Quarterly Review

April-June 2019 (Q4 of FY19)

Economic Situation in Bangladesh

MCCI Since 1904 METROPOLITAN CHAMBER OF COMMERCE & INDUSTRY, DHAKA

METROPOLITAN CHAMBER OF COMMERCE & INDUSTRY, DHAKA
Since 1904

Chamber Building

122-124 Motijheel, C/A, Dhaka-1000, Bangladesh

Phone : +880-2-9565208-10 & +880-2-9574129-31 (PABX), Fax : +880-2-9565211-12

Email : sg@mccibd.org, info@mccibd.org, Web : www.mccibd.org

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 - ORGANIZATION

Research based Policy Advocacy

Networking

Business Intelligence

CORE COMPETENCIES – PEOPLE

Professional

Innovative

Adaptable

Team Player

Proactive

Communication & Interpersonal Skills

QUARTERLY REVIEW

April-June 2019 (Q4 of FY19)

Contents

EXECUTIVE SUMMARY

General

1. Bangladesh economy has achieved a lot of successes in recent times. As per the estimate of BBS, the country's GDP growth in the just-concluded fiscal (FY19) was 8.13 per cent, up from 7.86 per cent in the previous fiscal (FY18). The multilateral lenders that previously downgraded the country's growth projection to below 7 per cent have raised their projection to between 7.3 per cent and 8.0 per cent. Although their projections are below the BBS estimate of 8.13 per cent, the country's achievement is immense compared with the GDP growth of many other developing countries.

2. While these achievements boost people's confidence in the country's ability to attain accelerated economic growth and emerge as a middle income country by 2024 and a developed country by 2041, there are significant downside risks that pose threats to its economic growth which need to be carefully addressed. Power and gas shortage, insufficiency of investment and weak infrastructure are the major obstacles to growth, as they disrupt industrial production and also discourage new investment.

Agriculture

3. The agriculture sector grew at a lower rate of 3.51 per cent in FY19 compared to 4.19 per cent in FY18. The sector's share in GDP, too, declined to 13.60 per cent in FY19 from 14.23 per cent in FY18.

Industry

4. The share of the broad industry sector in GDP increased by 1.48 percentage point to 35.14 per cent in FY19 from 33.66 per cent in the previous fiscal year. The sector grew at 13.02 per cent in FY19 compared to 12.06 per cent in FY18.

5. Within the broad industry sector, the manufacturing sub-sector grew by 1.33 percentage points to 14.73 per cent in FY19, compared to 13.40 per cent in the previous fiscal year. The large and medium scale industries sub-sector performed better than in the previous fiscal, growing at 15.61 per cent in FY19, compared to 14.26 per cent in FY18. The small scale manufacturing industries grew at a lower rate than other sub-sectors. This sub-sector grew at 10.26 per cent in FY19 as against 9.25 per cent in FY18.

6. The share of the manufacturing sub-sector in GDP increased to 24.21 per cent in FY19 from 22.85 per cent in the previous fiscal year, while the corresponding share of the large and medium scale industries sub-sector rose to 20.36 per cent in FY19 from 19.07 per cent in FY18 and that of the small scale industries sub-sector increased to 3.85 per cent in FY19 from 3.78 per cent in FY18.

Power

7. The power supply situation improved in the quarter under review but the demand for power increased as well. On 30 June 2019, the last day of FY19, the demand for electricity was 11,251 MW and load shedding was zero. The maximum generation in 2019 (recorded on 29 May) was 12,893 MW. Total installed capacity rose to 18,825 MW in July 2019 and derated/present capacity rose to 18,302 MW. Production remained low because of gas shortage and also some power stations were shut down for maintenance. Transmission capacity appears to be a limiting factor in the supply of power to the consumers.

Services

8. The broad services sector has nine sub-sectors, data on which are yet insufficient to enable an understanding of how they have fared in the quarter under review. Of the different sub-sectors, electricity, gas & water supply, transport, storage & communication, hotel & restaurant, wholesale & retail trade, health & social work, real estate, renting & business activities, financial intermediations and community, social & personal services have performed better in FY19 compared to the previous one.

Money and Capital Market

9. Broad money (M2) recorded a higher growth of 9.88 per cent at the end of June 2019 compared to the 9.24 per cent growth achieved at the end of June 2018. Domestic credit, on the other hand, grew by 12.17 per cent in the 12-month period ending in June 2019, as against the higher credit growth of 14.70 per cent till the end of June 2018. The credit growth in June 2019 was also below the credit growth target of 15.90 per cent set in the monetary policy for the second half of the fiscal year (MPS, H2 of FY19).

10. Among components of domestic credit, private sector credit registered 11.29 per cent growth during the 12-month period between June 2018 and June 2019, as against the much higher growth of 16.94 per cent during the previous 12-month period. Private sector credit growth was also below Bangladesh Bank's target of 16.5 per cent set in the Monetary Policy for the second half of FY19. Public sector credit, on the other hand, recorded a growth of 19.15 per cent at the end of June 2019, compared with the negative growth of 0.45 per cent at the end of June 2018.

11. Total liquid assets of scheduled banks stood lower at Tk.246,796 crore at the end of May 2019, compared with Tk.264,267 crore at the end of June 2018. The minimum liquidity requirement of the scheduled banks was Tk.186,246 crore at the end of May 2019.

12. The interest rate spread in the banking sector rose to 4.15 per cent in June 2019 from 4.05 per cent in the previous month (May of FY19). The weighted average interest rate on deposits decreased to 5.43 per cent in June 2019 from 5.46 per cent in May 2019 while the interest rate on lending increased to 9.58 per cent in June 2019 from 9.51 per cent in the immediate previous month.

13. The disbursement of industrial term loans during January-March of FY19 stood at Tk.15,249 crore, which was 37.1 per cent lower than the amount disbursed during the immediate previous quarter (October-December) of FY19. The recovery of industrial term loans, however, increased by 4.3 per cent to Tk.18,670 crore during the January-March of FY19.

14. Total SME loans by all banks and non-bank financial institutions (NBFIs) increased 2.10 per cent to Tk.197,718 crore at the end of March 2019 from Tk.193,647 crore at the end of March 2018. The disbursement of SME loans was 19.63 per cent of total loans disbursed by all banks and NBFIs at the end of March 2019.

15. The disbursement of agricultural credit and non-farm rural credit by all scheduled banks in FY19 stood at Tk.23,616 crore, which was 10.39 per cent higher than the amount disbursed in the previous fiscal year. In July-June of FY19, banks disbursed 108.33 per cent of their annual disbursement target of Tk.21,800 crore. The disbursement exceeded the target through strengthening the banks' monitoring and supervision from the very beginning of the fiscal year. Loan disbursement by banks in the quarter under review (Q4 of FY19) increased by 41.96 per cent to Tk.7,352 crore from Tk.5,179 crore in the corresponding quarter of the previous fiscal year. On the other hand, recovery increased by 10.38 per cent to Tk.23,734 crore in FY19, compared to Tk.21,503 crore in the previous fiscal year.

16. The capital market witnessed a declining trend for most of the time in the just-concluded fiscal year (FY19). Dhaka stocks ended in a negative zone on 30 June 2019 amid cautious trading as investors were assessing the possible impact of the changes to the tax measures for listed companies in the Finance Bill 2019. The proposal for 15 per cent tax on the listed companies' reserve (if the reserve exceeds 50 per cent of their paid up capital) was amended with conditions.

Public Finance

17. According to NBR's provisional data, total NBR tax revenue collection during July-May of FY19 increased by 8.35 per cent. On the other hand, the collection of non-NBR revenue, which accounts for less than 4.0 per cent of the government's total revenue, decreased by 11.77 per cent in the first 9 months of FY19, compared to the 25.83 per cent growth in the corresponding 9 months of the previous fiscal year.

18. The implementation rate of the Annual Development Program (ADP) in FY19 was slightly higher (94.36%) than in the previous fiscal year (94.11%) due to intensive monitoring of the ministry and regular interaction between officials of development projects and the ministry.

Export and Import

19. The country's merchandise export earnings in the just-concluded fiscal year (FY19) grew by 10.54 per cent to US$40.534 billion. Export earnings were 3.93 per cent higher than the annual target (US$39 billion).

20. The readymade garments (RMG) sector contributed most to enhancing the export earnings, accounting for 84.21 per cent of total exports in FY19.

21. Import payments (C&F) in the first eleven months (July-May) of FY19 stood at US$56.034 billion, which is 2.61 per cent higher than import payments during the corresponding months of FY18. Import payments increased mainly due to higher imports of intermediate goods and fuel oil to meet the growing domestic demands.

Remittances

22. The flow of inward remittance in FY19 increased by 9.64 per cent to a record US$16.427 billion from US$14.983 billion in FY18, thanks to the steady depreciation of the Taka against the US Dollar. Also, the increased demand for funds by the families of the expatriates ahead of *Eid-ul-Azha* led to an increase in the flow of inward remittances in recent months.

Foreign Aid

23. Disbursement of foreign aid in FY19 decreased by 2.51 per cent to US$6.21 billion from US$6.37 billion in the previous fiscal year. Aid disbursement in FY19 was almost close to its target of US$6.35 billion. On the other hand, development partners' commitments of foreign aid stood lower at US$9.78 billion in FY19, as against US$12.27 billion in the previous fiscal.

Foreign Direct Investment (FDI)

24. In the first eleven months of the just-concluded fiscal year (FY19), the net foreign direct investment (FDI) increased by

US$0.525 billion or 34.05 per cent to US$2.067 billion from US$1.542 billion in the corresponding 11 months of FY18. FDI inflow in Bangladesh is low compared to many countries at a similar level of development.

Balance of Payments (BoP)

25. Overall trade deficit narrowed by 14.56 per cent to US$14.658 billion in July-May of FY19. The decline in deficit was mainly due to the steady growth of exports and a slowdown in imports. The deficit in trade in services, too, shrank year-on-year by 2.37 per cent. Lower trade deficit and the rise in remittance inflows led to a significant improvement in the current account balance during July-May of FY19. In this period, the current-account deficit narrowed by 39.89 per cent to US$5.175 billion from US$8.609 billion. The financial account surplus has, however, shrunk by 39.05 per cent to US$4.847 billion from US$7.953 billion during this period, despite an increasing trend in net FDI. Due to a significant improvement in the current account balance, the deficit in the overall balance improved by 29.69 per cent to US$682 million in July-May of FY19 from a deficit of US$970 million during the corresponding months of FY18.

Exchange Rate and Foreign Exchange Reserve

26. Between end-June of 2018 and 2019, the Taka depreciated by 0.95 per cent against the US Dollar. Gross foreign exchange reserves stood at US$32.538 billion as of end June 2019, compared to US$31.345 billion at the end of the previous month.

