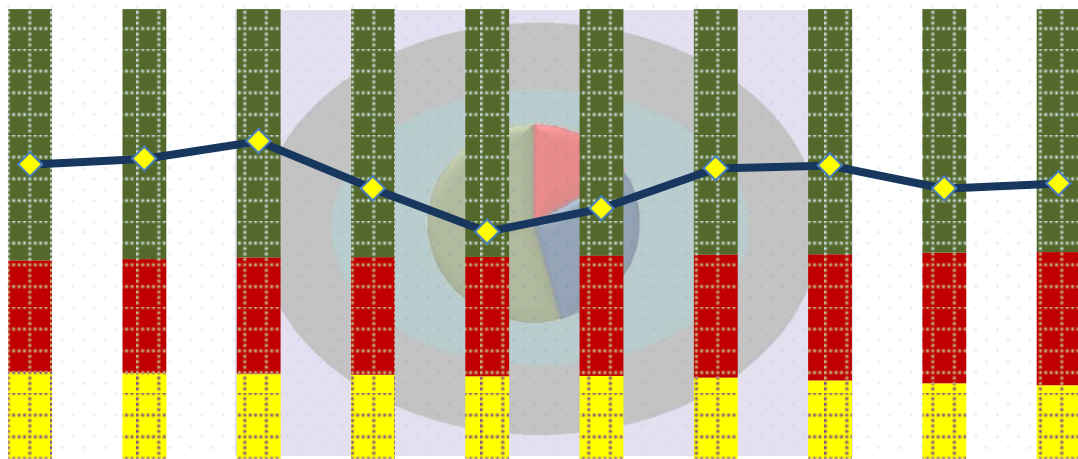




MONTHLY REPORT ON FISCAL-MACRO POSITION

August, 2015



Prepared by:
Macroeconomic Wing
Finance Division, Ministry of Finance, Bangladesh

Contributed by:
Sheikh Farid, Senior Assistant Secretary, Finance Division
Munshi Abdul Ahad, Deputy Secretary

Guided by:
Moinul Islam, Additional Secretary
Finance Division, Ministry of Finance, Bangladesh

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Executive Summary

The August 2015 issue of the report on Fiscal-Macro position contains relevant data and analysis on the movement of major macroeconomic variables in the current month compared to the same period of the previous year. An overview of the report is given below:

Fiscal Sector

Revenue earnings posted a moderate growth by the end (July-June) of FY15. In July-August of FY16, total revenue collection increased by 11.34 percent compared to the same period of previous fiscal year, whereas total government spending increased by 5.87 percent.

Monetary Sector

Broad Money growth was 12.94 percent in the end of August of FY16 compared to August of FY15 mainly due to 21.70 percent and 10.34 percent growth in NFA and NDA respectively. Reserve money growth in August of FY16 over August of FY15 was 10.96 percent.

External Sector

Export earnings increased by 4.71 percent and Import payments declined by 2.98 percent during July-August of FY16 compared to the same period of the previous fiscal while the remittance receipt decreased by 3.08 percent during this period. On the other hand, foreign exchange reserve increased to US\$ 26175.34 in the end of August of FY 16 which was equivalent to import payments of 7.98 months.

Real Sector

According to the provisional estimates of Bangladesh Bureau of Statistics (BBS), real GDP growth in FY15 would stand at 6.51 percent (Base year 2005-06). Per capita GNI in FY15 would reach US\$ 1314. The average rate of inflation (12-month average basis) in August 2015 stood at 6.29 percent. On point to point basis, inflation was 6.17 percent in August 2015, of which, food and non-food inflation were 6.06 percent and 6.35 percent, respectively. There was a positive change in Quantum Index of Industrial Production which was 227.6 in August 2014 and became 258.4 in August 2015.

1. FISCAL SECTOR

1.1 Revenue Earnings

With remarkable growth in Non-NBR revenue, total revenue earning increased by 11.34 percent during July-August of FY 16 compared to the same month of FY 15. Growth rate of Tax revenue up to august 2015 was 11.90 percent which was 10.28 percent in the previous months. On the other hand, growth rate in non-tax revenue slowed to 9.63 percent from 27.42 percent in the previous month.

