BANGLADESH ECONOMY

During 2015-16

MCCI

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VISION

- Be the leading voice serving responsible business

MISSION

- Become the leading Chamber for providing research and analysis related to business in Bangladesh
- Attract quality membership, representative of a cross section of business
- Effectively respond to changing business environment
- Collaborate with local and international institutions
- Engage and communicate regularly with our stakeholders
- Promote best practices that benefit business and society

VALUES

- Fairness
- Integrity
- Respect
- Equal Opportunity

CORE COMPETENCIES - ORGANISATION

- Research based Policy Advocacy
- Networking
- Business Intelligence

CORE COMPETENCIES – PEOPLE

- Professional
- Innovative
- Adaptable
- Team Player
- Proactive
- Communication & Interpersonal Skills

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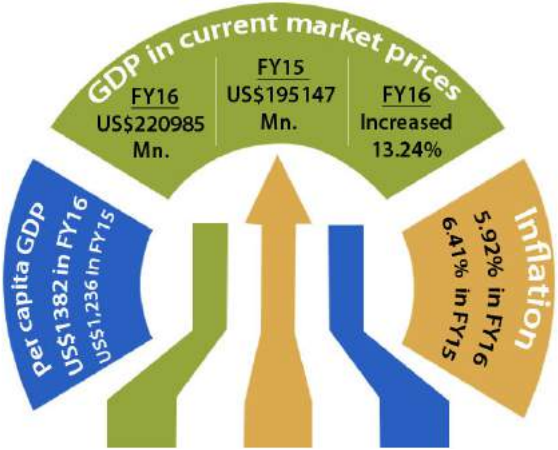
INTRODUCTION

Bangladesh's economy is progressing well, but below its true potential. Inadequate infrastructure and shortage of power and energy are now major impediments to the growth of the economy. These impediments must be removed to restore the confidence of the country's business and investor community. BBS has estimated the GDP growth at 7.05 per cent in FY16, which is 0.50 percentage point above the 6.55 per cent growth achieved in the previous fiscal (FY15). The original growth target set by government for FY16 was 7.0 per cent.

Major challenges facing the government are to accelerate economic growth, boost private investment, which is essential for achieving a higher GDP growth, and contain inflation. There is no alternative to raising the level of investment and sustaining the present political stability, if Bangladesh is to attain the status of a middle income country (MIC) by 2021.

ECONOMIC GROWTH

In terms of US Dollar, the value of GDP in current market prices increased by 13.24 per cent to US$220,985 million in FY16 from US$195,147 million in the previous year. Per capita GDP stood at US$1,382 in FY16, compared to US$1,236 in FY15, showing an increase of 11.81 per cent. The general point-to-point inflation came down to 5.92 per cent in FY16 from 6.41 per cent in FY15. The Taka depreciated marginally by 0.76 per cent in FY16 over FY15, which indicates that the foreign exchange market was quite stable in the year under consideration.



The growth rates of different sectors and sub-sectors in the three most recent years were as under:

(Per cent)

Sector/ Sub-sector	FY14	FY15	FY16
Agriculture:	**4.37**	**3.33**	**2.60**
Agriculture and Forestry	3.81	2.45	1.53
Fishing	6.36	6.38	6.19
Industry:	**8.16**	**9.67**	**10.10**
Mining and Quarrying	4.68	9.60	12.06
Manufacturing	8.77	10.31	10.30
Large and medium scale	9.32	10.70	11.01
Small scale	6.33	8.54	7.02
Electricity, Gas and Water	4.54	6.22	11.15
Construction	8.08	8.60	8.87
Services:	**5.62**	**5.80**	**6.70**
Wholesale and Retail Trade	6.73	6.35	6.61
Hotel and Restaurants	6.70	6.83	7.00
Transport, Storage & Communication	6.05	5.96	6.51
Financial Intermediation	7.27	7.78	6.64
Real-estate, Renting & Other Business Activities	4.25	4.40	4.51
Public Administration & Defence	6.89	9.82	15.68
Education	7.26	8.01	13.78
Health and Social Work	5.06	5.18	8.45
Community, Social & Personal Services	3.27	3.28	3.30
GDP at producer prices:	**6.15**	**6.54**	**7.08**
Tax less subsidy	3.99	6.96	6.49
GDP growth rate at constant 2005-06 market prices	**6.06**	**6.55**	**7.05**

AGRICULTURE

The agriculture sector is the most important sector in the Bangladesh economy. It employed about 47.5 per cent of the country's total labour force in FY16 and accounted for about 15.33 per cent of GDP. The sector recorded a lower growth of 2.60 per cent in FY16, compared to 3.33 per cent in FY15 because of the poor performance of the crop sub-sector. Crops, which comprise more than 70 per cent of the overall agriculture sector, witnessed the biggest drop as the rice market remained depressed. Among the components of agriculture sector, agriculture and forestry sub-sector, which includes crops, livestock and horticulture, forestry and related services, recorded a lower growth of 1.53 per cent in FY16, compared to 2.45 per cent growth in FY15. On the other hand, the fisheries sub-sector performed relatively better, growing at 6.19 per cent in FY16, compared to 6.38 per cent in FY15.

The Department of Agricultural Extension (DAE) had set the domestic food grains (rice and wheat) production target for FY16 at 36.43 million metric tons (mmt), of which individual targets for aman, aus, boro and wheat were 13.55 mmt, 2.48 mmt, 19.00 mmt, and 1.40 mmt, respectively. This target was 1.03 per cent higher than the actual production of FY15 (36.06 mmt). The latest BBS data reveals that actual production of aman, aus, boro, and wheat in FY16 was 13.48 mmt, 2.28 mmt, 18.81 mmt, and 1.35 mmt, respectively. Thus, the production of total food grains in FY16 was 35.92 mmt, which was about 0.14 mmt or 0.39 per cent lower than previous year's actual production (36.06 mmt), and also 1.40 per cent short of the year's target. Rice production decreased by nearly 0.14 mmt or 0.40 per cent to 34.57 mmt in FY16 from 34.71 mmt in FY15 as boro cultivation declined because many farmers switched to other crops such as potato, wheat, maize, jute and vegetables during the year.

