::
- Cotton ('000 bales)	28	22	39	41	77	88.21	77	88	57	70	100	::
Drugs & narcotics												
- Tea (mln kg.)	44	38	41	41.16	41	45	46	49.3	51	51	45	::
- Tobacco ('000 MT)	47	40	42	39	38	34	34	36	38	38	43	::
- Betelnuts	23	22	22	22	23	24	24	24	26	26	27	27
- Betel leaves	61	62	65	63	65	67	69	70	71	72	72	::
Spices	246	240	256	256	272	267	271	269	275	269	265	
- Rabi chillies	41	39	41	43	47	47	46	49	49	47	47	::
- Onion	136	130	141	139	148	143	144	140	144	142	138	::
- Garlic	38	36	39	38	39	38	40	39	40	40	39	::
- Turmeric	31	35	35	36	38	39	41	41	42	40	41	42
Tubers	1715	1617	1834	1633	1578	1720	1849	1818	1865	1903	2835	::
- Potato	1103	1069	1276	1089	1066	1237	1379	1384	1438	1468	2400	::
- Sweet Potato	612	548	558	544	512	483	470	434	427	435	435	::
Sugar plants												
- Sugarcane a/	6640	6896	7207	6707	7423	7682	7446	7506	7111	7446	7800	::
- Date palm (juice)	279	268	221	201	206	206	206	214	221	227	231	::
Fruits	1207	1226	1243	1156	1223	1218	1214	1225	1221	1224	1234	::
- Banana	691	703	684	609	637	624	626	636	632	630	634	::
- Mango	159	155	160	159	175	179	183	184	184	189	186	::
- Pineapple	128	133	145	137	157	162	150	148	149	149	149	::
- Jackfruit	229	235	254	251	254	253	255	257	256	256	265	::
Vegetables											1300	::
- Brinjal	167	162	164	116	182	186	185	189	188	188	189	::

a/ Based on total area and mill farm yield estimates; probably substantially overestimated.
:: = means not available

Source: Bangladesh Bureau of Statistics.

Table 8.2
COMMERCIAL FERTILIZER DISTRIBUTION BY TYPE
('000 metric tons)

	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97
Urea	831.8	794.9	915.1	1028.5	1135.1	1367.7	1323.3	1529.5	1547.4	1579.0	1748.4	2045.5	2119.8
Triple super-phosphate [TSP]	345.7	297.4	335.7	389.8	416.0	480.7	514.7	458.7	407.0	234.2	122.9	111.0	72.6
Di-ammmonium phosphate [DAP]	0.4	0.10	65.9	0.0	0.0	0.0	0.0	4.0	2.0	28.7	1.8	-	-
Muriate of potash [MP]	60.3	59.90	0.0	86.0	94.2 a/	119.0	149.7	138.9	126.1	103.9	154.2	155.8	219.3
Hyper-phosphate [HP]	0.3	0.20	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Super phosphate [SP]	0.0	0.0	0.0	0.0	0.0	0.0	11.4	34.2	119.8	170.6	533.4	596.8	525.2
Ammonium sulfate [AS]	0.0	0.0	0.0	6.4	b/	b/	0.8	4.5	5.0	10.0	2.4	8.6	11.6
Potassium sulfate [PS]	0.0	0.0	0.0	0.0	61.6	70.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0
NitroPhosKa [NPK]	10.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Triple phosphate [TP]	0.0	0.0	0.0	0.0	b/	b/	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Zinc sulfate and oxy-sulfate	1.2	0.7	1.4	1.8	2.8	5.2	2.7	3.8	0.7	5.2	0.0	0.0	0.0
Gypsum	1.4	3.3	2.8	1.4	b/	b/	101.7	115.4	108.1	86.1	77.1	103.5	86.6
Others							3.1	2.3	-	0.1			
Total	1251.2	1156.5	1320.9	1513.9	1709.7	2043.0	2107.4	2291.3	2316.1	2217.8	2640.2	3021.2	3035.1

a/ Including PS, TP and other types of fertilizer.
b/ Included under PS

Source: Ministry of Agriculture.