Inflation

27. The general point to point inflation fell by 0.11 percentage points to 5.52 per cent in June 2019 from 5.63 per cent in May 2019 due to decline in both food and non-food prices. Year-on-year, the inflation rate in June of FY19 decreased slightly by 0.02 percentage points to 5.52 per cent from 5.54 per cent.

28. Food price inflation decreased by 0.09 percentage points to 5.40 per cent in June 2019 from 5.49 per cent in the immediate past month (May 2019), but, year-on-year, food price inflation decreased by 0.58 percentage points from 5.98 per cent. On the other hand, non-food price inflation also decreased by 0.13 percentage points to 5.71 per cent in June 2019 from 5.84 per cent in the previous month while year-on-year, the non-food price inflation increased by 0.84 percentage points from 4.87 per cent.

29. A comparison of point to point inflation data for rural and urban areas in June of FY19 shows that the general and non-food price inflation rate was higher in urban areas than in rural areas. Food price inflation, however, was lower in urban areas than in rural areas.

THE REPORT

1.0 AGRICULTURE

Production data on agriculture sector are not yet available for the quarter under review (Q4 of FY19). However, according to the National Accounts Statistics of BBS, the share of the sector in GDP is provisionally estimated at 13.60 per cent in FY19, compared to 14.23 per cent in FY18. It includes three sub-sectors namely: i) Crops and horticulture, ii) Animal farming, and iii) Forest and related services.

The favorable natural factors and strong government support in terms of timely availability of inputs and finance notwithstanding, the sector achieved a lower rate of growth of 3.51 per cent in FY19 than in FY18 when the sector grew at 4.19 per cent.

1.1 Food Situation

Domestic Production

The Department of Agricultural Extension (DAE) set the target of domestic food grains (rice and wheat) production at 37.746 million metric tons (mmt) in FY19, which is 2.47 per cent higher than the FY18 target of 36.835 mmt. This target is also 0.84 per cent higher than the actual production of 37.433 mmt in FY18. The crop-specific production targets in FY19 for aman, aus, boro and wheat are 14.134 mmt, 2.702 mmt, 19.623 mmt, and 1.287 mmt, respectively.

The final estimates of food grains production are yet to be available from the Bangladesh Bureau of Statistics (BBS). However, according to the latest monitoring report of DAE, the production of aman and aus in the present crop year is estimated at 15.336 mmt and 2.780 mmt, respectively, which is 8.50 per cent and 2.89 per cent higher than the respective targets. The process of estimating the production of wheat and boro is at the final stage.

Food grains Import

As of 4 July 2019, about 14.70 thousand metric tons (tmt) of rice was imported by the public sector in line with the deal contracted in the past year (FY18). An additional 55.70 tmt was imported as food aid. The private sector imported about 139.10 tmt of rice in that period. In the corresponding period of last year, about 2,990.40 tmt of rice was imported by the private sector, and about 881.90 tmt was imported by the public sector.

Regarding other food grains, about 385.10 tmt of wheat was imported by the public sector and an additional 93.10 tmt was imported as food aid in that period, while about 5,154.80 tmt of wheat was imported by the private sector. Over the same period of the previous year, a total of 5,608.80 tmt of wheat was imported by the private sector, while about 500.30 tmt of wheat was imported by the public sector.

Domestic Procurement

In order to stabilize farm price as well as provide price incentive to farmers, the government set a provisional target to procure 50 tmt of wheat and 1.41 mmt of boro rice, respectively, from the domestic market. The drive for wheat began on 1 April 2019 and continued till 30 June 2019, while the drive for boro rice began on 25 April 2019 and will continue till 31 August 2019. As of 4 July 2019, however, 41.50 tmt of wheat and 690 tmt of boro rice have actually been procured, according to the Directorate General of Food.

Public Distribution

The government has enhanced its efforts to ease the hardship of poor households by distributing subsidized grains through the public food distribution system (PFDS) - mainly food for work (FFW), gratuitous relief (GR), vulnerable group development (VGD), essential priorities (EP), and Chottogram hill (Ctg Hill) channels.

For FY19, the revised distribution target through PFDS is about 2.84 mmt, while in FY18 some 2.12 mmt of food grains was actually distributed. As of end June 2019, a total of 2,593.30 tmt was distributed through PFDS, which is about 91.31 per cent of the yearly revised target. The OMS drive has been continuing up to Upazila level all over the country.

Public Stock

According to the Directorate General of Food, the public food grains stock as of 4 July 2019 stood at 1,714.10 tmt – 1,286.10 tmt in rice and 428 tmt in wheat.

Domestic Market Price

In the fortnight ending 4 July 2019, the wholesale price of rice (Swarna) in Dhaka city markets remained unchanged at Tk.28 per Kg, while the retail price decreased by 1.5 per cent to Tk.33.50 per Kg. The wholesale and retail prices of rice now are, respectively, 28.8 per cent and 20.4 per cent lower than what they were a year ago.

Over the same period, the wholesale and retail prices of coarse flour (atta) in Dhaka city markets increased by 0.9 per cent and 1.8 per cent, respectively, to Tk.22.80 per Kg and Tk.28 per Kg. However, the wholesale and retail prices are, respectively, 1.9 per cent and 2.8 per cent higher now than the prices that prevailed last year.

International Market Price

In the fortnight ending 5 July 2019, the price of India 5% parboiled rice rose by 1.6 per cent to US$375 per mt while the prices of Thai 5% parboiled and Vietnam 15% white rice fell by 1.5 per cent and 3.7 per cent, respectively, to US$392 per mt and US$313 per mt. But the price of Pakistan 5% parboiled rice remained unchanged at US$385 per mt. During the same period, the price of West Bengal coarse rice and Dhaka city wholesale price of rice increased by 1.5 per cent and 1.2 per cent at US$336 per mt and US$333 per mt, respectively.

Over the same period, the prices per mt of US Soft Red Winter (SRW), US (HRW), Russian and Ukraine wheat decreased by 10.3 per cent, 5.3 per cent, 1.8 per cent and 1.3 per cent, respectively, to US$203, US$216, US$193 and US$195. On the same date, Dhaka city wholesale price of wheat also decreased by 0.7 per cent to US$319.50 per mt.

1.2 Fish and Animal Farming (Live stock and Poultry)

According to the National Accounts Statistics of BBS, fish and animal farming (livestock and poultry) sub-sectors accounted for about 4.97 per cent of the country's GDP in FY19, compared to 5.09 per cent in FY18. Separately, fish and animal farming sub-sectors accounted for 3.50 per cent and 1.47 per cent, respectively, of the country's GDP in FY19, compared to 3.56 per cent and 1.53 per cent in FY18.

Besides, fish and animal farming sub-sectors are likely to grow by 6.29 per cent and 3.47 per cent in FY19, compared to 6.37 per cent and 3.40 per cent in FY18, respectively. Nearly 20 million people are currently involved in the fish sector, while the animal farming sector has created job opportunities for around 6.5 million people.

Fish

After being self-sufficient in fish production for the first time in 2018, Bangladesh has started to get global recognition as one of the biggest fish producers. The country was ranked third in producing fish from inland water-bodies in the world, behind China and India, according to a report of Food and Agriculture Organization (FAO, 2018). The country was fifth on the list last year. Besides, according to the report titled 'The State of World Fisheries and Aquaculture 2018', Bangladesh is now the fifth biggest aquaculture producer and eleventh biggest marine and coastal sources producer in the world.

Fish production in the country increased by 58.85 per cent in the last ten years as a result of various programs taken by the government. According to BBS, the production of fish, including inland and marine, rose to 4,289 thousand metric tons (tmt) in FY18 from 2,700 tmt in FY09, following the introduction of modern technology in local fish farming. The production of inland and marine fish increased to 3,574 tmt and 714 tmt in FY18 from 2,218 tmt and 482 tmt in FY09, respectively.

Live Stock

The livestock and dairy sector is developing fast in the country with many educated youths showing interest in animal farming. As a result, sacrificial animals are in surplus ahead of Eid-ul-Azha, thanks to commercial and marginal farmers.

According to the Department of Livestock Services (DLS), some 11.78 million cattle are available for sacrifice against the total demand for 11.20 million. A total of 2,885,142 cows and buffaloes, 2,009,710 sheep and goats and 6,563 other animals like camel and dumba are set to be sacrificed during this Eid in August 2019. Under the government's cow-fattening program, these animals have been reared at 577,416 farms, according to the DLS.

The dairy industry, too, has a lot of potential in the country. Through investment and assistance, local dairy farmers will be able to increase production, which will ultimately help reduce the price of milk and increase overall protein consumption.

2.0 INDUSTRY

Detailed data on the broad industry sector, including the manufacturing sub-sector, are not available for the quarter under review (Q4 of FY19). Hence, this section reviews the industry sectors performance during the previous quarters of the fiscal year that ended in June 2019. According to BBS Statistics, the share of the industry sector in GDP increased by 1.48 percentage points to 35.14 per cent in the just completed fiscal year (FY19) from 33.66 per cent in the previous fiscal year. The broad industry sector grew at 13.02 per cent in FY19 compared to 12.06 per cent in FY18.

2.1 Manufacturing Industries

Within the broad industry sector, the manufacturing sub-sector grew by 1.33 percentage points to 14.73 per cent in FY19, compared to the previous fiscal year's 13.40 per cent. Within manufacturing, the large and medium scale industries sub-sector performed better than in the previous fiscal, growing at 15.61 per cent in FY19, compared to 14.26 per cent in FY18. The small scale manufacturing industries sub-sector grew at a lower rate than other sub-sectors. This sub-sector grew at 10.26 per cent in FY19 as against 9.25 per cent in FY18.

The share of the manufacturing sub-sector in GDP increased to 24.21 per cent in FY19 from 22.85 per cent in the previous fiscal year, whereas the share of the large and medium scale industries sub-sector in GDP rose to 20.36 per cent in FY19 from 19.07 per cent in FY18, and the share of small scale industries sub-sector in GDP increased to 3.85 per cent from 3.78 per cent.

According to the BBS's Survey of Manufacturing Industries in 2019 (SMI 2019) and 2012 (SMI 2012), the number of industrial establishments of the large and medium scale industries declined significantly in 2019 from 2012 even though their contribution to GDP increased. The contribution of the manufacturing sub-sector to GDP increased to nearly 28 per cent in 2019 from about 18 per cent in 2012. The number of establishments of large industries, employing 250 or more people, fell by 608 units to 3,031 in 2019 from 3,639 in 2012. On the other hand, the number of establishments of medium scale industries, employing 100 to 250 people, fell by 50.61 per cent to 3,014 units in 2019 from 6,103 in 2012. Some analysts view that part of the decline may be due to strong compliance requirement. According to economists, the decline in the number of large and medium scale industrial units indicates that the industrial sector is in a difficult situation and it may have negative consequences on employment generation and the economy as a whole. However, the number of establishments of small-scale industries, employing 25 to 99 people, increased sharply by 50.37 per cent to 23,557 in 2019 from 15,666 in 2012.