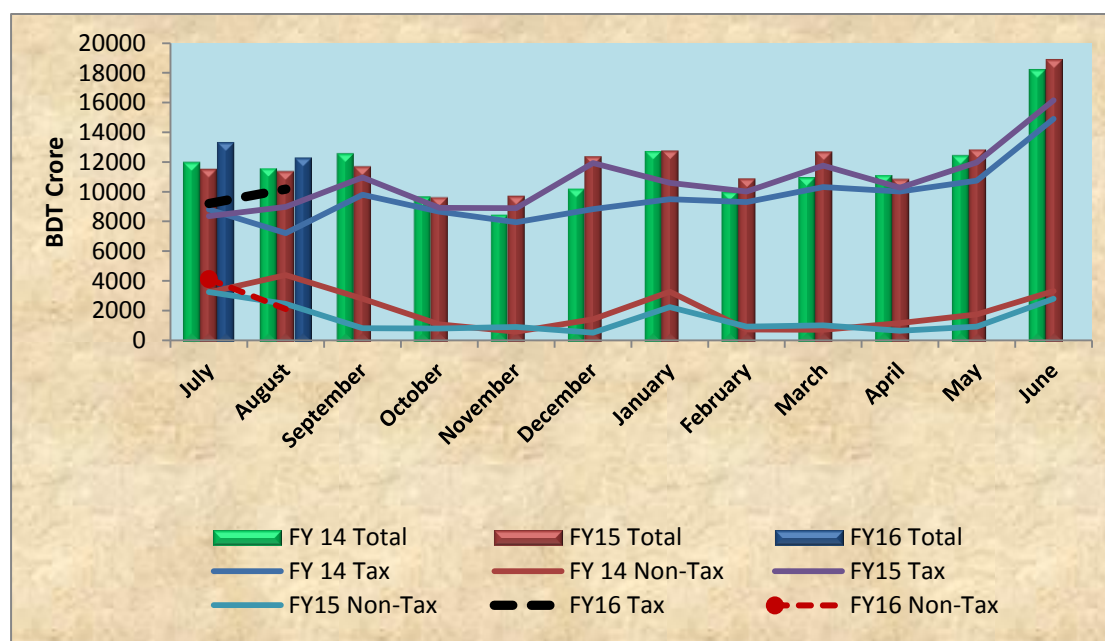
Table 1.1: Revenue Earning

(In crore taka)

| Period | Tax Revenue | | | Non-Tax Revenue | Total Revenue |
|----------------------------------|-------------|---------|--------|-----------------|---------------|
| | NBR | Non-NBR | Total | | |
| 2013-14 (Actual) | 111421 | 4608 | 116029 | 24341 | 140370 |
| 2014-15 (Actual) | 123959 | 4822 | 128781 | 17177 | 145958 |
| Growth (%) | 11.25 | 4.64 | 10.99 | -29.43 | 3.98 |
| July-August, FY15 | 16608 | 717 | 17325 | 5691 | 23016 |
| July-August, FY16 | 18399 | 987 | 19386 | 6239 | 25625 |
| Growth(%) over July-August, FY15 | 10.78 | 37.66 | 11.90 | 9.63 | 11.34 |

Source: Integrated Budgeting & Accounting System (iBAS), Finance Division.

Chart 1.1: Monthly Trend of Revenue earnings (FY14-FY16)



Source: Integrated Budgeting & Accounting System (iBAS), Finance Division.

1.2 Grants

Actual grant receipts fell by 65.3 percent in FY 15 compared to FY14. During July-August of FY16, grant receipt decreased by 10.5 percent to TK. 34 Crore against TK. 38 Crore over the corresponding period of the last fiscal (table 1.2).

Table 1.2: Grants

(In crore taka)

| FY 14 (Actual) | FY 15 (Actual) | Growth (%) | FY 15 | FY 16 | Growth (%) over July-August, FY15 |
|-------------------|-------------------|------------|-----------------|-----------------|--------------------------------------|
| | | | July- August | July- August | |
| 6357 | 2204 | -65.33 | 38 | 34 | -10.5 |

Source: Integrated Budgeting & Accounting System (iBAS), Finance Division.

1.3 Government Expenditure

According to iBAS database, total government expenditure increased by 5.87 percent in July-August of FY16 where the growth rate of current and development (ADP) expenditure were 7.44 percent and 19.05 percent respectively (Table-1.3). It may be noted here that, according to the report of Implementation, Monitoring and Evaluation Division (IMED) of Ministry of Planning, ADP expenditure (without self-financing) stood at BDT 3141 Crore in July-August of FY16, recording 17.7 percent decrease over the same period of the last fiscal year.