Table 8.3
PUBLIC FOODGRAIN DISTRIBUTION SYSTEM OPERATIONS
('000 metric tons)

	1985/86	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97 (estimated)
Opening Stocks	1017	976	751	1498	962	1148	1040	1162	1117	541	772	933
Domestic Procurement	349	188	375	416	960	783	1016	233	166	277	422	616
Imports	1202	1767	2922	2136	1533	1577	1564	828	654	1555	1577	730
Total Availability	2568	2931	4048	4050	3455	3508	3620	2223	1937	2373	2771	2279
Statutory rationing	160	210	189	203	156	235	169	56	0	0	0	0
Priority categories a/	467	668	585	687	737	772	760	310	200	278	245	263
Modified rationing	103	257	307	333	432	479	217	0	0	0	0	0
Food for Education	0	0	0	0	0	0	0	0	78	173	238	278
Others/Auction	0	0	0	0	0	0	0	0	35	4	0	0
Relief	205	248	603	815	335	340	427	249	342	392	440	392
Food-for-Work & Canal Digging	468	480	468	611	457	458	497	368	425	500	468	459
Marketing Operations b/	8	40	0	0	0	0	0	18	0	0	0	0
Open Market Sales c/	129	217	344	292	47	88	275	72	296	226	404	0
Total Distribution	1540	2120	2496	2941	2164	2372	2345	1073	1376	1573	1795	1392
Losses	52	62	55	200	143	96	113	33	20	28	43	26
Closing Stocks	976	749	1552	909	1148	1040	1162	1117	541	772	933	861

a/ Includes: essential priorities; other priorities; large employers; & direct sales to flour mills.
b/ Marketing operations involve direct sale of grains to dealers at subsidized prices.
c/ OMS in paddy and rice were initiated during 1981/82; wheat OMS began in 1978/79.
P = GOB Projections.
Source: Food Planning and Monitoring Unit, Ministry of Food.

Table 9.1

QUANTUM INDEX OF MEDIUM AND LARGE SCALE MANUFACTURING INDUSTRIES

(1988/89 = 100)