The number of persons engaged in the medium scale manufacturing industries decreased significantly by 55.77 per cent to 0.46 million in 2019 from 1.04 million in 2012, while the number of persons engaged in the large and small scale manufacturing industries increased by 36.15 per cent and 52.70 per cent to 4.03 million and 1.13 million in 2019, respectively, from 2.96 million and 0.74 million in 2012.

2.2 Construction

Data on the country's construction sector are not available for the quarter under review (Q4 of FY19). The major components of construction activities are pucca and semi-pucca dwelling and non-dwelling construction. According to BBS, the value of output of these structures must have been increasing with increasing growth of the economy. Public sector construction is higher due to increased ADP for FY19. The construction sector grew at 9.63 per cent in FY19 compared to 9.92 per cent in FY18.

It is worth mentioning, however, that real estate business, which is categorized by BBS as a sub-sector of the broad services sector, has seen an improvement in recent times, thanks to property price corrections, reduction in the property registration costs, declines in the interest rates on home loans, and the return of political stability. An increasing number of customers have been placing new bookings. For quite some time, most of the realtors were selling flats and plots at a low profit margin to maintain their cash flows. They now hope that the recent cut in lending rates by banks and financial institutions as well as the reduction in the property registration costs would boost apartment sales. Nevertheless, land scarcity and the high value of land along with the high prices of construction materials, lack of experienced professionals to construct high-rise buildings and skilled labor are major challenges for the real estate sector.

However, provisional estimates of BBS show that the real estate sector grew at the rate of 5.15 per cent in FY19, compared to 4.98 per cent in FY18. The share of the sector in GDP fell 0.18 percentage point to 6.13 per cent in FY19 from 6.31 per cent in the previous fiscal year.

2.3 Power

The power supply situation improved in the quarter under review but the demand for power, too, increased as anticipated. On 30 June 2019, the last day of FY19, the demand for electricity was 11,251 MW and load shedding was zero, according to the Bangladesh Power Development Board website (www.bpdp.gov.bd). The maximum generation in 2019 (recorded on 29 May) was 12,893 MW. Total installed capacity rose to 18,825 MW in July 2019 and derated/present capacity rose to 18,302 MW, but production remained low because of gas shortage and also because some power stations were shut down for maintenance. Transmission infrastructure has proved to be a bottleneck in reaching electricity to consumers.

In July 2019, the total installed capacity of 18,825 MW comprised of coal 524 MW (2.78%), gas 10,068 MW (53.48%), HFO 4,611 MW (24.49%), HSD 2,205 MW (11.71%), Hydro 230 MW (1.22%), Solar 27 MW (0.14%) and imported 1,160 MW (6.18%), according to the BPDB website.

According to a recent World Bank report (Tracking SDG7: The energy progress report 2019), Bangladesh has made significant progress in electricity access to the population as the rate has increased to 88 per cent. Among the 20 countries with the largest population lacking access to electricity, India, Bangladesh, Kenya, and Myanmar have made the most significant progress since 2010. Global growth in access was driven by countries like India and Bangladesh, where incremental access outpaced population growth by a significant margin. The report also forecaste that building on the recent progress, Bangladesh and Indonesia are expected to achieve universal access to electricity by 2030, while in the rest of Asia, the majority of countries would attain electricity coverage levels greater than 90 per cent by that year.

The WB report has used the data up to 2017 but until April 2019, Bangladesh's electricity coverage increased to 93 per cent of the total population, according to the Ministry of Power, Energy and Mineral Resources (MoPEMR). The government has set the goal of providing electricity to all citizens by 2021 and to that end has initiated steps to generate 24,000 mw of energy by that year. It is also expected that energy generation will reach 40,000 mw by 2030 and 60,000 mw by 2041. Distribution and transmission infrastructure will also have to be developed to keep pace with the increased generation capacity.

3.0 SERVICES SECTOR

The broad services sector has nine sub-sectors, data on which are yet insufficient to enable an understanding of how they have fared in the quarter under review. Of the different sub-sectors, electricity, gas & water supply, transport, storage & communication, hotel & restaurant, wholesale & retail trade, health & social work, real estate, renting & business activities, financial intermediations and community, social & personal services have performed better in the just-concluded financial year (FY19) compared to the previous year. Bangladesh, however, needs to advance the country's technology capacity further and expand services to such areas as tourism, engineering, consultancy, infrastructure etc.

According to the National Accounts Statistics of BBS, the share of the services sector in GDP decreased by 0.85 percentage point to 51.26 per cent at constant prices in FY19 from 52.11 per cent in the previous fiscal year, even though the sector grew at a slightly higher rate of 6.50 per cent in FY19 compared to 6.39 per cent in FY18.

4.0 MONETARY AND CREDIT DEVELOPMENTS

Broad money (M2) recorded a higher growth of 9.88 per cent at the end of June 2019 compared to the 9.24 per cent growth achieved at the end of June 2018 (Table 1). Domestic credit, on the other hand, grew by 12.17 per cent in the 12-month period ending in June 2019, as against the higher credit growth of 14.70 per cent till the end of June 2018. The credit growth in June 2019 was also below the credit growth target of 15.90 per cent set in the monetary policy for the second half of the fiscal year (MPS, H2 of FY19).

Among components of domestic credit, private sector credit registered 11.29 per cent growth during the 12-month period between June 2018 and June 2019, compared with the much higher growth of 16.94 per cent during the period between June 2017 and June 2018. Private sector credit growth was also below the central bank's target of 16.5 per cent set for the MPS in the second half of FY19. Public sector credit, on the other hand, recorded a growth of 19.15 per cent at the end of June 2019, compared with the negative growth of 0.45 per cent at the end of June 2018. Within public sector credit, credit to government (net) recorded a growth of 18.10 per cent, and credit to other public sector recorded a growth of 24.32 per cent, during the period (Table 1).

Table 1: Monetary and Credit Indicators

(Taka in crore)

Particulars	Outstanding Stock			% Changes in Outstanding Stock	
	June 2019P	June 2018R	June 2017R	June 2019 over June 2018	June 2018 over June 2017
Total Domestic Credit	1145932	1021627	890670	12.17	14.70
Credit to Public Sector	135944	114095	114614	19.15	(-) 0.45
Net Credit to Government Sector	112074	94895	97334	18.10	(-) 2.51
Credit to Other Public Sector	23870	19200	17280	24.32	11.11
Credit to Private Sector	1009988	907532	776056	11.29	16.94
Reserve Money (RM)	246188	233743	224659	5.32	4.04
Broad Money (M2)	1219609	1109981	1016076	9.88	9.24

Note: P=Provisional; R=Revised
Source: Bangladesh Bank

Total liquid assets of scheduled banks fell to Tk.246,796 crore at the end of May 2019, which is Tk.17,471 crore lower than the total amount of Tk.264,267 crore that prevailed at the end of June 2018. The minimum liquidity requirement of the scheduled banks was Tk.186,246 crore at the end of May 2019 (Table 2). The scheduled banks thus held an excess liquidity of Tk.60,550 crore as of end May 2019.

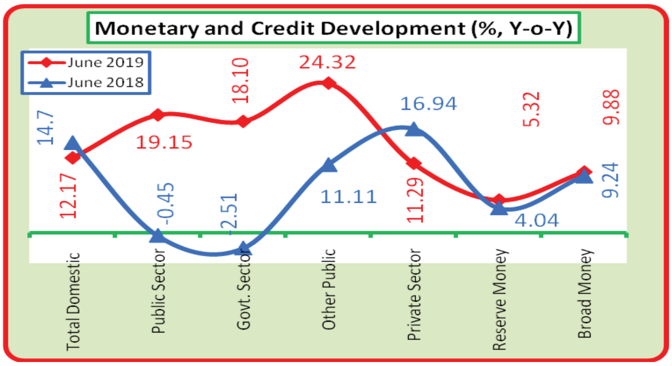
Table 2: Liquidity Position of Scheduled Banks

(Taka in crore)

Bank Group	As of end June, 2018^R	As of end May 2019^P		
	Total Liquid Assets	*Total Liquid Assets*	*Minimum Required Liquid Assets*	*Excess Liquidity*
1	2	3	4	5 (3-4)
State owned banks	101322	81542	53264	28278
Private banks (other than Islamic)	111090	114310	96301	18009
Private banks (Islamic)	28150	28278	25422	2856
Foreign banks	22201	21074	9680	11394
Specialized banks*	1504	1592	1579	13
Total	**264267**	**246796**	**186246**	**60550**

Notes: P=Provisional; R=Revised; *= SLR does not apply to Specialized banks (except BASIC Bank) as exempted by the government
Source: Bangladesh Bank

Bangladesh Bank data show that, of the total liquid assets of scheduled banks as of end May 2019, some 6.64 per cent was held in the form of Cash in tills and balances with Sonali Bank, 25.04 per cent in the form of CRR, 1.53 per cent in the form of Excess Reserves, 4.17 per cent in the form of balances with Bangladesh Bank in Foreign Currency and the remaining 62.62 per cent in the form of Unencumbered approved securities.



4.1 Policy Interest Rate Developments

In order to address the Taka liquidity stress in the banking sector, Bangladesh Bank lowered the CRR by 1.00 percentage point from 6.50 to 5.50 per cent of total time and demand liabilities.

Among the central bank's prime rates, the repo rate was lowered from 6.75 per cent to 6.0 per cent with effect from 15 April 2018 while the reverse repo rate was left unchanged at 4.75 per cent (Table 3).