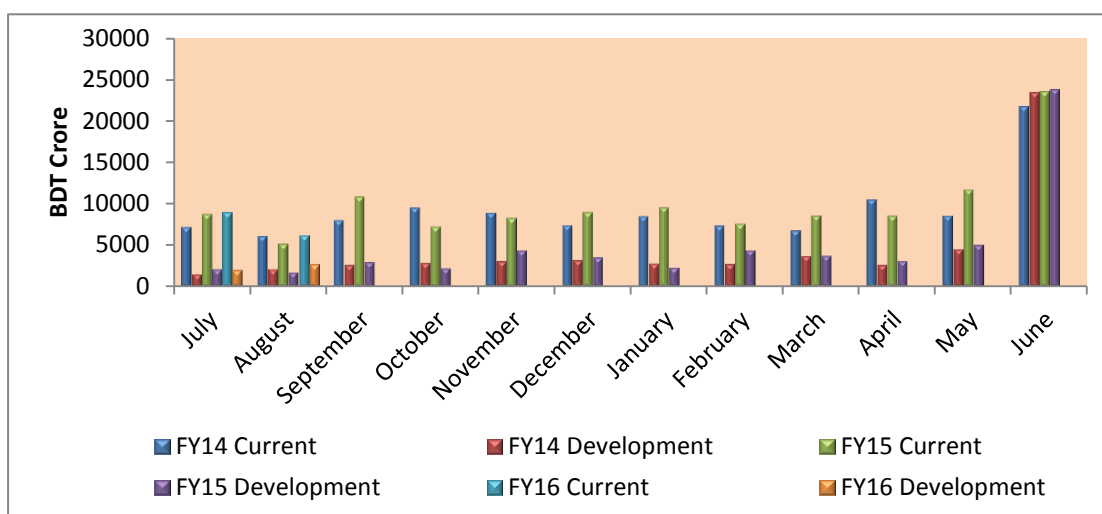
Table 1.3: Government Expenditures

(In crore taka)

| Category of expenditures | FY 14 | FY 15 | Growth (%) | FY 15 | FY 16 | Growth (%) over July-August, FY15 |
|--|---------------|---------------|---------------|--------------|--------------|-----------------------------------|
| | | | | July-August | July-August | |
| 1. Current Spending | 110572 | 118981 | 7.60 | 13959 | 14998 | 7.44 |
| Pay and Allowances | 26344 | 28848 | 9.51 | 5000 | 5085 | 1.70 |
| Goods and Services | 15053 | 16533 | 9.83 | 715 | 915 | 27.97 |
| Interest Payment | 28223 | 30955 | 9.68 | 4078 | 4633 | 13.61 |
| Domestic | 26619 | 29418 | 10.52 | 3751 | 4300 | 14.64 |
| Foreign | 1604 | 1537 | -4.18 | 327 | 333 | 1.83 |
| Subsidy and Transfer | 40711 | 42457 | 4.29 | 4153 | 4350 | 4.74 |
| Others | 241 | 188 | -21.99 | 13 | 15 | 15.38 |
| 2. Food Accounts | 332 | 2131 | 541.87 | 1547 | 1280 | -17.26 |
| 3. Non-ADP Capital & Spending | 21989 | 22935 | 4.30 | 884 | 565 | -36.09 |
| Non-ADP Capital | 10442 | 10595 | 1.47 | 982 | 920 | -6.31 |
| Net Lending | 7727 | 9047 | 17.08 | -141 | -357 | 153.19 |
| Non-ADP Project | 2077 | 2346 | 12.95 | 29 | 0 | -100.00 |
| FFW | 1026 | 376 | -63.35 | 0 | 0 | - |
| Development Expenditure under Revenue Budget | 717 | 571 | -20.36 | 14 | 2 | -85.71 |
| 4. Development Spending | 55325 | 59570 | 7.67 | 3868 | 4605 | 19.05 |
| Total (1+2+3+4) | 188218 | 203617 | 8.18 | 20258 | 21448 | 5.87 |
| Total Spending (Percent of GDP) | 14.01 | 13.45 | - | 1.34 | 1.25 | - |

Source: Integrated Budgeting & Accounting System (iBAS), Finance Division

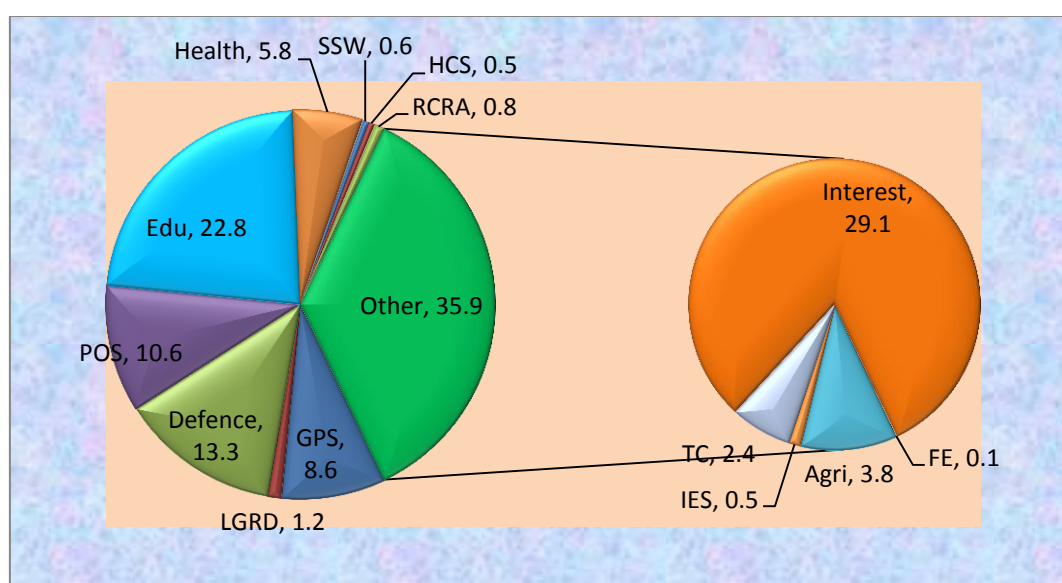
Chart 1.2: Monthly Trend of Current and Development Expenditure (FY 14-16)



1.4 Composition of Revenue Expenditure

Sector wise analysis of revenue expenditure in July-August of FY 16 shows (chart 1.3) that interest payment (29.1%) was the highest spending item followed by education and technology sector (22.8%).