	Weight	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96
Food Beverages and Tobacco	**22.1**	**112.3**	**133.3**	**127.9**	**138.1**	**151.2**	**172.1**	**164.6**
Fish & Seafood (Shrimps and Froglegs)	1.8	105.9	117.1	109.0	125.2	143.6	171.1	169.5
Vegetable Oil	0.4	104.1	104.1	104.5	96.7	62.8	56.8	58.5
Black and blending tea	7.9	99.4	106.6	109.4	118.5	123.5	112.9	123.7
Flour Milling	1.2	97.9	88.2	93.9	115.1	115.9	132.6	116.0
Bakery product	1.0	89.4	116.9	109.0	128.0	106.7	155.6	155.4
Sugar	2.8	167.6	224.3	178.1	170.9	201.8	246.2	167.8
Cigarettes	2.1	87.2	96.6	89.0	81.7	89.8	123.4	115.2
Bidis	3.9	126.2	177.2	190.1	221.9	247.4	288.9	299.3
Edible Salt	0.3	105.0	117.7	114.0	102.1	199.5	426.2	421.5
Spirit & alcohol	0.7	105.1	108.7	61.1	62.4	90.2	102.0	61.4
Soft drinks	0.2	165.8	113.4	144.8	145.4	164.1	174.1	147.4
Textile Wearing Apparel and Leather	**38.2**	**107.9**	**111.9**	**128.6**	**141.4**	**143.5**	**159.5**	**180.2**
Cotton textile	7.8	104.4	109.6	116.5	112.1	103.2	84.5	83.6
Jute textile	14.1	103.7	85.1	81.7	87.5	82.8	83.5	79.5
Garments	9.1	111.1	164.3	230.5	268.0	274.4	356.2	441.2
Tanning & finishing leather	2.5	123.3	84.3	93.0	108.7	123.4	126.8	133.9
Mfg. of footwear	1.6	131.5	100.0	100.1	110.9	139.5	162.1	174.8
Silk & synthetic	1.6	99.8	102.4	103.0	120.0	132.7	128.5	164.5
Dyeing & bleaching	1.2	102.0	130.5	134.5	142.0	182.3	149.6	131.1
Carpet & rugs	0.3	109.1	103.5	102.1	123.1	158.2	166.2	170.9
Wood products Including Furniture	**0.2**	**105.9**	**100.5**	**98.6**	**106.5**	**117.7**	**129.8**	**137.4**
Board & particle board	0.1	103.1	89.4	87.9	80.1	93.4	95.1	104.4
Wooden furniture	0.1	108.5	110.6	108.4	130.7	140.0	161.7	167.6
Manufacture of Paper Products:	**4.7**	**111.8**	**125.8**	**168.8**	**179.3**	**203.9**	**252.5**	**259.9**
Paper (all kind)	2.3	108.7	105.2	103.1	104.7	105.4	96.6	96.1
Newspapers	0.5	135.6	130.9	137.1	135.7	154.1	253.6	160.7
Book & periodicals	1.9	109.1	149.2	256.4	280.8	335.9	439.6	483.6
Manufacture of Chemicals and Chemical Petroleum & Rubber	**24.0**	**109.8**	**178.1**	**196.3**	**228.9**	**257.2**	**285.8**	**306.8**
Pharmaceuticals	7.0	119.3	128.4	158.1	202.8	217.9	254.1	283.2
Compressed liquified gas	1.3	102.3	91.0	88.8	108.2	138.0	171.4	187.7
Fertilizer	11.3	101.4	95.9	108.6	128.3	148.0	134.2	140.6
Insecticides	0.3	110.2	102.5	57.5	57.9	56.6	55.2	54.4
Paint & varnish	0.1	116.5	121.5	126.9	139.0	151.1	215.6	240.9
Perfumes & cosmetics	0.5	70.2	44.5	115.5	133.0	139.2	174.8	232.9
Soap & detergents	1.7	97.7	80.5	82.2	93.4	104.6	126.6	133.5
Matches	0.4	71.6	73.1	81.8	91.3	101.0	79.5	83.9
Petroleum products	0.7	93.8	103.6	97.0	126.0	114.0	130.8	110.6
Rubber footwere	0.5	102.8	81.9	60.9	67.1	70.4	63.0	65.1
PVC products	0.3	134.6	236.2	80.0	124.9	165.8	175.7	186.5
Manufacture of Non-Metalic	**2.8**	**99.5**	**90.8**	**84.8**	**91.0**	**105.3**	**96.9**	**114.5**
Ceramic	0.6	98.3	93.9	59.6	75.8	78.5	69.1	73.4
Glass products	0.2	118.7	125.4	200.0	205.4	198.8	262.3	249.4
Bricks	0.9	99.0	97.6	88.1	121.0	120.7	92.7	105.0
Cement	1.2	98.1	79.8	79.2	60.3	94.1	92.0	123.8
Basic Metal Industries	**2.7**	**97.2**	**105.2**	**102.2**	**88.3**	**97.8**	**117.3**	**116.9**
Iron and steel basic industries	0.2	87.0	66.7	42.7	8.2	7.0	29.4	37.7
Re-rolling	1.9	93.9	75.7	58.7	66.9	118.4	195.8	169.4
Utensils	0.5	103.1	104.6	106.4	99.9	93..71	117.4	117.6
Plumbing equipments	0.2	128.5	127.5	132.5	119.8	213.0	148.5	147.0
Manufacture of Fabricated Metal Products Machinery & Equipments	**3.8**	**109.5**	**86.3**	**88.2**	**90.7**	**94.0**	**103.5**	**98.6**
Fabricated metal	0.2	90.9	86.2	91.4	89.3	88.2	87.9	83.6
Electric appliances	0.4	100.0	65.5	86.5	52.3	61.9	95.0	73.7
Electrical apparatus	0.2	138.4	27.3	24.5	29.3	24.9	24.0	23.6
Engine and turbine	0.1	97.6	108.9	33.2	37.1	33.2	24.5	23.5
Textile machinenery (P-Loom)	0.1	143.5	194.8	244.0	224.7	21.1	22.5	25.5
Machinery equip. NEC except elec.	0.1	91.6	56.2	94.1	120.1	123.9	53.7	37.0
Elec. indus. machine apparatus	0.1	123.8	116.7	138.2	133.5	82.6	138.5	198.5
Radio, TV & telephone	0.4	104.9	72.4	55.5	75.3	87.7	87.6	71.8
Wires & cables	0.5	123.0	77.2	81.2	101.3	116.6	171.8	190.6
Electric lamps	0.7	101.4	106.1	113.3	119.8	138.9	147.1	147.4
Batteries	1.0	111.3	93.5	88.4	88.5	97.8	93.7	77.9
Ship Building	**0.6**	**93.0**	**100.2**	**139.0**	**131.1**	**85.3**	**83.1**	**60.4**
Motor vehicles	**0.8**	**124.3**	**84.6**	**58.1**	**36.6**	**39.2**	**59.4**	**57.3**
Motor cycle	**0.2**	**139.8**	**130.2**	**112.1**	**113.1**	**80.6**	**100.1**	**140.2**
TOTAL	**100.0**	**108.2**	**112.9**	**122.8**	**136.8**	**146.6**	**163.9**	**173.5**