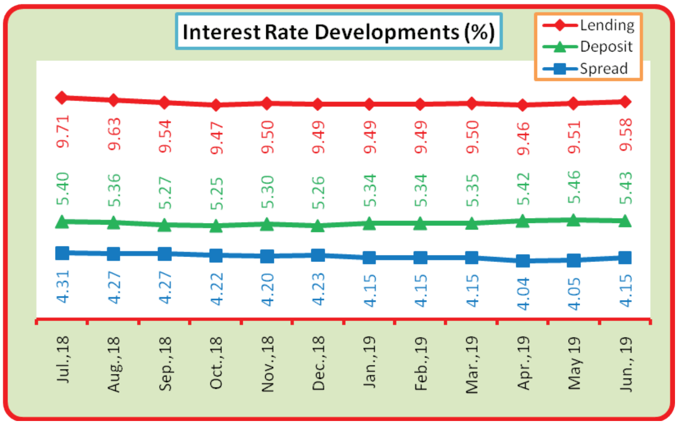
Table 3: Interest Rate (weighted average) movements in FY18 and FY19

(in per cent)

Month/Quarter	Repo	Reverse Repo	Lending Rate	Deposit Rate	Interest Rate Spread
FY18^R					
July	6.75	4.75	9.51	4.89	4.62
August	6.75	4.75	9.46	4.93	4.53
September	6.75	4.75	9.45	4.90	4.55
October	6.75	4.75	9.39	4.89	4.50
November	6.75	4.75	9.30	4.90	4.40
December	6.75	4.75	9.35	4.91	4.44
January	6.75	4.75	9.42	5.01	4.41
February	6.75	4.75	9.55	5.18	4.37
March	6.75	4.75	9.70	5.30	4.40
April	6.00	4.75	9.89	5.43	4.46
May	6.00	4.75	9.96	5.51	4.45
June	6.00	4.75	9.95	5.50	4.45
FY19^P					
July	6.00	4.75	9.71	5.40	4.31
August	6.00	4.75	9.63	5.36	4.27
September	6.00	4.75	9.54	5.27	4.27
October	6.00	4.75	9.47	5.25	4.22
November	6.00	4.75	9.50	5.30	4.20
December	6.00	4.75	9.49	5.26	4.23
January	6.00	4.75	9.49	5.34	4.15
February	6.00	4.75	9.49	5.34	4.15
March	6.00	4.75	9.50	5.35	4.15
April	6.00	4.75	9.46	5.42	4.04
May	6.00	4.75	9.51	5.46	4.05
June	6.00	4.75	9.58	5.43	4.15

Notes: P=Provisional, R=Revised
Source: Bangladesh Bank

The interest rate spread in the banking sector rose to 4.15 per cent in June 2019 from 4.05 per cent in the previous month (May of FY19). However, the weighted average interest rate on deposits decreased to 5.43 per cent in June 2019 from 5.46 per cent in May 2019 while the interest rate on lending increased to 9.58 per cent in June 2019 from 9.51 per cent in the immediate previous month.



4.2 Industrial Term Loans

Data on industrial term loans are available only up to the third quarter (January-March) of FY19. According to BB data, the disbursement of industrial term loans during January-March of FY19 stood at Tk.15,249 crore, which was 37.1 per cent lower than the amount disbursed during the immediate previous quarter (October-December) of FY19 (Table 4).

The recovery of industrial term loans, however, increased by 4.3 per cent to Tk.18,670 crore during the January-March of FY19.

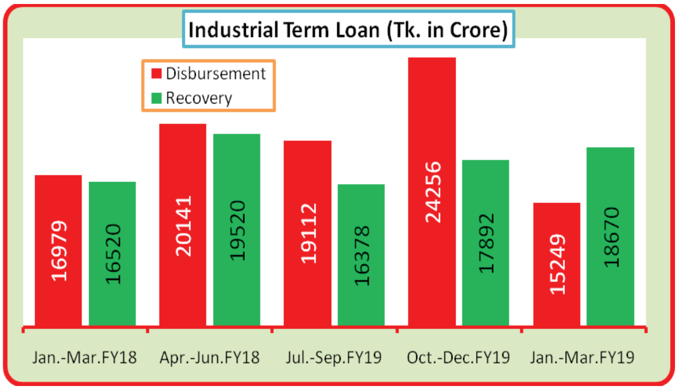


Table 4: Disbursement and Recovery of Industrial Term Loans

Quarter	Disbursement (Tk. in crore)				Recovery (Tk. in crore)			
	LSI	MSI	SSCI	Total	LSI	MSI	SSCI	Total
January-March of FY18R	12966	1871	2142	16979 (- 5.0)	12356	2131	2033	16520 (- 11.4)
April-June of FY18R	16033	2425	1683	20141 (+18.6)	15440	2168	1912	19520 (+18.2)
July-September of FY19R	15529	2049	1534	19112 (-5.1)	12553	2085	1740	16378 (-16.1)
October-December of FY19R	19272	2704	2280	24256 (26.9)	13636	2112	2144	17892 (9.2)
January-March of FY19P	10871	1592	2786	15249 (-37.1)	15119	1702	1849	18670 (4.3)

Notes: LSI=Large Scale Industries, MSI=Medium Scale Industries and SSCI=Small Scale & Cottage Industries
P=Provisional; R=Revised; Figures in parentheses indicate the percentage change over the previous quarter
Source: BB

4.3 SME Loans

Data on SME loans are not available beyond Q3 (January-March 2019) of FY19. According to BB data, total SME loans by all banks and non-bank financial institutions (NBFIs) increased by 2.10 per cent to Tk.197,718 crore at the end of March 2019 from Tk.193,647 crore at the end of March 2018. The disbursement of SME loans was 19.63 per cent of total loans disbursed by all banks and NBFIs at the end of March 2019 (Table 5).

Table 5: Outstanding Position of SME Loans

(Tk. in crore)

Quarter	Type of Loans	SOBs	PBs	FBs	SBs	NBFIs	Total
January-March of FY18[R]	Total Loans	158538	642067	31646	22942	48715	903908
	SME Loans	31642	149048	2540	1052	9365	193647
	Percentage	(+19.96)	(+23.21)	(+8.03)	(+4.59)	(+19.22)	(+21.42)
April-June of FY18[R]	Total Loans	164164	767114	33941	24177	49855	1039251
	SME Loans	33415	147476	1996	1160	9467	193515
	Percentage	(+20.35)	(+19.22)	(+5.88)	(+4.80)	(+18.99)	(+18.62)
July-September of FY19[R]	Total Loans	153842	673430	33582	23886	56213	940953
	SME Loans	27028	142441	1959	1257	9397	182083
	Percentage	(+17.57)	(+21.15)	(+5.83)	(+5.26)	(+16.72)	(+19.35)
October-December of FY19[R]	Total Loans	162521	706048	35370	24602	54532	983073
	SME Loans	28395	146760	2064	1257	9768	188244
	Percentage	(+17.47)	(+20.79)	(+5.84)	(+5.11)	(+17.91)	(+19.15)
January-March of FY19[P]	Total Loans	167084	723034	36391	24726	55904	1007139
	SME Loans	34993	148969	1969	1714	10073	197718
	Percentage	(+ 20.94)	(+ 20.60)	(+ 5.41)	(+ 6.93)	(+ 18.02)	(+19.63)
% change of SME loans at the end of March 2019 over end of March 2018		+ 10.59	(-) 0.05	(-) 22.46	+ 62.93	+ 7.56	+ 2.10

Notes:P=Provisional, R=Revised; SOBs= State Owned Banks, PBs= Private Banks, FBs= Foreign Banks, SBs= Specialized Banks, NBFIs= = Non-bank Financial Institutions; Figures in parentheses indicate SME loans as percentage of total loans

Source: BB

4.4 Agricultural Credit and Non-farm Rural Credit

The disbursement of agricultural credit and non-farm rural credit by all scheduled banks in the just-concluded fiscal year (FY19) stood at Tk.23,616 crore, which was 10.39 per cent higher than the amount (Tk.21,394 crore) disbursed in the previous fiscal year (Table 6 and Figure). In July-June of FY19, banks disbursed 108.33 per cent of their annual disbursement target of Tk.21,800 crore. The disbursement exceeded the target through strengthening the banks' monitoring and supervision from the very beginning of the fiscal year. Also Bangladesh Bank in special meetings had asked some banks to take effective measures to achieve their respective loan disbursement targets by the end of FY19. Loan disbursement by banks in the quarter under review (Q4 of FY19) increased by 41.96 per cent to Tk.7,352 crore from Tk.5,179 crore in the corresponding quarter of the previous fiscal.

On the other hand, loan recovery increased by 10.38 per cent to Tk.23,734 crore in FY19, compared to Tk.21,503 crore in the previous fiscal year.

Table 6: Disbursement and Recovery of Agricultural Credit and Non-farm Rural Credit

(in crore Taka)

Month	FY19[P]		FY18[R]	
	Disbursement	Recovery	Disbursement	Recovery
July	1151.12	1544.85	1574.07	1613.61
August	939.24	1220.28	1219.98	1252.17
September	1403.28	1742.83	1441.69	1698.03
Total of Q1	***3493.64 (- 17.52)***	***4507.96 (-1.22)***	***4235.74 (+22.99)***	***4563.81 (+28.83)***
October	1858.43	2048.44	1969.02	1614.34
November	2123.53	1923.00	2026.12	1965.00
December	2755.81	2913.84	2524.86	1988.67
Total of Q2	***6737.77 (+3.34)***	***6885.28 (+23.66)***	***6520.00 (+53.93)***	***5568.01 (+22.00)***
January	1869.63	1912.26	1946.43	1744.41
February	2012.52	2015.99	1818.25	1720.76
March	2150.43	1692.76	1693.75	1797.65
Total of Q3	***6032.58 (+10.52)***	***5621.01 (+6.81)***	***5458.43 (-7.13)***	***5262.82 (+5.81)***
April	2261.51	1916.02	1738.72	2217.64
May	1810.22	1724.86	1670.92	1838.25
June	3280.53	3079.19	1769.74	2052.59
Total of Q4	**7352.26**	**6720.07**	**5179.38**	**6108.48**
Total of Q1 – Q4 (July-June)	**23616.25 (+10.39)**	**23734.32 (+10.38)**	**21393.55 (+1.88)**	**21503.12 (+14.13)**

Notes: P=Provisional, R=Revised; Figures in parentheses indicate the percentage change over the same period of the previous fiscal year

Source: Bangladesh Bank

5.0 CAPITAL MARKET

The capital market witnessed a declining trend for most of the time in the just-concluded fiscal year (FY19). Dhaka stocks ended in a negative zone on 30 June 2019 amid cautious trading as investors were assessing the possible impact of the changes to the tax measures for listed companies in the Finance Bill 2019. The proposal for 15 per cent tax on the listed companies' reserve (if the reserve exceeds 50 per cent of their paid up capital) was amended with conditions. A listed company can transfer 70 per cent of its net profits in a financial year to its reserves and retained earnings, and the other 30 per cent would be distributed to the shareholders as dividend. But, if it fails to do so, it must pay 10 per cent tax every year on the total amount transferred to reserves and retained earnings. Besides, if any listed company declares stock dividend, it must declare the same amount of cash dividend. If the amount of stock dividend exceeds the cash dividend, the company must pay 10 per cent tax on the total amount of stock dividend.

The market remained volatile throughout FY19 due to the national elections in December and instability in the country's banking sector amid scams, irregularities and liquidity shortage. Between 1 July 2018 and 30 June 2019, the benchmark index of the Dhaka Stock Exchange (DSE), DSEX, gained just 16 points. It started with 5,405.46 points and ended at 5,421.62 points. The daily turnover, another important gauge, stood at Tk.6.14 billion on an average, down by 4.95 per cent over the previous fiscal's Tk.6.46 billion.

Net foreign investment at the DSE declined in the just-concluded fiscal year (FY19) after seven fiscal years as overseas investors booked profits by selling shares. Also, the devaluation of the Taka prompted the foreign investors to sell shares, possibly in anticipation of further devaluation. Foreign investors bought shares worth Tk.40.17 billion while sold Tk.42.01 billion worth of shares in FY19, taking the net position of Tk.1.84 billion negative, according to DSE data.