Total import of food grains declined by 12.33 per cent to 4.62 mmt in FY16, from 5.27 mmt in the previous fiscal year. Most of the imported food grains were wheat (4.36 mmt). Domestic food grains procurement target in FY16 was 1.63 mmt, of which 1.43 mmt was rice and the rest was wheat. Ultimately, 1.23 mmt of food grains were procured, of which 1.03 mmt was rice and 0.20 mmt wheat. Total food grains distribution during FY16 was 2.06 mmt, against the revised target of 2.22 mmt. According to the Directorate General of Food, the public food grains stock stood lower at 0.92 mmt at the end of June 2016, compared to 1.29 mmt at the end of the previous fiscal.

INDUSTRY

Shortage of energy, both gas and power, was adversely affecting production in the broad industry sector. However, the sector managed to grow by 10.10 per cent in FY16, compared to 9.67 per cent in FY15. Besides, the share of the industry sector in GDP increased by 0.86 percentage point to 31.28 per cent in FY16 from 30.42 per cent in FY15.

Within the broad industry sector, the manufacturing industries in general grew by 10.30 per cent in FY16, almost the same as in FY15. The large and medium industries sub-sector, however, performed better than the small scale industries, the former growing by 11.01 per cent, and the latter growing by 7.02 per cent in FY16, compared to 10.70 per cent and 8.54 per cent, respectively, in FY15. Major difficulties experienced by manufacturing industries have been the shortages of gas and power and also the insufficiency of land for setting up industries at appropriate locations.

SERVICES

According to provisional estimates of BBS, the services sector performed better in FY16 compared to the previous fiscal. Despite the sluggish investment situation prevailing

in the country, the services sector grew by 6.7 per cent in FY16 as against 5.8 per cent in FY15. Notable among the well-performing sub-sectors in FY16 are electricity, gas & water supply, transport, storage & communication, hotel & restaurant, construction, wholesale & retail trade, real estate, renting & business activities, health & social works, education, and public administration & defence.

It is worth noting that the share of the services sector in GDP has recorded a steady decline in the past decade, falling from the peak of 55.59 per cent in FY06 to 53.39

per cent in FY16. Among the different services sub-sectors, the wholesale & retail trade held the highest share in GDP (14.02%) in FY16 compared to 14.08 per cent in FY15. The GDP shares of certain other sub-sectors in FY16 were: 11.37 per cent for transport, storage & communication, 9.18 per cent for community, social & personal services, 7.28 per cent for construction, 6.64 per cent for real estate, renting & business activities, 3.77 per cent for public administration & defence, 3.36 per cent for financial intermediations, and 2.43 per cent for education.

However, despite its declining share in GDP, export earnings from the services sector increased by 14.61 per cent to US$3.53 billion in FY16 from US$3.08 billion in FY15, according to the country's Balance of Payments (BoP) data. On the other hand, payments for import of services increased only slightly to US$6.32 billion in FY16 from US$6.27 billion in FY15. Thus, the deficit in services trade came down to US$2.79 billion in FY16 from US$3.19 billion in FY15.

INVESTMENT AND SAVING

Investment has traditionally been low in Bangladesh. In fact it has remained far below the level of 35-40 per cent of GDP, which is deemed necessary to achieve a GDP growth of 8-10 per cent. As proportion of GDP, gross investment increased slightly to 29.38 per cent in FY16 from 28.89 per cent in FY15. The increase was mainly due to the rise in public investment, which rose to 7.60 per cent of GDP in FY16 from 6.82 per cent in FY15, whereas the share of private investment in GDP decreased to 21.78 per cent in FY16 from 22.07 per cent in FY15. The low level of private investment is largely due to the underdeveloped infrastructure, shortage of power and energy, procedural bottlenecks, lack of proper regulatory framework, scarcity of industrial lands, and political uncertainty. On the other hand, the domestic savings rate as proportion of GDP has tended to increase, albeit slowly, to 23.89 per cent in FY16 from 22.16 per cent in FY15. The national savings ratio, too, increased to 30.08 per cent in FY16 from 29.02 per cent in FY15.

MONETARY DEVELOPMENT

Bangladesh Bank (BB) claims that its monetary policies, outlined in all successive Monetary Policy Statements (MPS), have been growth supportive and aimed at preserving inflation and price stability. In pursuit of the growth objective, BB's credit policies and programmes in FY16 were directed to channeling adequate credit flows for productive purposes, especially to underserved sectors like agriculture, SME, renewable energy and other eco-friendly projects. At the same time, BB's policy was to discourage undue expansion of, or diversion of bank credit to, unproductive and wasteful uses in order to bring down the inflationary pressure.

Domestic credit recorded an increase of 14.04 per cent at the end of June 2016 as against the 9.97 per cent increase in the corresponding period of the previous fiscal (y-o-y basis). Credit to the private sector registered a growth of 16.56 per cent during July-June of FY16, compared to a lower growth of 13.19 per cent in the corresponding months of FY15. Credit to the public sector on the other hand increased by 2.63 per cent in FY16 as against the 2.56 per cent decrease in FY15.