Chart 1.3: Sector wise share (%) of Non-Development expenditure (July-August of FY 16)

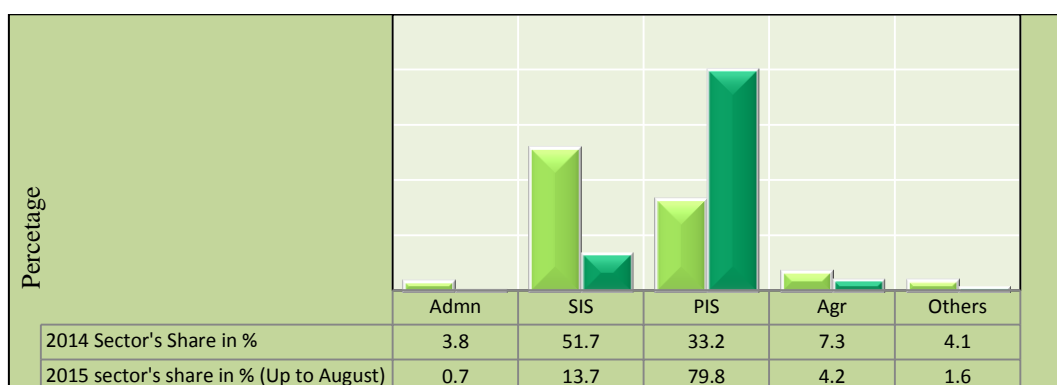


GPS = General Public Services, LGRD = LGD, RD & Cooperatives, CHTs, POS = Public Order and Safety, Edu = Education and Technology, Hlth = Health, SSW = Social Security and Welfare, RCRA = Recreation, Culture and Religious Affairs, Agri = Agriculture, Fisheries and Livestock, Land, Water Resources and Food, FE = Fuel and Energy, IES = Industries, Jute, Textiles, Commerce, Labor & Overseas, TC = Transport and Communication

1.5 Composition of ADP Expenditure

Sector wise analysis of ADP expenditure shows that, over the period of July-August of FY16, highest share of spending went to Physical Infrastructure (79.8%) followed by Social Infrastructure (13.7%).

Chart 1.4: Sector wise share (%) of Development expenditure (July of FY16)



Admn = General Public Services, Defense, and Public Order and Safety; SIS = Social Infrastructure, covers Edu, health, Housing and SSW & LGRD; PIS = Physical Infrastructure, covers FE and Trans; Agri= Agricultural sector and others include RCRA and IES

1.6 Budget Deficit

Overall budget deficit including grants at the end of FY15 stood at 3.8 percent of GDP (Base year 2005-06), which was 3.6 percent in FY14. Overall budget balance including grants during July-August of FY 16 records a surplus of BDT 4176 crore against a surplus of BDT 2761 crore of the same period of previous fiscal year.

Table 1.4: Budget Balance

(In crore taka)

| Year | Overall Balance | Overall Balance as % of GDP |
|------------------|-----------------|-----------------------------|
| 2013-14 | -47848 | -3.6 |
| 2014-15 | -57660 | -3.8 |
| July-August FY15 | 2761 | 0.2 |
| July-August FY16 | 4176 | 0.2 |

Source: Integrated Budgeting & Accounting System (iBAS), Finance Division.

1.7 Deficit Financing

Domestic borrowing from the banking system declined to BDT 375 Crore in FY15 from BDT 18168 Crore in FY 14. On the other hand, borrowing from the non-bank sources increased to BDT 50711 Crore from 19974 Crore within the same period. Net borrowing from the external sources declined to BDT 6608 Crore in FY 15 from BDT 9706 Crore in FY 14. During July-August of FY 16 Government debt stock declined by BDT 4175 Crore.

Table 1.5: Deficit Financing

(In crore taka)

| Period | External (net) | Domestic | | Total Financing | Financing as % of GDP |
|------------------|----------------|----------|----------|-----------------|-----------------------|
| | | Bank | Non-Bank | | |
| 2013-14 | 9706 | 18168 | 19974 | 47848 | 3.6 |
| 2014-15 | 6608 | 373 | 50711 | 57694 | 3.8 |
| July-August FY15 | -1206 | 2721 | -4273 | -2758 | -0.2 |
| July-August FY16 | -714 | 7526 | -10987 | -4175 | -0.2 |

Source: Integrated Budgeting & Accounting System (iBAS), Finance Division

1.8 Net Sale of NSD Certificates

Sale of NSD certificate in July-August period of FY16 stood at Tk. 7760.82 crore which was 23.74 per cent higher than that of the same period of preceding year. As a result, net borrowing through NSD certificates stood at Tk. 4627.19 crore by end of August 2015 (table 1.6).