6.0 PUBLIC FINANCE

Data on NBR's tax revenue collection are available for 11 months up to May of the just-concluded fiscal year (FY19), while data on non-NBR revenue are available only for 9 months up to March of the fiscal. According to provisional data of the National Board of Revenue (NBR), total NBR tax revenue collection during July-May of FY19 increased by 8.35 per cent to Tk.193,611 crore, compared to the 17.30 per cent growth and collection of Tk.178,696 crore during the corresponding period of FY18. On the other hand, the collection of non-NBR revenue, which accounts for less than 4.0 per cent of the government's total revenue, decreased by 11.77 per cent to Tk.4,792 crore in the first 9 months of FY19, compared to the 25.83 per cent growth in the corresponding 9 months of the previous fiscal (Table 7 and Figure).

Earlier, the NBR had set a revenue collection target of Tk.296,201 crore for FY19, which is about 19.34 per cent higher than the original target (Tk.248,190 crore) of the previous fiscal year, about 31.64 per cent higher than the revised target of Tk.225,000 crore, and also about 46.41 per cent higher than the actual collection of Tk.202,313 crore in FY18. Recently, the NBR revised down the revenue collection target to Tk.288,000 crore, which is about 28 per cent higher than the revised target, and also about 42.35 per cent higher than the actual collection in the previous fiscal (FY18).

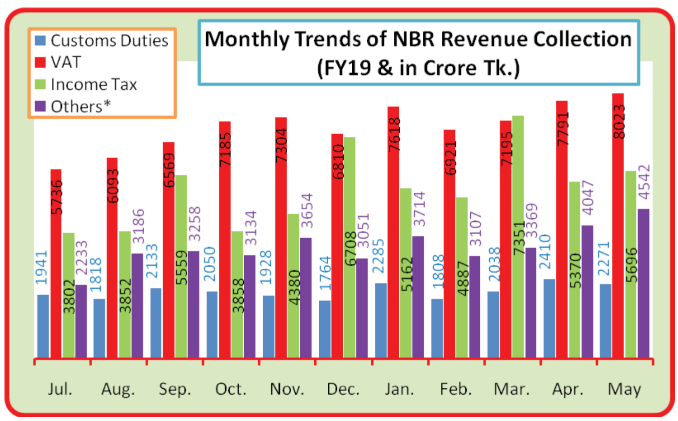


Table 7: Government Tax Revenue Collection

Month	Tax Revenue Collections (in crore Taka)						
	NBR					Non-NBR	Grand Total
	Customs Duties	VAT	Income Tax	Others*	Total		
FY19[P]							
July	1941	5736	3802	2233	13712	402	14114
August	1818	6093	3852	3186	14949	344	15293
September	2133	6569	5559	3258	17519	446	17965
October	2050	7185	3858	3134	16227	419	16646
November	1928	7304	4380	3654	17266	358	17624
December	1764	6810	6708	3051	18333	514	18847
January	2285	7618	5162	3714	18779	1242	20021
February	1808	6921	4887	3107	16723	552	17275
March	2038	7195	7351	3369	19953	515	20468
Total of July-March	**17765 (-1.98)**	**61431 (12.60)**	**45559 (12.66)**	**28706 (-4.53)**	**153461 (7.17)**	**4792 (-11.77)**	**158253 (6.48)**
April	2410	7791	5370	4047	19618	NA	NA
May	2271	8023	5696	4542	20532	NA	NA
Total of July-May	**22446 (-0.48)**	**77245 (12.94)**	**56625 (14.06)**	**37295 (-2.11)**	**193611 (8.35)**	**NA**	**NA**
FY18[R]							
July	1958	5573	3292	2793	13616	1305	14921
August	2055	5850	3554	3058	14517	530	15047
September	1645	5395	4874	3583	15497	388	15885
October	1997	6025	3590	3183	14795	564	15359
November	2179	6315	3964	3107	15565	529	16094
December	2115	6244	5805	3614	17778	468	18246
January	2153	6421	4871	3567	17012	591	17603
February	1873	6258	4212	3463	15806	493	16299
March	2150	6477	6278	3699	18604	563	19167
Total of July-March	**18124 (18.51)**	**54556 (17.99)**	**40440 (14.22)**	**30068 (18.91)**	**143190 (17.15)**	**5431 (25.83)**	**148621 (17.45)**
April	2237	6994	4493	4209	17933	582	18515
May	2193	6846	4712	3822	17573	544	18117
Total of July-May	**22554 (17.65)**	**68396 (18.08)**	**49645 (14.37)**	**38099 (19.66)**	**178696 (17.30)**	**6557 (18.70)**	**185253 (17.35)**

Notes: P=Provisional; R=Revised; NA=Not Available; *=include supplementary duties and travel tax;
Figures in brackets indicate percentage changes over the corresponding period of the preceding year.

Sources: BB, NBR and Office of the Controller General of Accounts

6.1 Public Expenditure

According to the Implementation Monitoring and Evaluation Division (IMED), the implementation rate of the Annual Development Program (ADP) in the just-concluded fiscal year (FY19) was slightly higher than in the previous fiscal due to intensive monitoring of the Ministry and regular interaction between officials of development projects and the Ministry. Also, the government ministries and divisions made better progress mainly riding on hurried expenditure in the last month of FY19, June, when they spent a huge amount of Tk.465.51 billion or more than one-fourth (26.36%) of total annual expenditure. Many development experts criticized the practice of abnormally higher ADP spending rate in June, the last month of the fiscal alone, which results in poor quality of work.

Some 94.36 per cent or Tk.1,666.53 billion of the total revised ADP of Tk.1,766.20 billion was spent by 58 ministries and divisions in July-June of FY19. This was the highest in the last five years since FY14 when the ministries and divisions implemented 95 per cent. In the corresponding period of the previous fiscal, Tk.1,483.06 billion was spent, which was 94.11 per cent of the total revised outlays (Tk.1,575.94 billion).

Fifteen ministries and divisions, which together received 83.19 per cent of the total development budget in FY19, were implementing some mega projects, including the Padma Bridge and metro rail projects, as well as some large power plants. Among these ministries and divisions, project implementation by the Ministry of Housing and Public Works was the highest (101.13%), followed by the Ministry of Science and Technology (100.02%), the Road Transport and Highways Division (99.77%), the Ministry of Shipping (99.70%), the Secondary and Higher Education Division (99.20%), the Bridges Division (97.30%), the Energy and Mineral Resources Division (96.18%), the Ministry of Water Resources (95.67%), the Ministry of Primary and Mass Education (95.56%), the Local Government Division (95.32%), the Power Division (93.46%), and the Prime Minister's Office (92.51%). Implementation agencies that spent less than 90 per cent of their respective ADP budgets were: the Health Service Division (87.89%), the Ministry of Railways (86.35%), and the Bangladesh Election Commission Secretariat (78.48%).

7.0 EXPORTS

Bangladesh this year hit an important milestone, raising hopes about the country's bright future. According to the Export Promotion Bureau (EPB), export earnings reached an all-time high in the just-concluded fiscal year (FY19), where it grew by 10.54 per cent to US$40.53 billion from US$36.67 billion in the previous fiscal year (Table 8 and Figure). The increase also beat official forecasts, being 3.93 per cent higher than the annual target (US$39 billion).

Not surprisingly, readymade garments (RMG) played a major role in the overall increase in exports, contributing 84.21 per cent of the total in FY19. In the previous fiscal year, it accounted for 83.49 per cent of total exports. Besides, non-RMG sectors such as agricultural and chemical products, petroleum bi-products, headgear/cap, plastic and cotton and cotton products also did better than the previous fiscal year.

Economists and analysts attribute the rise to a combination of factors including improvements in safety measures in the apparel sector, government's policy support, political stability, and the US-China tariff war that forced global brands to change their sourcing destination to Bangladesh.

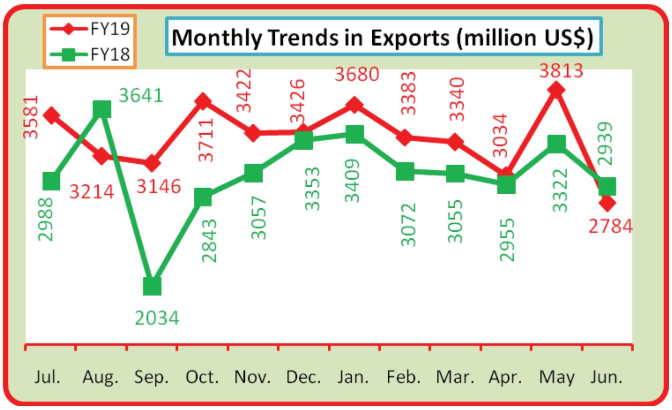
However, export earnings in the quarter under review (Q4 of FY19) depicted a lower growth rate of 4.50 per cent, compared to 10.54 per cent during the entire 12-month period. In fact, export growth in Q4 was the lowest, compared to other quarters of the fiscal 2019: 9.09 per cent in Q3; 14.11 per cent in Q2 and 14.75 per cent in Q1. And in June 2018 alone, year-on-year, exports witnessed a negative growth of 5.27 per cent. Exports in June (US$2.78 billion) were also below the monthly target of US$3.60 billion (Table 8 and Figure).

Table 8: Monthly Trends in Exports (Goods)

Month	Exports (million US$)		Change (%)
	FY19[P]	FY18[R]	
July	3581	2988	19.85
August	3214	3641	(-) 11.73
September	3146	2034	54.67
Total of Q1	9941	8663	14.75
October	3711	2843	30.53
November	3422	3057	11.94
December	3426	3353	2.18
Total of Q2	10559	9253	14.11
January	3680	3409	7.95
February	3383	3072	10.12
March	3340	3055	9.33
Total of Q3	10403	9536	9.09
April	3034	2955	2.67
May	3813	3322	14.78
June	2784	2939	(-) 5.27
Total of Q4	9631	9216	4.50
Total of Q1 – Q4	40534	36668	10.54

Notes: P=Provisional; R=Revised

Sources: EPB



Yet economists and officials see the better-than-expected rise in export as very encouraging, which could help Bangladesh achieve its US$60 billion export target, including US$50 billion in RMG, by 2021.

To make it a real possibility, they say, the country should focus immediately on market and product diversification. So far, the lion's share of Bangladesh's exports has been to only 10 countries, leaving the country highly dependent on these markets. The over-dependence also made it clear that any disruptions in those countries would make Bangladesh extremely vulnerable, forcing it to explore new destinations.

Ten countries imported over 71 per cent or US$28.89 billion of total exports in FY19. These 10 countries were the United States (US), Germany, the United Kingdom (UK), Spain, France, Italy, Canada, Japan, the Netherlands and Poland. Of that total amount (US$28.89 billion) of export earnings from these 10 countries, 88.37 per cent (US$$25.53 billion) came from apparel items.

The over-reliance on a single sector (RMG) is not healthy for the country's economy, as any turmoil in that sector (work stoppage, fire, other disturbances) can deal a major blow to the export sector. Along with RMG, other sectors also deserve proper government attention to grow.