EXPORTS

The country's export earnings grew by 9.71 per cent to US$34.24 billion in FY16 from US$31.21 billion in the previous fiscal year. This amount is the highest in the country's history. Export earnings were also 2.21 per cent higher than the strategic annual target (US$33.50 billion). The readymade garments (RMG) industry played a major role in the overall increase in exports. According to industry insiders, improvements in the safety standard in the RMG sector contributed to the growth of export. EPB data shows that the RMG sector, the main driver of Bangladesh's export, alone earned US$28.09 billion or 82.04 per cent of total exports in FY16, registering a 10.20 per cent growth from US$25.49 billion in FY15.

MCCI's analysis of EPB's export data for July-June of FY16 shows that the country's major export products, i.e., woven garments, knitwear, leather & leather products, jute & jute goods, agricultural products, engineering products, other footwear, man-made filaments & staple fibres, specialized textiles, headgear/cap, other manufactured products, petroleum bye products, chemical products, and computer services experienced positive growth, while home textile, frozen & live fish, plastic products, cotton and cotton products showed negative growth compared to the corresponding period in the previous fiscal.

According to the EPB data, exports to European Union countries rose by 9.68 per cent to US$18.69 billion in FY16, while exports to the US market, the single largest export destination for Bangladesh, increased by 7.61 per cent to US$6.22 billion in FY16. On the other hand, RMG export to non-traditional markets rose by 10.48 per cent to US$4.31 billion in FY16, which was US$3.9 billion a year ago. Bangladesh is the second largest exporter of clothing products after China and is benefiting from the China shift. Brands and buyers are shifting business from China, which would help Bangladesh grab more market shares. A slow and steady entrance in high value products is pushing up export value. New investment in eco-friendly manufacturing is another indicator of increased production capacity that would ultimately attract buyers. According to the sector people, buyers' confidence has been restored in Bangladeshi manufacturers because of improvements in safety standard.

Bangladesh Export Processing Zones Authority (BEPZA) achieved a good growth in export in FY16. Exports also exceeded the target in FY16. According to BEPZA data, exports from the country's eight EPZs rose by 9.17 per cent to US$6.67 billion in FY16 from US$6.11 billion in FY15. EPZs' exports in FY16 were also 11.17 per cent higher than the target (US$6.00 billion). BEPZA credited the growth of exports to a peaceful production environment and industry-friendly atmosphere in EPZs.

IMPORTS

Imports increased by 5.45 per cent in FY16 to US$42.921 billion compared to US$40.704 billion in FY15. Settlement of import LCs in FY16 increased by 4.22 per cent and stood at US$40.076 billion, compared to US$38.455 billion in FY15. Fresh opening of import LCs during FY16 increased slightly by 0.62 per cent to US$43.335 billion compared to US$43.069 billion in the same period of the previous fiscal year.

BB data show that import of food grains, particularly rice and wheat decreased by 15.19 per cent to 40.81 lakh metric ton in July-May of FY16 compared to 48.12 lakh metric

FY16

Growth 5.45%

FY16

US$42.921 billion

ton in the corresponding period of the previous fiscal year. Settlement of import LCs of industrial raw materials and capital machinery increased as the businesspeople saw signs of improved investment climate as the political situation apparently eased.

BALANCE OF PAYMENTS

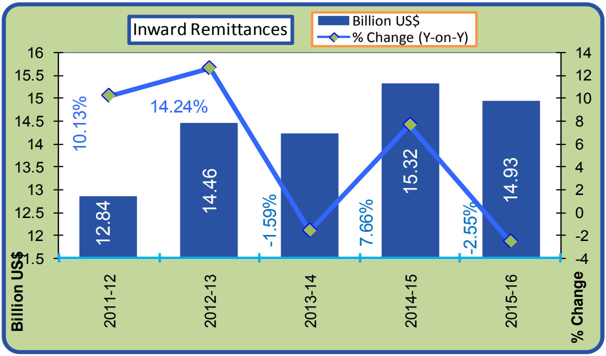
Trade deficit of the country decreased by 9.92 per cent to US$6.274 billion in FY16 from US$6.965 billion in the previous fiscal year as export growth surpassed the growth in import. Exports grew by 8.94 per cent and imports grew by 5.45 per cent during this period. Besides, the deficit in the trade in services, which include tourism, financial service and insurance, also declined during the period to US$2.793 billion from US$3.186 billion. Chiefly because of the improvement in commodity and services trade balances, the current account balance increased to US$3.706 billion in FY16, from US$2.875 billion in FY15. The net foreign direct investment increased by 9.34 per cent to US$2.001 billion in FY16 from US$1.830 billion in FY15. At the

same time, the financial account of the country's balance of payments, which includes foreign direct investment, portfolio investment, and medium- and long-term loans, decreased by US$315 million. Due to a strong position in the current account balance, the overall balance improved by 15.16 per cent to US$5.036 billion in July-June of FY16 from US$4.373 billion during the same period of FY15.

REMITTANCES

Remittance inflow in FY16 dropped by 2.53 per cent compared to the previous fiscal year. The decline in remittance is indirectly linked with the sharp decline in the price of petroleum products in the global market. The majority of Bangladesh's expatriate workers now work in oil-producing Middle Eastern countries whose development activities mainly depend on their income from petroleum products. The lower petroleum prices have greatly squeezed the oil income of these countries, and their wage payment to overseas workers declined as a result. Also, the devaluation of the currencies of the United Kingdom, Singapore and Malaysia in terms of the US dollar worked as a damper to the flow of inward remittances. According to BB data, Bangladesh received US$14.928 billion in remittance in FY16 compared to US$15.315 billion in FY15. However, remittances increased by 1.67 per cent, year-on-year, in

June 2016, and, in month on month basis, the remittances increased by a staggering 20.51 per cent, largely because of the Eid-ul-Fitr festival.