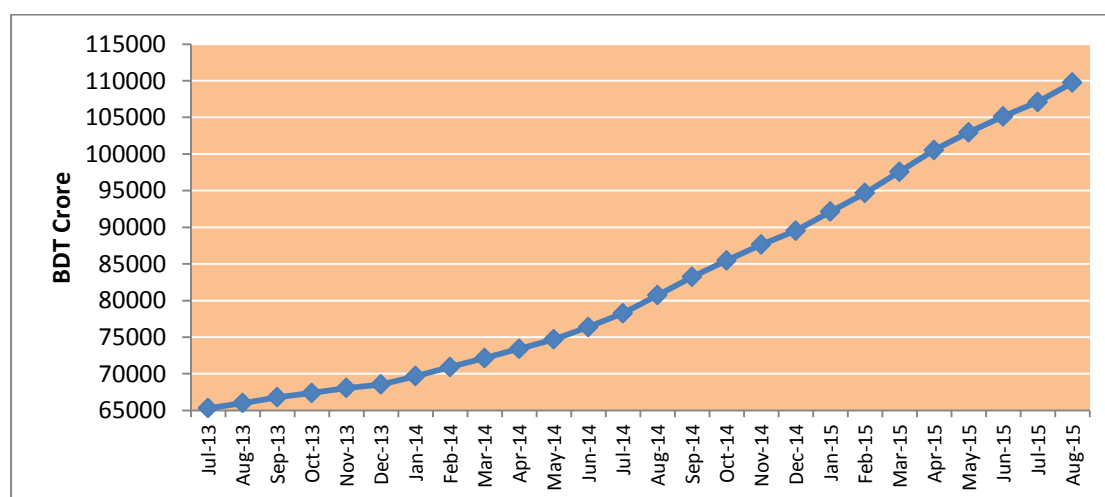
Table 1.6 Net Sales of NSD Certificates

(In crore taka)

| Period | Sales | Repayment (Principal) | Net Sale | Outstanding at the end of period |
|-------------------|----------|-----------------------|----------|----------------------------------|
| 2013-14 | 24309.59 | 12602.29 | 11707.3 | 76397.48 |
| 2014-15 | 42659.79 | 13927.13 | 28732.66 | 105130.14 |
| Growth (%) | 75.49 | 10.51 | 145.43 | 37.61 |
| July-August FY15 | 6271.85 | 1943.36 | 4328.49 | 80725.97 |
| July-August FY 16 | 7760.82 | 3133.63 | 4627.19 | 109757.33 |
| Growth (%) | 23.74 | 61.25 | 6.90 | 35.96 |

Source: National Savings Directorate

Chart 1.5: Outstanding borrowing of government through NSD (In crore taka)



Source: National Saving Directotar

2. MONETARY SECTOR

2.1 Monetary and credit development

Broad money (M2) growth was 12.94 percent at the end of August 2015 (table 2.1) compared to the previous fiscal. This was mainly due to the growth of both Net Foreign Asset and Domestic Assets of banking system recording 21.70 and 10.34 percent increase respectively. Private sector credit growth slightly decreased to 12.69 percent in August 2015 from 12.96 percent of the previous month. Similarly, domestic credit expansion decelerated to 9.63 percent in August 2015 from 10.09

percent in the previous month. However, public sector credit growth continued to remain negative in August 2015.

Table 2.1 Monetary and credit development (Billion BDT)

| Items | Outstanding stock at the end of period | | | Changes in outstanding stock | | August FY 15 | Percentage changes | |
|---------------------|--|-----------|--------------|------------------------------|--------------------------|--------------|--------------------|--------------------------|
| | Jun FY 14 | Jun FY 15 | August FY 16 | Up to August FY 16 | August 15 over August 14 | | Up to August FY 16 | August 15 over August 14 |
| Net Foreign Assets | 1600.6 | 1892.3 | 1984.8 | 92.5 | 354.0 | 1630.8 | 4.89 | 21.70 |
| Net Domestic Asset | 5405.7 | 5983.9 | 6069.0 | 85.2 | 569.0 | 5500.1 | 1.42 | 10.34 |
| Domestic Credit | 6379.1 | 7015.3 | 7095.5 | 80.3 | 623.3 | 6472.2 | 1.14 | 9.63 |
| Public Sector | 1302.7 | 1269.3 | 1313.7 | 44.5 | -27.7 | 1341.4 | 3.50 | -2.06 |
| Govt (Net) | 1175.3 | 1102.6 | 1156.9 | 54.3 | -38.0 | 1194.9 | 4.92 | -3.18 |
| Other Public Sector | 127.4 | 166.7 | 156.9 | -9.8 | 10.4 | 146.5 | -5.89 | 7.09 |
| Private sector | 5076.4 | 5746.0 | 5781.8 | 35.8 | 650.9 | 5130.8 | 0.62 | 12.69 |
| Net Other Item | -973.4 | -1031.4 | -1026.5 | 4.9 | -54.3 | -972.2 | -0.48 | 5.59 |
| Broad Money | 7006.2 | 7876.1 | 8053.8 | 177.6 | 922.9 | 7130.9 | 2.26 | 12.94 |

Source: Monthly Economic Trends, Bangladesh Bank

2.2 Reserve money and money multiplier

Reserve money increases by 10.96 percent at the end of August of FY 16 over the same period of previous fiscal year (table 2.2). At the same time the value of reserve money multiplier remained unchanged at 5.30 at the end of August of FY 16.