Diversification of exports, in respect of both countries and commodities, is essential for stabilizing export earnings. Businesses and government should explore new markets where there are immense opportunities for new products apart from RMG items. For example, it has been found that some countries in Africa, East Europe as well as Russia are eager to import items like RMG, leather products and jute goods from Bangladesh. Export potentials of the South Asian countries have not yet been fully realized either. It is high time now to shift to high value products as part of export diversification.

EPB's export data for July-June of FY19 shows positive growth in a number of products, such as woven garments (+11.79%), knitwear (+11.19%), agricultural (+34.92%) and chemical products (+36.13%), petroleum bi-products (+504.57%), cotton & cotton products (+21.87%), specialized textiles (+30.80%), plastic products (+21.65%), other footwear (+11.24%), other manufactured products (+20.31%), headgear/cap (+11.75%), and man-made filaments & staple fibres (+22.94%).

Products that showed negative growth include leather & leather products (-6.06%), jute & jute goods (-20.41%), frozen & live fish (-1.58%), home textile (-3.07%), and engineering products (-4.12%).

Country wise, export earnings from the USA, the single largest export destination for Bangladesh, grew by 14.93 per cent to US$6.876 billion in FY19 from US$5.983 billion in the previous fiscal year as a good number of apparel buyers shifted their orders from China to Bangladesh due to US-China trade tension. RMG exports to the US market, also the largest export destination for Bangladesh, rose by 14.58 per cent to US$6.13 billion from US$5.35 billion.

Exports to Germany, the second largest export destination, registered a 4.79 per cent growth, year-on-year, to US$6.173 billion in FY19, of which RMG stood at US$5.84 billion, depicting a 4.68 per cent growth in the period.

Exports to the UK, the third largest destination, increased by 4.51 per cent to US$4.169 billion in FY19 from US$3.989 billion in FY18 while RMG exports in the market stood at US$3.86 billion with a 3.62 per cent growth in the period. The low growth of exports to UK was due to dwindling demand following Brexit uncertainties.

Export earnings from Spain increased by 3.95 per cent, from France 10.62 per cent, and from Italy 5.32 per cent.

On the other hand, export earnings from neighboring India posted a 42.96 per cent growth to US$1.248 billion in FY19 from US$0.873 billion in FY18. It was mainly the RMG items that drove Bangladesh's exports to India. RMG exports to that country witnessed a 79.10 per cent growth to US$499.09 million from US$278.67 million in the past year.

Growth in export earnings from three promising markets – Poland, Japan and China – also turned around in the period after experiencing ordinary performance in the last few years. The overall export to Poland, Japan and China grew by 31.92 per cent, 20.66 per cent and 19.60 per cent, respectively.

8.0 IMPORTS

Import payments (C&F) in the first eleven months (July-May) of FY19, for which data are available, stood at US$56.034 billion, which is 2.61 per cent higher than import payments during the corresponding months of FY18 (Table 9 and Figure). Import payments increased mainly due to higher imports of intermediate goods and fuel oil to meet the growing demands of the local market.

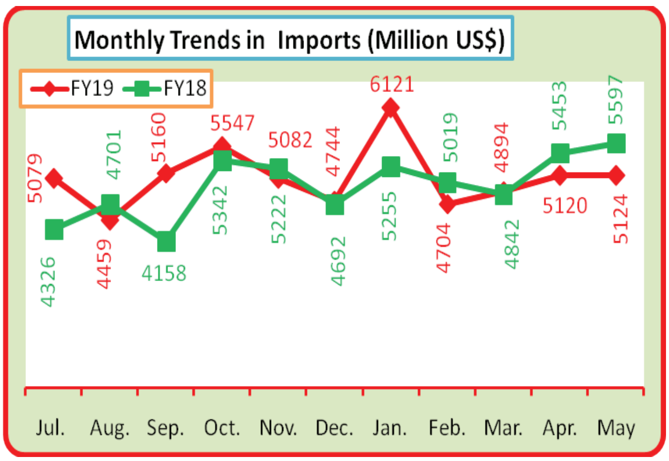


Table 9: Monthly Trends in Custom based Imports

Month	Imports (million US$)		Change (%)
	FY19P	FY18R	
July	5079	4326	17.41
August	4459	4701	(-) 5.15
September	5160	4158	24.10
October	5547	5342	3.84
November	5082	5222	(-) 2.68
December	4744	4692	1.11
January	6121	5255	16.48
February	4704	5019	(-) 6.28
March	4894	4842	1.07
April	5120	5453	(-) 6.11
May	5124	5597	(-) 8.45
Total of July - May	**56034**	**54608**	**2.61**

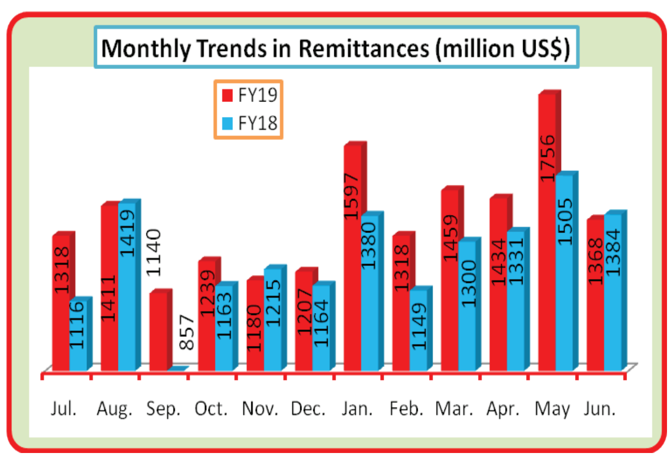
Notes: P=Provisional; R=Revised
Source: Bangladesh Bank

According to Bangladesh Bank (BB) data, the settlement of import Letters of Credit (LCs) increased by 5.82 per cent to US$50.570 billion during July-May of FY19 compared to US$47.787 billion in the corresponding period of the previous fiscal. The import of intermediate goods such as coal, hard coke, clinker and scrap vessels etc, increased significantly during July-May of FY19. Various construction materials imported as intermediate goods pushed up the overall import payments in the first eleven months of FY19. Different mega infrastructure projects, including Padma Bridge, metro-rail and Dhaka Elevated Expressway were the users of the lion's share of these intermediate goods.

Higher import of industrial raw materials and consumer goods also pushed up the overall import expenses during the period under review. The opening of fresh import LCs, however, decreased by 17.50 per cent to US$53.956 billion in the first eleven months of FY19 from US$65.405 billion in the corresponding period of the previous fiscal.

9.0 REMITTANCES

The flow of inward remittance in the just-concluded fiscal year (FY19) increased by 9.64 per cent to a record US$16.427 billion from US$14.983 billion in FY18 (Table 10 and Figure), thanks to the steady depreciation of the Taka against the US Dollar. Also, the increased demand for funds by the families of the expatriates ahead of *Eid-ul-Azha* led to an increase in the flow of inward remittances in recent months. Remittances in the quarter under review (Q4 of FY19) rose by 8.01 per cent to US$4.558 billion from US$4.220 billion in the corresponding period of the previous fiscal year.



MCCI expects that the upward trend in inward remittance will continue in the current fiscal year (FY20) as the government has announced 2.0 per cent cash incentive for remittance receipts. The government has already allocated Tk.30.60 billion as subsidies in the budget for this fiscal to encourage expatriate workers to send their money through legal channels. Besides, the strengthened surveillance of BB, as in the past, to check 'hundi' should also contribute to raising the remittance inflow.

Table 10: Monthly Trends in Remittances

Month	Imports (million US$)		Change (%)
	FY19P	FY18R	
July	1318	1116	18.10
August	1411	1419	(-) 0.56
September	1140	857	31.51
Total of Q1	**3869**	**3392**	**14.06**
October	1239	1163	6.53
November	1180	1215	(-) 2.88
December	1207	1164	3.35
Total of Q2	**3626**	**3542**	**2.37**
January	1597	1380	15.72
February	1318	1149	14.71
March	1459	1300	12.23
Total of Q3	**4374**	**3829**	**14.23**
April	1434	1331	7.74
May	1756	1505	16.68
June	1368	1384	(-) 1.16
Total of Q4	**4558**	**4220**	**8.01**
Total of Q1 – Q4	**16427**	**14983**	**9.64**

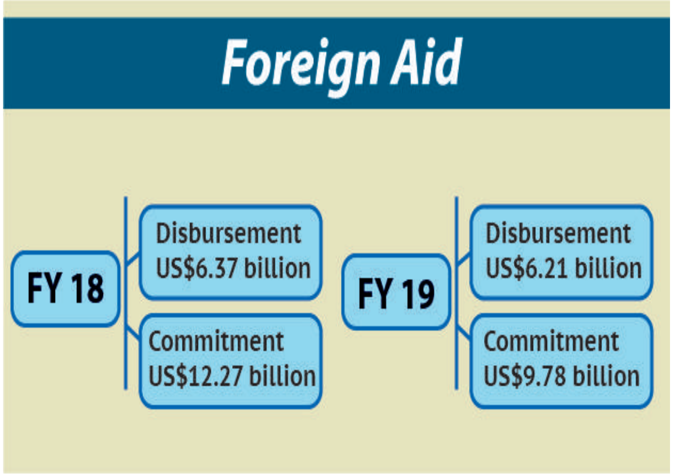
Notes: P=Provisional; R=Revised
Source: Bangladesh Bank

10.0 FOREIGN AID

According to the Economic Relations Division (ERD) provisional data, the disbursement of foreign aid in the just-concluded fiscal year (FY19) decreased by 2.51 per cent to US$6.21 billion from US$6.37 billion in the previous fiscal year. This US$6.21 billion foreign aid inflow to the country in FY19 was the second highest after the previous fiscal's record inflow of US$6.37 billion. Also the amount of foreign aid inflow in FY19 was almost close to its target of US$6.35 billion. The government received US$5.94 billion worth of concessional loans and US$0.27 billion in grants during the period between July 2018 and June 2019.

On the other hand, development partners' commitments of foreign aid stood at US$9.78 billion in FY19, as against US$12.27 billion in the previous fiscal year. Out of the total commitment in FY19, the development partners confirmed US$6.85 billion as loan and US$1.255 billion as grant.

Bangladesh takes Official Development Assistance (ODA) mainly from multilateral organizations or countries that provide soft loans or grants. The country's largest development partner is the World Bank (WB). Other development partners include the Asian Development Bank (ADB), Japan, the Islamic Development Bank (IDB), China, the United Nations (UN), the UK's DFID, Russia, Germany, and India.