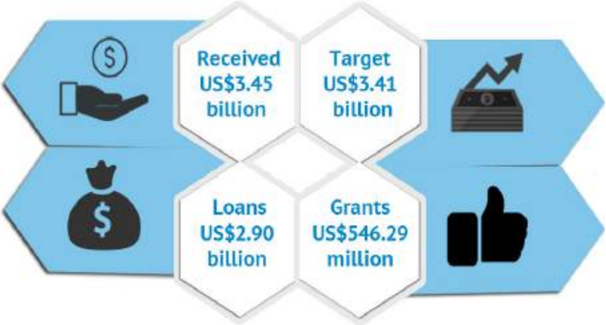
Most private commercial banks along with the state-owned ones try to increase the flow of inward remittances from different overseas countries. Currently, 33 exchange houses operate across the world, setting up 1,143 drawing arrangements abroad, to expedite the remittance inflow. Moreover, the BB has already sent letters to 12 commercial banks advising them to take effective measures to strengthen their remittance efforts. The BB earlier took a series of measures to encourage the expatriates to send their money home through the formal banking channel, instead of through illegal 'hundi' system.

FOREIGN AID

According to ERD sources, government received a record-high US$3.45 billion worth of foreign aid in FY16 following a significant rise in disbursement by some key multilateral development partners, including the WB and the ADB. Foreign aid receipts also crossed the aid target for FY16 as the country bagged US$35 million higher aid than the target (US$3.41 billion). Out of US$3.45 billion, US$2.90 billion was in loans and US$546.29 million in grants. On the other hand, commitment of foreign aid in FY16 also broke all previous records as development partners confirmed

US$6.99 billion worth of medium- and long-term loans (MLTL) and grants. Out of US$6.99 billion, US$6.50 billion is in loans and US$494.82 million in grants.

Foreign Aid in FY16

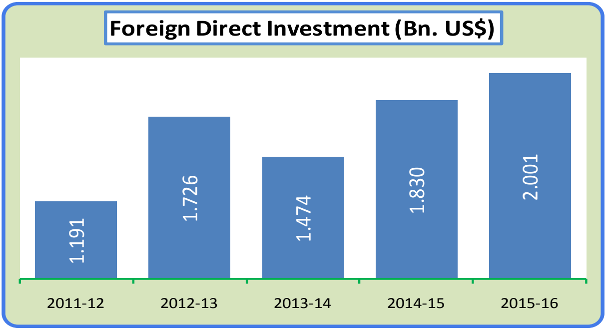


Meanwhile, the government has repaid US$1.04 billion funds as principal and interests for the outstanding MLT public-sector debt to the bilateral and multilateral lenders between July 2015 and June 2016. Out of US$1.04 billion, US$842.01 million was the principal amount for the outstanding debts and US$202.44 million in interest.

According to the ERD, Bangladesh has so far received a total of US$924.97 billion worth of MLT loans and grants since FY72.

FOREIGN DIRECT INVESTMENT (FDI)

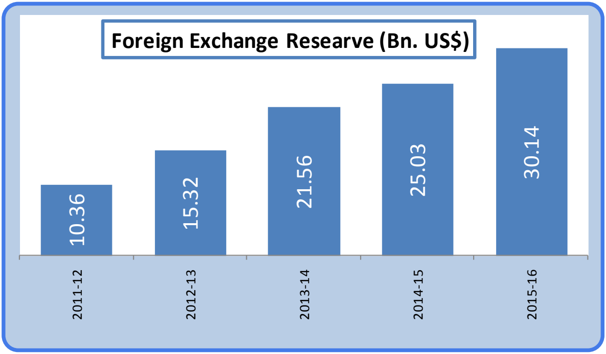
Net foreign direct investment (FDI) in FY16 increased by only 9.34 per cent to US$2.001 billion from US$1.830 billion in FY15. This investment is too small to meet the country's development needs. The country needs US$7.0 billion to US$10.0 billion annually to spend for infrastructural development in line with its target of graduating to a middle-income country by 2021. According to industry insiders, the investors are still to get back the confidence. The prospective foreign investors have adopted a 'go-slow' strategy in making fresh investments since 2013.



Low labour costs in Bangladesh are no doubt a favourable factor to attract FDI, but foreign investors consider the underdeveloped infrastructure, shortage of power and energy, lack of consistency in policy matters, procedural bottlenecks, lack of proper regulatory framework, scarcity of industrial lands, administrative weakness of the Board of Investment, lack of coordination among government agencies, and political uncertainty as major impediments that discourage new investment. The government needs to address these impediments to attract more FDI in the country.

FOREIGN EXCHANGE RESERVE

Bangladesh Bank's gross foreign exchange reserves (Forex) crossed US$30 billion-mark for the first time on 27 June 2016 and rose to US$30.138 billion on 30 June 2016. The increase in reserves was mainly due to higher export earnings but also relatively low import payment obligations.

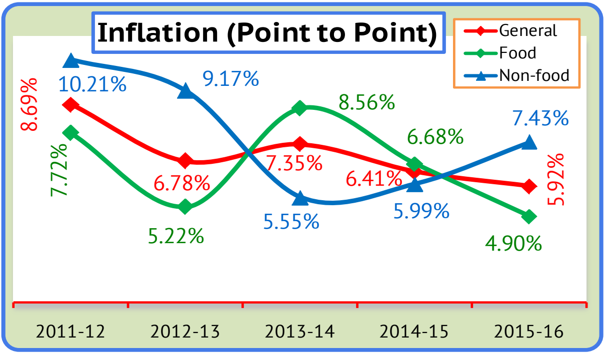


The stable exchange rate of the Taka against the US dollar has encouraged the expatriate Bangladeshis to send home their earnings, which has also helped boost the reserve. Moreover, BB's purchase of US dollars from local banks and lower prices of imported commodities, particularly those of petroleum products, in the global market have helped raise the country's forex reserve.