Table 2.2: Reserve money and money multiplier (Billion BDT)

| | Outstanding Stock at the end of period | | | Changes in Outstanding Stock | |
|------------------|--|------------|-------------|------------------------------|--------------------------------|
| | June FY 14 | June FY 15 | August FY16 | Up to August FY 16 | August FY 16 over August FY 15 |
| Reserve money | 1298.8 | 1484.8 | 1518.34 | 33.5 (+2.26) | 150.0 (+10.96) |
| Money multiplier | 5.39 | 5.30 | 5.30 | 0.0 | 0.09 |

Source: Bangladesh Bank. Figures in the brackets indicate percentage change

3. EXTERNAL SECTOR

3.1 Export

Export earnings increased by 3.4 percent and stood at US\$ 31208.94 million during FY15 compared with the same period of last fiscal year. Export earnings grew

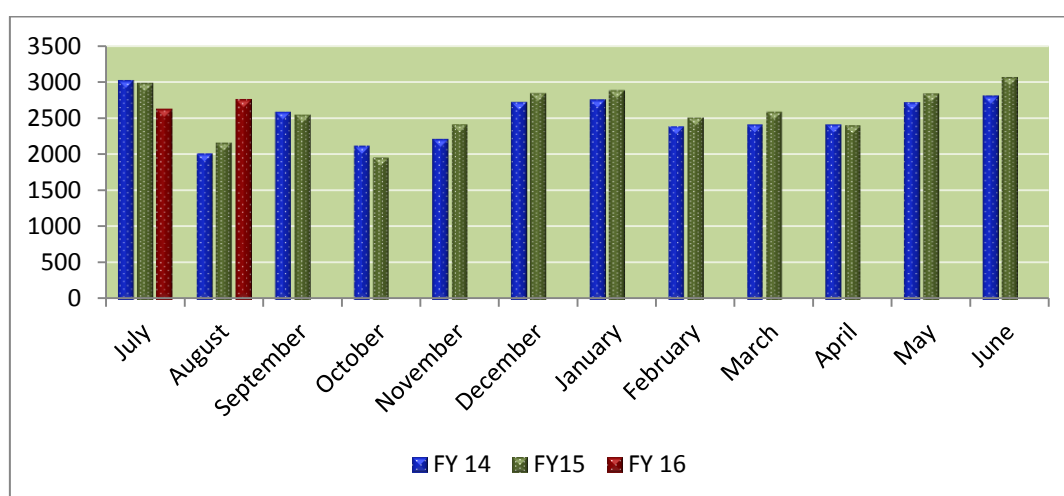
remarkably by 27.73 percent in August of FY 16 compared to the same month of the previous fiscal year. This lead to a positive growth in export earnings by 4.71 percent during July-August period of FY 16 compared to the corresponding period of the previous fiscal.

Table 3.1: Export Performance (Million US\$)

| | FY 14 | FY 15 | July-August FY 16 | August FY 16 |
|--------------------|----------|----------|-------------------|--------------|
| Export | 30186.62 | 31208.94 | 5384.34 | 2758.41 |
| Growth (%)* | 11.69 | 3.39 | 4.71 | 27.73 |

Source: Export Promotion Bureau, *Growth over the same period of the previous time

Chart 3.1: Monthly Trend of Export (Million US\$)



3.2 Imports (c & f)

Up to July-August of FY16, import payments reduced by 2.98 percent and stood at USD 6560.80 million. However, there was a positive growth (8.0%) in import LC settlement during this period.

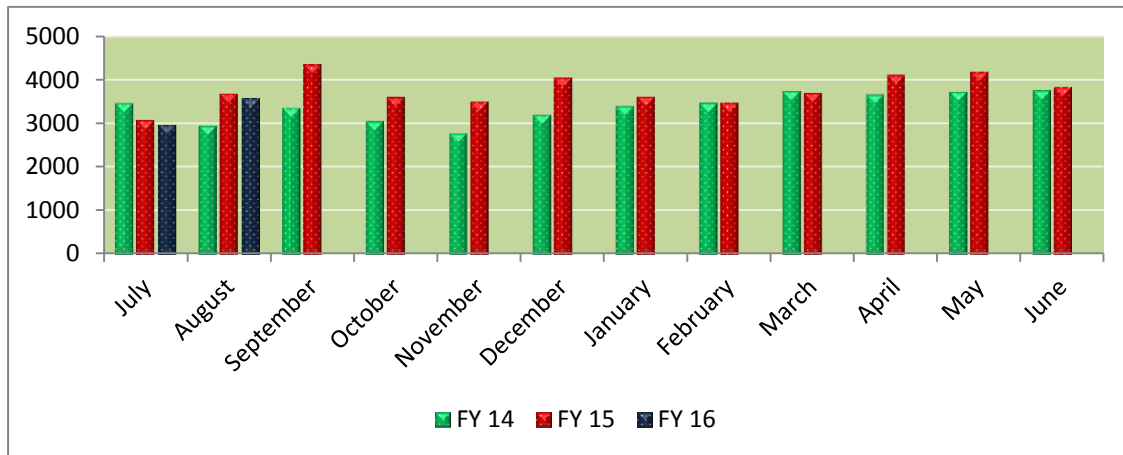
Table 3.2: Import Scenario (Million US\$)