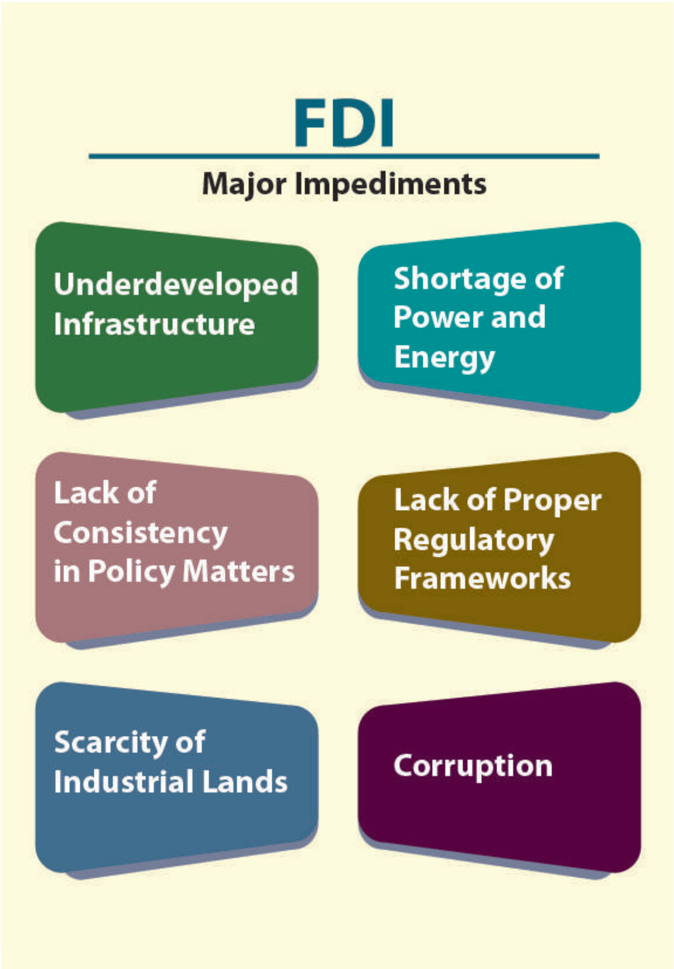


Meanwhile, the government repaid US$1.56 billion worth of interest and principal against its total outstanding MLT loans to the overseas lenders in FY19. Out of the payments, it repaid US$1.18 billion worth of principal and US$387 million worth of interest from July 2018 to June 2019. In the previous fiscal, the government repaid debt worth US$1.41 billion against its outstanding loans. Of the payment, it repaid US$1.11 billion as principal of loans along with US$299 million as interest.

11.0 FOREIGN DIRECT INVESTMENT (FDI)

In the first eleven months of the just-concluded fiscal year (FY19), the net foreign direct investment (FDI) increased by US$0.525 billion or 34.05 per cent to US$2.067 billion from US$1.542 billion in the corresponding 11 months of FY18 (Table 11). FDI inflow in Bangladesh is low compared to many countries at similar level of development.

Bangladesh's low labor costs are generally believed to be attractive to foreign investors, yet they hesitate to make fresh investments in the country because of the country's underdeveloped infrastructure, and such other impediments as the shortage of power and energy, lack of consistency in policy and regulatory frameworks, scarcity of industrial lands, and corruption. The government needs to address these impediments to attract more FDI to the country. According to a government estimate, the country needs to attract average annual FDI inflow of 6 to 7 billion US dollars to graduate to an upper middle income country by 2021.



The government has set a target to bring the country's ranking in the 'ease of doing business' (EODB) index below 100 by 2021 from the existing ranking of 176. Bangladesh's ranking was better earlier, as it was ranked 65 in 2006 and 88 in 2007. The World Bank's ranking indicates the business environment of a country. Its high ranking (a low empirical value) means the business environment is favorable, and low ranking (a high empirical value) means that the environment is bad.

According to the WB report, there is sufficient room for Bangladesh to improve its position in the EODB index. The government, too, has taken some initiatives to improve the business environment. For example, it has initiated a virtual one-stop service (OSS) under the Bangladesh Investment Development Authority (BIDA). Scheduled to be completed by September 2019, it will enable investors from home and abroad to avail more services, such as taking building construction permit and occupancy certificate etc, from the agencies concerned completely online from any place. According to BIDA, when the OSS will become fully functional, 150 types of services, including certification, licensing and approval, will be available via internet from anywhere in the world.

Besides, the government has recently formulated rules ('One Stop Service (Bangladesh Export Processing Zones Authority - BEPZA) Rules 2019') for the country's eight export processing zones under BEPZA to provide 23 types of required services from a central authority.

12.0 BALANCE OF PAYMENTS

The country's trade deficit narrowed by 14.56 per cent to US$14.658 billion in July-May of FY19 from US$17.156 billion in July-May of FY18. The deficit declined mainly because of the steady growth of exports and a fall in imports (Table 11).

The deficit in trade in services, too, shrank year-on-year by 2.37 per cent in the same period of FY19. Lower trade deficit and a 10.75 per cent increase in remittance inflows led to a significant improvement in the current account balance during July-May of FY19. In this period, the current-account deficit narrowed by 39.89 per cent to US$5.175 billion from US$8.609 billion in the corresponding period of the previous fiscal.

The financial account surplus has, however, shrunk by 39.05 per cent to US$4.847 billion from US$7.953 billion during this period, despite an increase in net FDI. Due to a significant improvement in the current account balance, the deficit in the overall balance came down to US$682 million in July-May of FY19 from US$970 million during the corresponding months of FY18. This means a 29.69 per cent improvement in the overall balance of payments during the period under review.

Table 11: Balance of Payments

(in million US$)

Items	July-May of FY19[P]	July-May of FY18[R]	% Changes (2 over 3)
1	2	3	4
Trade Balance	**(-) 14658**	**(-) 17156**	**(-) 14.56**
Exports f.o.b (including EPZ)*	37189	33369	11.45
Of which: Readymade Garments	31734	28129	
Imports f.o.b (including EPZ)*	51847	50525	2.62
Services	**(-) 3239**	**(-) 3164**	**2.37**
Credit	6346	4197	
Debit	9585	7361	
Primary Income	**(-) 2753**	**(-) 2256**	**22.03**
Credit	176	136	
Debit	2929	2392	
Of which: Official Interest Payment	746	528	
Secondary Income	**15475**	**13967**	**10.80**
Official Transfers	22	46	
Private Transfers	15453	13921	
Of which: Workers' Remittances inflows	15059	13597	10.75
Remittances excluding investments	14852	13331	
Current Account Balance	**(-) 5175**	**(-) 8609**	**(-) 39.89**
Capital Account	**217**	**263**	
Capital Transfers	217	263	
Financial Account	**4847**	**7953**	**(-) 39.05**
Foreign Direct Investment (gross inflows)	3837	2887	
Of which; Foreign Direct Investment net inflows**	2067	1542	34.05
Portfolio Investment (net)	162	343	
Of which: Investment by NRBs	207	266	
Other Investment (net)	2618	6068	
Errors and Omissions	**(-) 571**	**(-) 577**	**(-) 1.04**
Overall Balance	**(-) 682**	**(-) 970**	**(-) 29.69**

Notes: P=Provisional; R=Revised; * = Both exports and imports are compiled on the basis of shipment data

** Disinvestment, repayments of loans & loss have been deducted as per BPM6 and it includes in financial account calculation instead of gross FDI

Source: Bangladesh Bank

13.0 EXCHANGE RATE

Between end-June 2018 and end-June 2019, the Taka depreciated by 0.95 per cent against the US Dollar. On the inter-bank market, the US Dollar was quoted at Tk.83.7000 at the end of June 2018 and Tk.84.5000 at the end of June 2019 (Table 12).

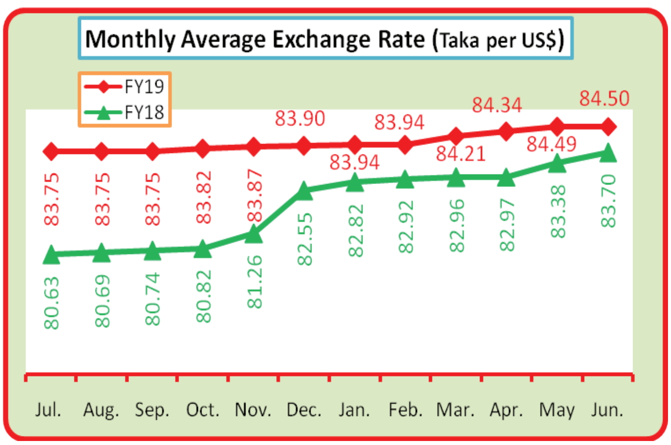
Table 12: Monthly Exchange Rate

Month	FY19ᴾ (Taka per US$)		FY18ᴿ (Taka per US$)	
	Month Average	End Month	Month Average	End Month
July	83.7472	83.7500	80.6262	80.6598
August	83.7500	83.7500	80.6937	80.7000
September	83.7500	83.7500	80.7354	80.8000
October	83.8167	83.8500	80.8202	80.8810
November	83.8735	83.9000	81.2550	82.3000
December	83.9000	83.9000	82.5520	82.7000
January	83.9417	83.9500	82.8150	82.9000
February	83.9417	84.1500	82.9196	82.9600
March	84.2081	84.2500	82.9600	82.9600
April	84.3390	84.4500	82.9746	82.9800
May	84.4923	84.5000	83.3846	83.7000
June	84.5000	84.5000	83.7010	83.7000

Note: i) P=Provisional; R=Revised

ii) Exchange rate represents the mid-value of buying and selling rates

Source: Bangladesh Bank



14.0 FOREIGN EXCHANGE RESERVES

Bangladesh Bank's gross foreign exchange reserves stood at US$32.538 billion (with ACU liability of US$1.02 billion) as of end June 2019, compared to US$31.345 billion (with ACU liability of US$0.62 billion) as of end May 2019 (Table 13 and Figure).

The current foreign exchange reserve (less ACU liability) is sufficient to pay import bills of 6.27 months; according to the average of the previous 12 months (June, 2018-May, 2019) import bills are US$5.02 billion per month on average.