PRICE SITUATION

In June 2016, the general point to point inflation in the country increased slightly - by 0.08 percentage point to 5.53 per cent from 5.45 per cent in May 2016. The rise in inflation was due to an increase in the expenditure on some food items on the occasion of the holy month of Ramadan.

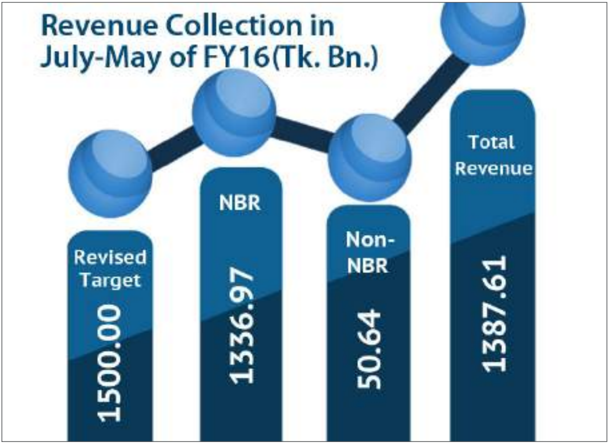
A year ago, in June 2015, the inflation rate was 6.25 per cent. The food inflation, however, increased by 0.42 percentage point to 4.23 per cent in June 2016 from 3.81 per cent in the previous month because of a rise in prices of meat, pulses and sugar. On the other hand, non-food inflation fell by 0.42 percentage point to 7.50 per cent in June 2016 from 7.92 per cent of the immediate past month (May).



A comparison of inflation data for urban and rural areas in June of FY16 shows that the inflation rates were higher in urban areas than in rural areas. Thus, the point to point general, food, and non-food inflation in rural areas in June 2016 were 4.63 per cent, 3.44 per cent, and 6.79 per cent, respectively, while the inflation rates in urban areas were 7.23 per cent, 6.06 per cent, and 8.48 per cent, respectively.

PUBLIC FINANCE

Government's total revenue collection grew by 27.59 per cent to Tk.2,084.40 billion in FY16 compared to Tk.1,633.70 billion in FY15. Total tax revenue collection (NBR and non-NBR) was Tk.1,387.61 billion in July-May of FY16 as against Tk.1,212.03 billion in the same period of FY15. Out of Tk.1,387.61 billion, NBR collected Tk.1,336.97 billion and non-NBR sources collected Tk.50.64 billion. The government had initially set a collection target of Tk.1,763.70 billion for FY16 for the NBR but as the growth in revenue collection remained slow, the target was later



downsized at Tk.1,500.00 billion. The NBR authorities had been arguing that a cut in tax-at-source on export earnings, sluggish business activities due to political impasse and a reduction in banks' income resulted in lower revenue income.

In FY16, government was able to implement 92.6 per cent of the total annual development programme (ADP). According to the Implementation, Monitoring and Evaluation Division (IMED), 54 ministries and divisions spent Tk.869.67 billion out of the total Tk.938.95 billion outlays in the revised ADP of FY16. ADP spending was 91.0 per cent in the previous fiscal year (FY15). Out of the 92.6 per cent expenditure, 30.8 per cent or Tk.288.06 billion was spent in the final month of FY16. This is because in the first 11 months of the fiscal, government could implement less than two-thirds (61.8%) of the total revised ADP. At the beginning of every fiscal year, the pace of spending remains usually slow and hence spending begins to climb up in a hurry at the end, which inevitably causes huge wastage and misuse of public resources.

Ten large ministries and divisions, which got 76 per cent of the total allocation of ADP, on an average spent 95.3 per cent. These ministries and divisions were implementing some mega projects including Padma Bridge, metro rail and power plants. Among these large ministries and divisions, the performance of the Ministry of Housing & Public Works was the best (121.5%), followed by the Power Division (101.3%), the Road Transport & Highways Division (99.6%), the Ministry of Education (98.7%), the Ministry of Primary and Mass Education (98.0%), the Ministry of Water Resources (95.3%), the Local Government Division (94.8%), the Ministry of Railway (91.2%), the Ministry of Health and Family Welfare (84.9%) and the Bridge Division (68.5%). Besides, among the 54 ministries and divisions, the Ministry of Housing & Public Works achieved the highest implementation rate of 121.5 per cent in FY16 while the Anti-Corruption Commission could not spend a single penny in the year.

Earlier, on 5 April 2016, due to the slow pace of project implementation the National Economic Council (NEC) revised down the ongoing ADP outlay of Tk 1009.97 billion to Tk 938.95 billion for FY16, including that of the self-financed projects.

BUDGET FOR 2016-17

The outlay of the FY17 national budget is Tk.3,406.05 billion, which is 28.74 per cent higher than that of the last year's revised budget (Tk.2,645.65 billion). Within the national budget there is a Tk.1,170.27 billion development budget, which is 22.02 per cent bigger than that in the revised FY16 budget (Tk.959.08 billion), and a non-development budget of Tk.1,889.66 billion, which is 25.66 per cent higher than in the revised FY16 budget (1,503.79 billion). The size of the ADP is Tk.1,107.00 billion in the FY17 budget, which is 21.65 per cent larger than that of the past year's revised ADP (Tk.910.00 billion). The budget targets a 36.84 per cent revenue growth to Tk.2,427.52 billion over the revised revenue estimate of Tk.1,774.00 billion in the outgoing fiscal. The revenue receipts will comprise of Tk.2,104.02 billion as tax revenue and Tk.323.50 billion as non-tax

revenue. In the total tax revenue, Tk.2,031.52 billion will come from NBR and Tk.72.50 billion from non-NBR taxes.