Source: Based on data from Bangladesh Bureau of Statistics (BBS)

Table 9.2

PRODUCTION OF SELECTED INDUSTRIAL GOODS

Goods	Units	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96
Shrimps & froglegs	000 MT	15	16	18	17	19	22	26	26
Sugar	000 MT	110	184	246	195	187	221	270	184
Veg.oils	000 MT	52	54	54	55	51	33	30	31
Tea	000 MT	42	41	44	46	49	51	47	51
Beverage	M doz.bt	7	11	8	10	10	11	12	10
Cotton yarn	M KG	49	51	56	61	61	58	49	50
Cotton cloth	M meters	65	69	60	59	45	32	17	10
Jute goods	000 MT	509	528	434	416	446	422	425	405
Garments	M doz	16	15	16	31	36	34	47	49
Leather	M sq meter	12	15	10	11	13	15	15	16
Paper	000 MT	86	93	90	88	90	90	83	82
Fertilizer	000 MT	1599	1621	1533	1736	2051	2366	2145	2248
Soap & detergent	000 MT	37	36	30	30	34	37	46	49
Petro products	000 MT	1048	984	1086	1017	1321	1194	1371	1160
Footwear	M doz pr	386	397	316	235	259	272	243	251
Cement	000 MT	344	337	275	272	207	324	316	426
Steel ingots	000 MT	86	75	58	37	7	6	25	21
Textile machinery	000 NO.	1965	1314	3580	4484	4129	387	414	432
Radio	000 NO.	102	68	21	16	7	3	2	11
TV	000 NO.	79	83	57	44	61	77	79	61
Telephone	000 NO.	26	38	33	26	31	16	6	9
Dry cell Battery	M NO.	66	74	62	58	58	65	52	55
Bicycles	000 NO.	30	34	34	17	13	13	13	13

Note on units used: M = million, MT = metric ton, NO. = number
bt = bottles, pr = pair

Source: Bangladesh Bureau of Statistics.

Table 10.1
CONSUMER PRICE INDICES (Annual Averages)