| Period | FY 14 | FY 15 | FY 16 (up to August) | FY 16 August |
|------------------------|----------|----------|----------------------|--------------|
| Import payments | 40616.40 | 45190.2 | 6560.8 | 3583.4 |
| Growth (%) | 8.92 | 11.26 | -2.98 | -2.77 |
| LCs Opened | 41818.56 | 43068.76 | 6643.37 | 3631.73 |
| Growth (%) | 16.29 | 2.99 | -6.83 | 4.51 |
| LCs Settled | 37188.84 | 38455.24 | 6940.26 | 3502.55 |
| Growth (%) | 14.93 | 3.41 | 8.00 | 1.18 |

Source: Bangladesh Bank. Growth rate (percent) over the same period of the previous fiscal year/month.

Chart 3.2: Monthly Trend of Import Payments

(In million US\$)



3.3 Remittance

Remittance inflow decreased by 3.08 percent in July-August period of FY 16 compared to the same period of the previous fiscal year.

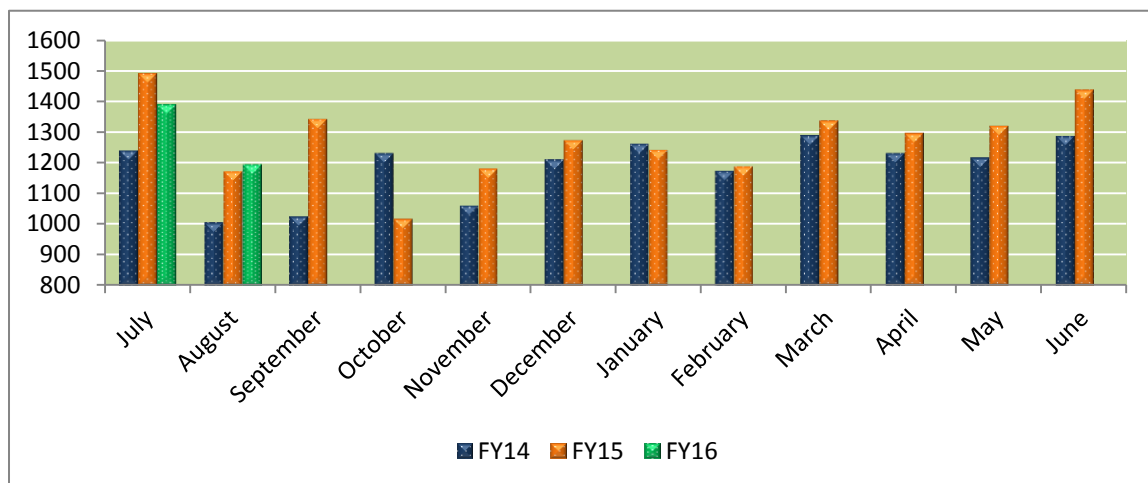
Table-3.3: Remittance Performance

(In million US\$)

| | FY 14 | FY 15 | FY 16 Up to August | FY 16 August |
|----------------|---------|---------|-----------------------|-----------------|
| Remittances | 14228.3 | 15316.9 | 2584.6 | 1195.02 |
| Growth (%) | -1.61 | -7.65 | -3.08 | 1.76 |
| As % of GDP | 8.23 | 7.86 | 1.17 | - |
| As % of Export | 47.13 | 49.08 | 48.00 | 45.51 |

Source: Bangladesh Bank

Chart 3.3: Monthly Trend of Remittances (Million US\$)