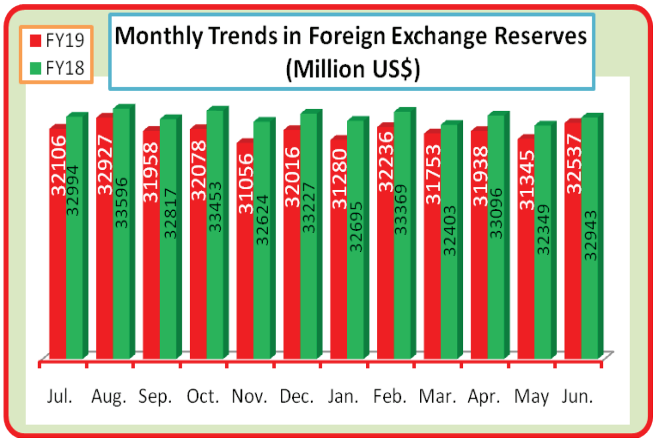


Table 13: Monthly Trends in Foreign Exchange Reserves

Month	Foreign Exchange Reserve (million US$)	
	FY19ᴾ	FY18ᴿ
July	32106	32994
August	32927	33596
September	31958	32817
October	32078	33453
November	31056	32624
December	32016	33227
January	31280	32695
February	32236	33369
March	31753	32403
April	31938	33096
May	31345	32349
June	32538	32943

Notes: P=Provisional; R=Revised

Source: Bangladesh Bank

15.0 OVERSEAS EMPLOYMENT SITUATION

Bangladesh is keen to boost manpower export in the coming years, with the opening of opportunities for sending more local workers to Japan, Malaysia, United Arab Emirates (UAE) and the Kingdom of Saudi Arabia (KSA). These countries have recently announced their willingness to employ more workers from Bangladesh. Japan has agreed to recruit technical interns from Bangladesh. Malaysia is expected to lift the moratorium on migrant workers within the next few months. Currently, some 400,000 Bangladeshi workers are working legally in Malaysia.

Both public and private sectors are trying to expand manpower export to other countries, including Thailand and Mauritius. Yet, the number of Bangladeshi workers working overseas is much lower than the potential. Only 167,426 workers from Bangladesh entered the international market with jobs during the quarter under review (April-June of FY19). The number of such emigrants was 165,328 during the previous quarter, according to the Bureau of Manpower Employment and Training (BMET). At present, there are more than 12.5 million Bangladeshis working in 162 countries, mostly in the Middle East. Their contribution accounts for about 50 per cent of the country's foreign currency reserves.

Bangladeshi female workers started going abroad for jobs since 1991. Some 30,061 female workers entered the international markets with jobs during the quarter under review as against 32,577 that moved out during the previous quarter (January-March of FY19). Female workers, mostly housemaids and garment workers, are employed mainly in KSA, UAE, Jordan, Oman, Lebanon and Qatar.

16.0 PRICE SITUATION

The general point to point inflation fell 0.11 percentage points to 5.52 per cent in June 2019 from 5.63 per cent in May 2019 due to decline in both food and non-food prices (Table 14). Year-on-year, the inflation rate in June of FY19 fell slightly by 0.02 percentage points to 5.52 per cent from 5.54 per cent.

Food price inflation fell 0.09 percentage points to 5.40 per cent in June 2019 from 5.49 per cent in the immediate past month of FY19 (May 2019) but, year-on-year, food price inflation decreased 0.58 percentage points from 5.98 per cent.

On the other hand, non-food price inflation came down by 0.13 percentage points to 5.71 per cent in June 2019 from 5.84 per cent in the previous month while year-on-year, the non-food price inflation increased by 0.84 percentage points from 4.87 per cent.

BBS data also shows that prices of food items such as rice, pulses, sugar, edible oil, fish, vegetable dropped during the period under review, while house rents and costs of clothing, household goods, fuel, medical and transportation services, and education increased.

Besides, the average annual inflation in the just-concluded fiscal year (FY19) decreased by 0.30 percentage points to 5.48 per cent from 5.78 per cent in the previous fiscal year. The rate of annual average inflation also remained lower than the government's target of 5.6 per cent in FY19. Thus, one key monetary policy objective of BB, viz., bringing down annual average inflation to 5.60 per cent by end June 2019, from 5.78 per cent of end June 2018, stood over fulfilled.

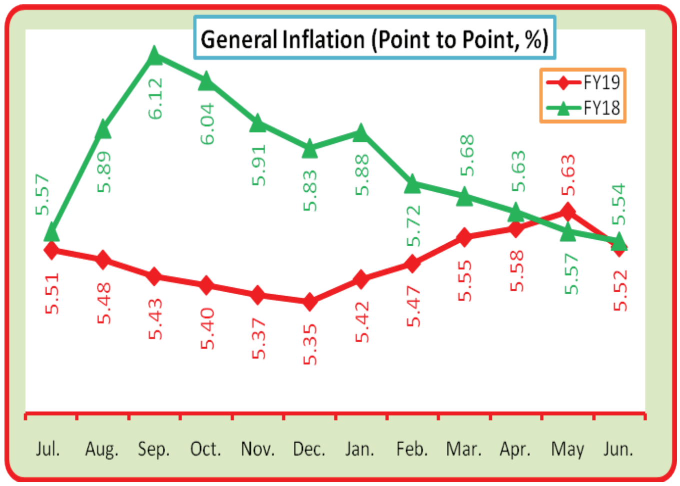
Table 14: Monthly Trends in Inflation (Base: 2005-06=100)

(Per cent)

Period	Point to Point-All (National)			Point to Point-Rural			Point to Point-Urban		
	General	Food	Non-food	General	Food	Non-food	General	Food	Non-food
FY19P									
July	5.51	6.18	4.49	5.04	5.34	4.49	6.37	8.08	4.50
August	5.48	5.97	4.73	5.05	5.34	4.51	6.28	7.39	5.04
September	5.43	5.42	5.45	4.99	4.86	5.22	6.23	6.65	5.74
October	5.40	5.08	5.90	4.87	4.52	5.53	6.38	6.35	6.41
November	5.37	5.29	5.49	4.91	4.84	5.06	6.21	6.32	6.09
December	5.35	5.28	5.45	4.91	4.84	5.05	6.14	6.27	5.99
January	5.42	5.33	5.57	5.14	5.28	4.89	5.93	5.43	6.50
February	5.47	5.44	5.51	5.26	5.48	4.86	5.85	5.38	6.39
March	5.55	5.72	5.29	5.38	5.80	4.58	5.86	5.52	6.24
April	5.58	5.54	5.64	5.41	5.68	4.89	5.89	5.22	6.66
May	5.63	5.49	5.84	5.44	5.67	5.01	5.96	5.09	6.95
June	5.52	5.40	5.71	5.38	5.58	5.01	5.78	5.01	6.64
FY2018-19	**5.48**	**5.51**	**5.43**	**5.15**	**5.27**	**4.93**	**6.07**	**6.04**	**6.10**
FY18R									
July	5.57	6.95	3.53	5.41	6.86	2.84	5.86	7.15	4.48
August	5.89	7.32	3.75	5.88	7.39	3.19	5.91	7.18	4.51
September	6.12	7.87	3.44	6.21	7.97	2.98	5.95	7.63	4.08
October	6.04	7.62	3.61	6.14	7.71	3.24	5.86	7.40	4.12
November	5.91	7.09	4.10	5.93	7.07	3.83	5.89	7.15	4.47
December	5.83	7.13	3.85	5.84	7.08	3.54	5.82	7.22	4.25
January	5.88	7.62	3.23	5.90	7.40	3.13	5.86	8.13	3.37
February	5.72	7.27	3.36	5.64	6.94	3.25	5.87	8.02	3.50
March	5.68	7.09	3.52	5.63	6.77	3.52	5.76	7.80	3.51
April	5.63	7.03	3.49	5.59	6.76	3.44	5.70	7.63	3.57
May	5.57	6.56	4.08	5.07	5.62	4.07	6.48	8.69	4.08
June	5.54	5.98	4.87	5.07	5.25	4.76	6.38	7.63	5.03
FY2017-18	**5.78**	**7.13**	**3.74**	**5.69**	**6.90**	**3.48**	**5.95**	**7.63**	**4.08**

Notes: i) P=Provisional, R=Revised; ii) Food includes food, beverages and tobacco

Source: BBS



A comparison of point to point inflation data for rural and urban areas in June of FY19 shows that the general and non-food price inflation rate was higher in urban areas than in rural areas. Food price inflation, however, was lower in urban areas than in rural areas (Table 14).

17.0 CHAMBER'S PROJECTION ON SOME SELECTED ECONOMIC INDICATORS

On the basis of observations in the preceding nine months, the Chamber has made its own projections on some selected economic indicators for the first quarter (July-September) of the present fiscal (Q1 of FY20). These projections are presented in Table 15.

Table 15: Projection on Some Selected Indicators in Q1 of FY20

Indicators	FY19									FY20		
	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	April	May	June	**July**	**August**	**Sept.**
Export (million US$)	3711	3422	3426	3680	3383	3340	3034	3813	2784	**3085**	**3195**	**3320**
Import (million US$)	5547	5082	4744	6121	4704	4894	5120	5124	**5240**	**5290**	**5350**	**5420**
Remittance (million US$)	1239	1180	1207	1597	1318	1459	1434	1756	1368	**1550**	**1610**	**1690**
Forex Reserve (million US$)	32078	31056	32016	31280	32236	31753	31938	31345	32537	**32330**	**32870**	**32660**
Inflation, Point to Point (per cent)	5.40	5.37	5.35	5.42	5.47	5.55	5.58	5.63	5.52	**5.90**	**5.95**	**5.98**

Notes: October – June of FY19: actual figures except June value of Import; July – September of FY20: projections (figures in bold)

Sources: BB, BBS and the Chamber's own calculation

It is foreseen that the political situation will remain stable and peaceful in the coming days. Export, import, and remittances will therefore increase. The foreign exchange reserve is likely to fall in July and September due to payments to the Asian Clearing Union (ACU) against imports.

18.0 CONCLUDING OBSERVATIONS

Bangladesh's impressive growth and its journey towards a higher development trajectory have been globally admired. As per the provisional estimate of BBS, the GDP growth in the just-concluded fiscal (FY19) is 8.13 per cent, up from 7.86 per cent in the previous fiscal (FY18). The actual GDP growth of 8.13 per cent on FY19 also surpasses the government's target of 7.80 per cent for the fiscal.

Another laudable success of government and policy makers was to bring down the annual average inflation to 5.48 per cent in FY19 while the official target was 5.60 per cent.

However, despite the creditable performance of the economy in certain areas, overall achievements remain below their true potential. Inadequate infrastructure, lack of investor confidence in the economy that discourages fresh investment, and shortage of power and energy, are now major impediments to the growth of the economy, along with weak implementation and ambiguity of regulatory and policy frameworks. These impediments must be removed to restore the confidence of the foreign investors as well as the country's own business and investor community.

In the quarter under review (Q4 of FY19), some risk factors such as power and gas shortage and weak infrastructure that disrupt industrial production and also discourage new investment appeared as major obstacles to the expansion of economic activity.

However, the overall economic situation is positive as indicated by steady improvements in the major economic indicators. Steady progress in the agriculture sector, moderately good growth in industry despite the crisis in the power sector, the decline in the inflation rate, macroeconomic stability, the build-up of a comfortable foreign exchange reserve, and good progress in achieving the SDGs boost people's confidence in the country's ability to attain accelerated economic growth and emerge as a middle income country by the turn of the present decade.

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 certificates of origin, and, through conducting economic research and sector surveys, offering trade and investment facilitation services, legal services, information management and dissemination, and 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, etc. MCCI has a long history of joint collaboration. It interacts regularly with major international trade bodies and many private sector organizations located all over the world.