	weight	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97
DHAKA MIDDLE INCOME [1973/74 = 100]												
Food	62.7	483.4	535.4	565.9	606.2	647.9	683.8	676.5	679.2	731.6	774.8	812.4
Fuel & Lighting	7.5	542.2	562.1	621.2	674.3	945.1	1008.4	1054.6	1061.2	1014.4	1030.1	1056.4
Housing	11.9	550.8	647.7	723.3	808.1	867.2	892.9	946.1	1018.7	1040.1	1046.9	1067.2
Clothing	6.2	292.6	319.1	348.0	374.5	399.4	410.3	421.6	430.9	438.7	439.0	472.8
Miscellaneous	11.7	459.5	524.4	597.6	707.5	720.6	755.9	787.9	805.0	859.4	883.4	898.9
General	100.0	481.2	536.0	578.9	632.7	689.3	724.4	734.0	747.4	786.3	818.2	849.8
Percent increase		10.4	11.4	8.0	9.3	8.9	5.1	1.3	1.8	5.2	4.1	3.9
DHAKA S.M.A (1985/96=100)												
Food	50.8	115.8	123.7	134.5	141.8	148.1	157.6	157.8	162.7	176.7	190.1	192.6
Clothing & Footwear	5.0	107.8	112.9	124.5	130.4	142.0	146.9	150.7	154.8	159.6	164.5	169.9
Gross rent, Fuel & Lighting	22.6	113.7	140.2	147.0	156.3	168.1	170.7	176.9	190.9	198.5	198.5	203.6
Furniture	1.8	116.1	125.0	130.6	138.9	150.0	151.7	150.0	153.5	158.7	162.9	164.7
Medical care	1.7	121.0	129.3	149.7	179.0	200.6	207.2	230.5	231.9	235.0	259.8	274.4
Transport	7.4	136.4	137.1	156.9	174.5	191.0	197.2	197.8	199.1	202.7	208.4	232.0
Recreation & Education	6.2	100.5	103.4	111.0	129.9	140.1	143.2	156.6	174.1	195.1	224.8	230.2
Misc. goods & services	4.6	104.1	118.2	144.0	178.2	188.6	192.3	192.5	188.7	215.7	220.8	223.4
General	100.0	115.0	126.5	137.6	148.4	157.7	164.4	167.3	174.6	186.3	196.3	201.5
Percent increase		::	10.0	8.8	7.8	6.3	4.2	1.8	4.4	6.7	5.4	2.7
ALL URBAN (1985-86=100)												
Food	57.3	112.8	121.8	132.3	137.8	146.4	154.0	158.3	162.9	175.3	188.2	189.8 3/
Clothing & Footwear	5.9	107.8	112.7	118.6	122.4	126.8	130.2	133.7	138.5	142.1	148.4	156.1
Gross rent, Fuel & Lighting	18.1	110.5	117.9	125.6	132.6	140.3	150.7	156.2	162.4	171.3	190.0	195.7
Furniture	3.3	113.2	118.9	130.3	134.5	169.9	146.9	153.2	159.2	163.9	168.8	179.0
Medical care	1.4	120.6	134.6	149.3	161.8	170.6	179.4	201.5	216.9	230.0	251.4	271.3
Transport	6.4	106.3	113.8	146.1	147.5	169.9	170.5	170.7	170.9	202.8	185.9	196.1
Recreation & Education	4.8	113.2	120.1	135.8	144.1	151.5	153.8	156.7	162.8	187.0	186.9	197.7
Misc. goods & services	2.9	105.8	114.8	132.0	139.5	149.1	158.1	163.9	171.1	175.1	179.9	188.0
General	100.0	111.6	119.8	131.49	137.1	146.1	153.2	157.7	162.7	175.3	186.0	190.3
Percent increase		::	7.4	9.7	4.3	6.5	4.9	2.9	3.1	7.7	6.1	::
ALL RURAL (1985-86=100)												
Food	66.9	115.4	123.4	133.7	137.0	148.1	154.3	157.2	161.8	177.4	189.6	189.4 3/
Clothing & Footwear	5.9	109.8	114.6	119.2	124.3	130.6	134.6	139.3	141.5	144.7	152.2	159.5
Gross rent, Fuel & Lighting	13.9	110.1	115.9	123.5	128.4	141.9	150.7	158.5	165.8	189.1	203.2	213.3
Furniture	2.4	109.0	118.0	127.5	133.6	140.4	146.2	150.6	154.1	155.4	166.2	175.5
Medical care	1.4	129.2	137.6	154.1	179.7	189.9	204.4	216.9	226.2	238.4	242.6	237.9
Transport	2.3	111.4	113.6	143.3	163.6	182.9	186.4	188.7	193.0	216.2	228.8	229.7
Recreation & Education	2.5	113.1	121.5	129.8	140.4	156.9	170.3	179.9	190.2	217.1	248.6	264.1
Misc. goods & services	4.8	109.6	116.5	126.6	134.6	142.1	149.7	156.3	164.1	172.9	182.8	187.0
General	100.0	113.9	121.2	131.4	136.2	147.5	154.2	158.0	162.4	179.1	191.5	194.0
Percent increase		::	6.4	8.4	3.7	8.3	4.5	2.5	2.8	10.2	6.9	::
NATIONAL (1985-86=100)												
Food	64.5	115.4	123.4	133.7	137.0	148.1	154.3	157.2	161.8	176.8	189.1	159.5 3/
Clothing & Footwear	5.9	109.8	114.6	119.2	124.3	130.6	134.6	139.3	141.5	144.2	150.7	157.3
Gross rent, Fuel & Lighting	15.0	110.1	115.9	123.5	128.4	141.9	150.7	158.5	165.8	184.6	198.1	207.3
Furniture	2.6	109.0	118.0	127.5	133.6	140.4	146.2	150.6	154.1	157.5	165.6	174.7
Medical care	1.4	129.2	137.6	154.1	179.7	189.9	204.4	216.9	216.2	236.3	242.6	243.4
Transport	3.3	111.4	113.6	143.3	163.6	182.9	186.4	188.7	193.0	213.2	216.1	219.6
Recreation & Education	30.4	113.1	121.5	129.8	140.4	156.9	170.3	179.9	190.3	209.5	231.2	245.4
Misc. goods & services	4.3	109.6	116.5	126.6	134.6	142.1	149.7	156.3	164.1	173.4	180.2	186.3
General	100.0	113.9	121.1	131.3	136.4	147.7	154.4	158.7	163.9	178.4	190.3	193.1
Percent increase		::	6.4	8.4	3.9	8.3	4.6	2.7	3.3	8.9	6.7	::