The overall fiscal deficit in the FY17 budget is Tk.978.53 billion, which is 5.0 per cent of GDP. The budget seeks to finance the deficit largely through domestic borrowing of Tk.389.38 billion or 39.79 per cent of the deficit from banks, and Tk.226.10 billion or 23.11 per cent of the deficit, from non-bank sources. The remainder, 37.10 per cent, of the deficit is to be financed with foreign borrowing.

In the ADP allocations, 25.8 per cent is for transport and communication (road, railway, bridges, and other related sectors), 24.6 per cent is for human resources sector (education, health, and other related sectors), 24.5 per cent is for agriculture and rural development sector (agriculture, local government, rural development, water resources and other related sectors), 13.5 per cent for power & energy sector, and 11.6 per cent for other sectors.

The budget seeks to attain a 7.2 per cent GDP growth in FY17, reduce poverty, develop physical infrastructure, solve power and energy sector problems, create opportunities for employment generation, provide necessary protection to local industries, increase social sector expenditure to address inadequacies in education and health, and widen the prevailing safety net programmes for improving the economic condition of the people.

MAJOR ECONOMIC INDICATORS

Indicators	FY13	FY14	FY15	FY16(P)	FY17(E)
National Accounts					
GDP (million US$)	149991	172882	195147	220985	249850
GDP Growth (%)	6.01	6.06	6.55	7.05	7.30
Per Capita GDP (US$)	976	1110	1236	1382	1550
Domestic Demand (million US$)	159522	184099	208278	233112	259550
GDP by Sector:					
Agriculture					
Share in GDP (%)	16.78	16.50	16.00	15.33	14.95
Growth Rate (%)	2.46	4.37	3.33	2.60	2.75
Industry					
Share in GDP (%)	29.00	29.55	30.42	31.28	31.95
Growth Rate (%)	9.64	8.16	9.67	10.10	10.50
Manufacturing					
Share in GDP (%)	19.00	19.47	20.16	20.77	21.50
Growth Rate (%)	10.31	8.77	10.31	10.30	12.20
Construction					
Share in GDP (%)	6.90	7.03	7.16	7.28	7.60
Growth rate (%)	8.04	8.08	8.60	8.87	9.20
Electricity, Gas & Water					
Share in GDP (%)	1.45	1.42	1.42	1.47	1.95
Growth Rate (%)	8.99	4.54	6.22	11.15	12.50
Service					
Share in GDP (%)	54.22	53.95	53.58	53.39	53.10
Growth Rate (%)	5.51	5.62	5.80	6.70	6.98
Wholesale and Retail Trade					
Share in GDP (%)	14.03	14.10	14.08	14.02	14.80
Growth Rate (%)	6.18	6.73	6.35	6.61	6.80

Indicator	FY13	FY14	FY15	FY16(P)	FY17(E)
Transport, Storage & Communication					
Share in GDP (%)	11.50	11.49	11.43	11.37	12.00
Growth rate (%)	6.27	6.05	5.96	6.51	6.65
Real-estate, Renting & Business Activities					
Share in GDP (%)	7.07	6.95	6.81	6.64	6.80
Growth rate (%)	4.04	4.25	4.40	4.51	4.75
Health and Social Work					
Share in GDP (%)	1.88	1.86	1.83	1.86	1.95
Growth rate (%)	4.76	5.06	5.18	8.45	8.60
Education					
Share in GDP (%)	2.24	2.26	2.29	2.43	2.65
Growth rate (%	6.30	7.26	8.01	13.78	13.95
Money and Credit (billion Tk.):					
Narrow Money M1)	1236.03	1416.45	1608.14	2124.31	2480.00
Percentage Change (%)	(12.65)	(14.60)	(13.53)	(32.10)	(16.74)
Broad Money (M2)	6035.05	7006.24	7876.14	9170.25	10350.00
Percentage Change (%)	(16.71)	(16.09)	(12.42)	(16.43)	(12.86)
Foreign Assets (net)	1132.50	1600.57	1892.29	2327.14	2790.00
Percentage Change (%)	(43.68)	(41.33)	(18.23)	(22.98)	(19.89)
Domestic Assets (net)	4902.55	5405.67	5983.85	6843.10	7660.00
Percentage Change (%)	(11.86)	(10.26)	(10.70)	(14.36)	(11.94)
Domestic Credit (net)	5717.37	6379.06	7015.27	8000.11	9100.00
Percentage Change (%)	(11.02)	(11.57)	(9.97)	(14.04)	(13.75)
Govt. Sector Credit(net)	1101.25	1175.29	1102.57	1142.20	1200.00
Percentage Change (%)	(20.05)	(6.72)	(-6.19)	(3.59)	(5.06)
Other Public Sector Credit	94.55	127.37	166.70	160.51	190.00
Percentage Change (%)	(-38.37)	(34.71)	(30.88)	(-3.71)	(18.37)

Cont.