Notes: 1. Dhaka middle income index (old) refers to families with 1973/74 incomes of Tk 300 to Tk 999.

2. BBS is now compiling new consumer price indices for Bangladesh with 1985-86 as the base. The national CPI is derived from the separate indices compiled for the urban and the rural households. The reference groups of the urban and rural indices are the average urban and rural households of Bangladesh. Their consumption pattern were determined from the results of the 1985-86 Household Expenditure Survey conducted by the BBS. In addition, a separate CPI has also been compiled for Dhaka Statistical Metropoliton Area (SMA)

3/ As of end December 1996.

:: = means not available

Source: Bangladesh Bureau of Statistics.

Table 10.2
CONSUMER PRICE INDICES (by month)

		Dhaka Middle Class (1973/74=100)		Dhaka SMA (1985/86=100)	
		General Index	Year-on-Year % Change	General Index	Year-on-Year % Change
1993/94	July	736.4	::	168.5	::
	August	737.1	::	169.7	::
	September	738.5	::	170.6	::
	October	741.8	::	172.4	::
	November	753.0	::	175.5	::
	December	749.8	::	174.0	::
	January	743.2	::	172.3	::
	February	745.7	::	174.0	::
	March	751.7	::	177.4	::
	April	754.7	::	178.5	::
	May	756.7	::	178.8	::
	June	760.8	::	179.5	::
1994/95	July	762.6	3.6	181.8	7.9
	August	762.6	3.5	182.1	7.3
	September	773.4	4.7	180.3	5.7
	October	778.7	5.0	182.9	6.1
	November	779.1	3.5	183.8	4.7
	December	784.6	4.6	185.5	6.6
	January	790.0	6.3	186.2	8.1
	February	791.7	6.2	186.4	7.1
	March	797.6	6.1	189.2	6.6
	April	803.3	6.4	190.9	7.0
	May	804.0	6.3	191.4	7.0
	June	808.0	6.2	192.9	7.5
1995/96	July	814.2	6.8	194.6	7.0
	August	815.1	6.9	195.6	7.4
	September	813.2	5.1	195.3	8.3
	October	817.1	4.9	197.3	7.9
	November	820.3	5.3	195.7	6.5
	December	812.8	3.6	196.5	5.9
	January	810.1	2.5	194.0	4.2
	February	810.6	2.4	194.3	4.2
	March	830.4	4.1	199.9	5.7
	April	825.0	2.7	197.4	3.4
	May	824.0	2.5	197.8	3.3
	June	825.7	2.2	197.2	2.2
1996/97	July	825.7	1.4	198.3	1.9
	August	833.4	2.2	197.0	0.7
	September	827.8	1.8	196.7	0.8
	October	843.2	3.2	201.7	2.2
	November	844.0	2.9	200.8	2.6
	December	845.5	4.0	200.0	1.8
	January	856.0	5.7	201.0	3.6
	February	855.0	5.5	200.0	2.9
	March	859.0	3.4	201.0	0.5
	April	865.0	4.8	204.0	3.3
	May	867.0	5.2	208.0	5.1
	June	876.4	6.1	210.0	6.5

Source. BBS

The World Bank

South Asia Region