Indicator	FY13	FY14	FY15	FY16(P)	FY17(E)
Private Sector Credit	4521.57	5076.40	5745.99	6697.40	7710.00
Percentage Change (%)	(10.85)	(12.27)	(13.19)	(16.56)	(15.12)
Reserve Money	1124.89	1298.75	1484.83	1932.01	2400.00
Percentage Change (%)	(15.02)	(15.46)	(14.33)	(30.12)	(24.22)
Total Liquid Assets	1741.71	2162.17	2395.78	2552.46*	2780.00
Percentage Change (%)	(38.84)	(24.14)	(10.80)	(6.54)	(8.91)
Required Liquidity (SLR)	947.31	712.78	1272.27	1416.80*	1680.00
Percentage Change (%)	(18.76)	(-24.76)	(78.49)	(11.36)	(18.58)
Financial Deepening (M2/GDP*100)	50.34	52.14	51.96	53.02	52.87
Balance of Payments (million US$):					
Trade Balance	-7009	-6806	-6965	-6274	-6020
Exports f.o.b (including EPZ)	26567	29765	30697	33441	35800
Imports f.o.b (including EPZ)	33576	36571	37662	39715	41820
Services	-3162	-4096	-3186	-2793	-2720
Primary Income	-2369	-2635	-2869	-2582	-2540
Secondary Income	14928	14934	15895	15355	15230
Workers' Remittances (current a/c portion)	14338	14116	15170	14717	15040
Current Account Balance	2388	1409	2875	3706	3950
Capital Account	629	598	496	478	480
Financial Account	2863	2855	1925	1610	1800
Foreign Direct Investment (net)	1726	1474	1830	2001	2250
Errors and Omissions	-752	621	-923	-758	-850
Overall Balance	5128	5483	4373	5036	5380
Foreign Exchange Reserves	15315	21558	25025	30138	35500

Indicator	FY13	FY14	FY15	FY16(P)	FY17(E)
Public Finance (billion Tk.):					
Total Revenue	1396.70	1566.71	1633.70	2084.40	2570.00
Tax Revenue (NBR+Non-NBR)	1074.52	1254.33	1410.30	1387.61**	1700.00
Current Expenditure	1114.29	1358.00	1553.10	1217.20	1815.00
Overall Surplus	282.41	208.71	80.60	867.20	755.00
ADP Expenditure	525.10	597.59	711.44	869.67	1050.00
Savings & Investment as % of GDP:					
Total Investment	28.39	28.58	28.89	29.38	31.00
Public Investment	6.64	6.55	6.82	7.60	8.80
Private Investment	21.75	22.03	22.07	21.78	22.20
National Savings	30.53	29.23	29.02	30.08	30.75
Domestic Savings	22.04	22.09	22.16	23.89	24.15
Rate of Inflation (Point-to-Point)	6.78	7.35	6.41	5.92	5.80
GDP Deflator (%) Change	7.18	5.67	5.87	6.58	6.92
Wage Index (%) Change (2010-11=100)	6.01	5.50	4.94	NA	NA
Average exchange Rate (Taka/US$)	79.9326	77.7218	77.6746	78.2663	78.3500

Note: P = Provisional, E = Estimated, * = As of end April 2016, ** = July-May, NA = Not Available
Sources: Bangladesh Economic Review 2016, Bangladesh Bureau of Statistics (BBS), Bangladesh Bank (BB) and Research Cell, MCCI

NEW INVESTMENTS

(In million US$)

	FY12	FY13	FY14	FY15	FY16 (P)
A) Investment Projects registered by Board of Investment (BoI)	11148.00	8332.26	8775.51	12715.62	13969.86
B) Investments made by BSCIC with entrepreneurs own fund	38.19	60.17	36.74	42.81	64.39
C) Investments in Export Processing Zones(EPZs)	339.25	328.53	402.56	406.38	404.36
Total (A+B+C)	11525.44	8720.96	9214.81	13164.81	14438.61

Note: P = Provisional, Sources: Board of Investment (BoI), Bangladesh Small and Cottage Industries Corporation (BSCIC) and Bangladesh Export Processing Zones Authority (BEPZA)

MAJOR TRADING PARTNERS

(In million US$)

Country	FY15		FY16 (P)	
	Exports	Imports	Exports	Imports
Australia	606.89	511.40	705.64	561.30
Belgium	975.13	152.20	1015.33	134.10
Brazil	203.05	928.40	135.60	952.30
Canada	1029.13	764.60	1112.88	715.60
China	791.00	8231.80	808.14	9645.80
Denmark	658.67	86.60	664.02	71.30
France	1743.54	183.90	1852.16	203.10
Germany	4705.36	590.70	4988.08	797.70
Hong Kong	247.16	852.20	214.13	806.60
India	527.16	5827.70	689.62	5450.70
Indonesia	39.49	1397.50	43.36	1226.80
Ireland	233.10	17.90	207.91	18.00
Italy	1382.35	365.90	1385.67	468.30
Japan	915.22	1523.60	1079.55	1604.10
Korea Republic of	269.03	1223.10	280.09	1144.70
Malaysia	140.09	1299.60	191.05	952.30
Netherlands	840.34	141.50	845.92	129.70
Pakistan	57.57	481.70	47.07	507.20
Russian Federation	294.57	225.80	314.29	280.30
Saudi Arabia	186.32	829.30	225.68	590.70
Singapore	153.46	2198.50	164.70	1965.60
Spain	1753.86	130.80	1998.91	103.40
Sweden	460.06	112.60	481.73	75.20
Switzerland	125.32	219.40	125.66	304.20
Thailand	32.76	685.50	35.15	666.10
Turkey	720.88	159.30	661.89	175.00
UAE	293.04	838.40	425.91	583.60
UK	3205.45	330.70	3809.70	276.60
USA	5783.43	690.60	6220.65	1006.10
Others	2835.51	6422.90	3511.33	8620.00
Total	31208.94	37424.10*	34241.82	40036.40*

Note: P = Provisional, * = excluding imports of Export Processing Zones (EPZs)
Sources: Export Promotion Bureau (EPB) and Bangladesh Bank (BB)

EXPORT PERFORMANCE

(In million US$)

Products	Target for FY16	Exports in FY16 (P)	% Change of Exports in FY16 over Target	Exports in FY15	% Change of Exports in FY16 over FY15
A. Primary Commodities (1+2)	**1173.00**	**1131.83**	**-3.51**	**1154.08**	**-1.93**
1. Frozen Food & Live Fish	578.00	535.77	-7.31	568.03	-5.68
a. Live fish	3.00	9.14	204.67	2.81	225.27
b. Frozen Fish	50.00	47.07	-5.86	49.08	-4.10
c. Shrimps & Crabs	515.00	472.37	-8.28	509.72	-7.33
d. Others	10.00	7.19	-28.10	6.42	11.99
2. Agricultural Products	595.00	596.06	0.18	586.05	1.71
a. Vegetables	90.00	104.34	15.93	103.24	1.07
b. Tobacco	75.00	54.98	-26.69	68.45	-19.68
c. Fruits	37.00	20.23	-45.32	38.48	-47.43
d. Spices	20.00	29.06	45.30	23.24	25.04
e. Dry Food	100.00	96.04	-3.96	94.25	1.90
f. Others	273.00	291.41	6.74	258.39	12.78
B. Manufactured Commodities (1+...+20)	**32182.00**	**32973.52**	**2.46**	**29922.32**	**10.20**
1. Petroleum bi Products	75.07	297.01	295.64	77.55	282.99
2. Chemical Products	126.90	123.65	-2.56	111.92	10.48
a. Pharmaceuticals	80.00	82.11	2.64	72.64	13.04
b.Others	46.90	41.54	-11.43	39.28	5.75
3. Plastic Products	118.00	89.00	-24.58	100.57	-11.50
4. Rubber	21.50	23.53	9.44	20.18	16.60
5. Leather & Leather Products	1212.81	1160.95	-4.28	1130.51	2.69
a. Leather	400.00	277.90	-30.53	397.54	-30.10
b. Leather Products	262.81	388.22	47.72	249.16	55.81
c. Leather Footwear	550.00	494.83	-10.03	483.81	2.28
6. Handicrafts	10.21	10.01	-1.96	8.72	14.79
7. Paper & Paper Products	38.38	42.16	9.85	37.30	13.03

Cont.

(In million US$)

Products	Target for FY16	Exports in FY16 (P)	% Change of Exports in FY16 over Target	Exports in FY15	% Change of Exports in FY16 over FY15
8. Cotton & Cotton Products	110.29	102.76	-6.83	107.04	-4.00
9. Jute & Jute Goods	947.00	919.58	-2.90	868.53	5.88
a. Raw Jute	112.00	173.17	54.62	111.57	55.21
b. Jute Yarn & Twine	590.00	558.73	-5.30	552.32	1.16
c. Jute Sacks & Bags	170.00	122.53	-27.92	139.45	-12.13
d.Others	75.00	65.15	-13.13	65.19	-0.06
10. Man Made Filaments & Staple Fibres	98.56	112.17	13.81	97.43	15.13
11. Specialized Textiles	115.65	108.72	-5.99	106.99	1.62
12. Knitwear	13266.21	13355.42	0.67	12426.79	7.47
13. Woven Garments	14105.42	14738.74	4.49	13064.61	12.81
14. Home Textile	850.00	753.01	-11.41	804.34	-6.38
15. Other Footwear	208.00	219.18	5.38	189.46	15.69
16. Headgear/Cap	72.53	148.70	105.02	64.46	130.69
17. Engineering Products	520.58	510.08	-2.02	447.04	14.10
a. Iron Steel	64.00	48.56	-24.13	57.90	-16.13
b. Engineering Equipment	100.00	174.80	74.80	83.03	110.53
c. Electric Products	120.00	65.00	-45.83	90.11	-27.87
d. Bicycle	132.00	99.15	-24.89	126.06	-21.35
e. Others	104.58	122.57	17.20	89.94	36.28
18. Ships, Boats & Floating Structures	25.00	19.89	-20.44	15.92	24.94
19. Other Manufacturing Products	154.00	148.23	-3.75	144.49	2.59
20. Others	105.89	90.73	-14.32	98.47	-7.86
C. Computer Services	**145.00**	**136.47**	**-5.88**	**132.54**	**2.97**
Total (A+B+C)	**33500.00**	**34241.82**	**2.21**	**31208.94**	**9.72**

Note: P = Provisional

Source: Export Promotion Bureau (EPB)


Chamber Building

METROPOLITAN CHAMBER OF COMMERCE & INDUSTRY, DHAKA

A BRIEF PROFILE OF MCCI, DHAKA

Founded in 1904, the Metropolitan Chamber of Commerce and Industry, Dhaka (MCCI) is the oldest and the pre-eminent trade organization of Bangladesh. Its membership roll encompasses leading commercial and large industrial organizations of the country, including public sector corporations and local as well as multinational companies. Presently, almost all major enterprises of the manufacturing and service sector are among its members. The Chamber provides a wide range of professional services to its members.

The Chamber's services, developed over a long period, are comprehensive and cover specialized areas such as taxation, import-export, tariff and non-tariff measures, investment, WTO matters and other national and international economic and commercial concerns. The Chamber maintains a secretariat manned by professional staff. It offers secretarial services to the Bangladesh Employers' Federation (BEF), the lone national level organization of employers in the country dealing with industrial relations, occupational safety and health, workplace cooperation, skills development, labor law and other labor-related issues.

The Chamber's policy recommendations and inputs related to ongoing reforms have gained wide acceptance amongst government and policy makers. MCCI has earned recognition at home and abroad by offering services such as issuing certificate of origin, through conducting economic research and sector surveys, offering trade and investment facilitation services, legal services, information management and dissemination, and with publications related to trade and commerce.

The Chamber is represented in many Advisory Councils as well as Committees formed by various ministries of the government of Bangladesh. MCCI also maintains effective working relations with development partners, e.g., the World Bank Group, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), the Asian Development Bank (ADB), Japan External Trade Organization (JETRO), Japan International Cooperation Agency (JICA), the Asia Foundation. MCCI has a long history of joint collaboration and corporate understanding. It interacts regularly with major international trade bodies and many private sector organizations located all over the world.