Source: Bangladesh Bank

3.4 Exchange Rate Movements

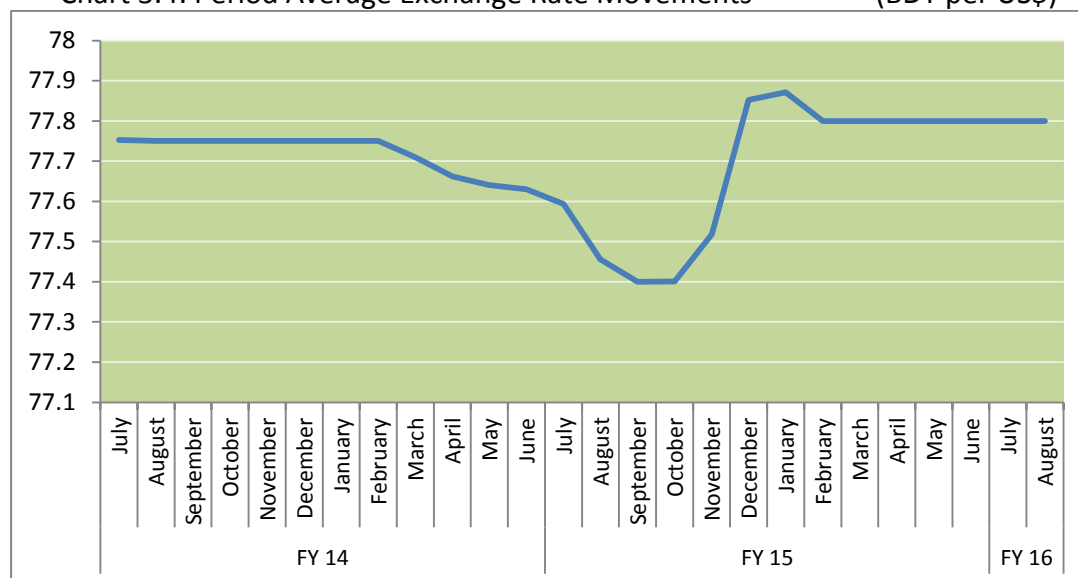
The exchange rate movement (monthly average) from July 2013 to July 2015 has been shown in Chart 3.4 (BDT against USD). BDT showed an appreciation trend from February to September, 2014. However, the exchange rate between taka and dollar has become stable recently at Taka 77.80 per US\$.

Table 3.4: Exchange Rate Movements (Taka per US\$)

| Period | Average | End of the period |
|----------------|--------------|-------------------|
| 2008-09 | 68.80 | 69.06 |
| 2009-10 | 69.18 | 69.44 |
| 2010-11 | 71.17 | 74.15 |
| 2011-12 | 79.10 | 81.82 |
| 2012-13 | 79.93 | 77.77 |
| 2013-14 | 77.72 | 77.63 |
| 2014-15 | 77.67 | 77.81 |
| 2015-16 | | |
| July | 77.80 | 77.80 |
| August | 77.80 | 77.80 |

Source: Bangladesh Bank

Chart 3.4: Period Average Exchange Rate Movements (BDT per US\$)



3.5 External Reserve

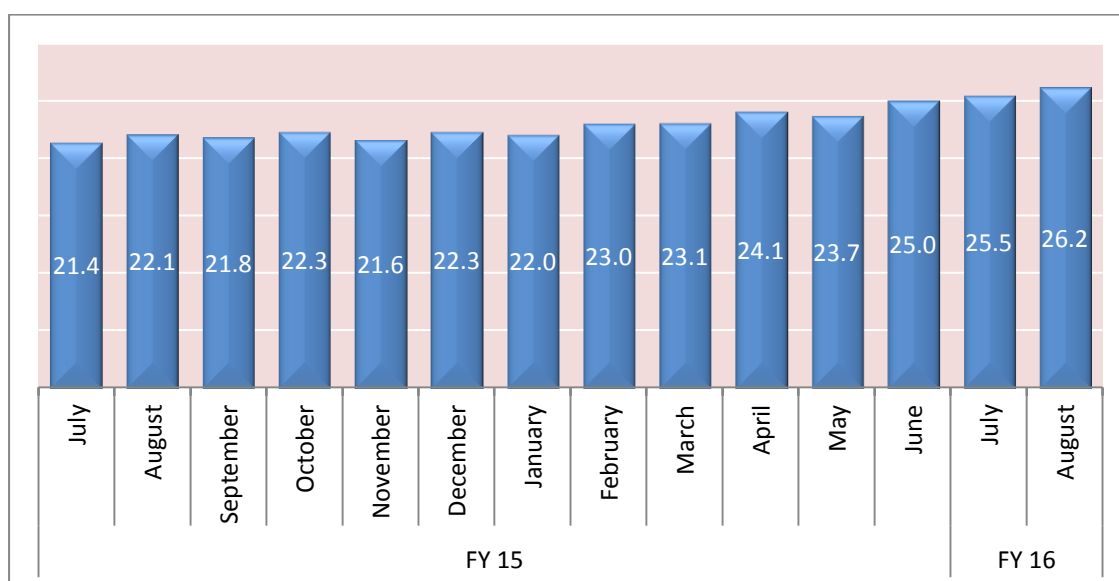
The gross foreign exchange reserve of Bangladesh Bank increased to US\$ 26175.34 million at the end of August of FY 16 from US\$ 25464.29 million in the previous month. The gross foreign exchange reserve at the end of August of FY16 is equivalent to import payments of 7.98 months.

Table 3.5: Foreign Exchange Reserve (Million US\$)

| | FY 13 | FY 14 | FY 15 | As on end of August FY 16 |
|----------------------------|----------|---------|----------|---------------------------|
| Reserve | 15315.23 | 21508.0 | 25025.50 | 26175.34 |
| In month of import payment | 4.64 | 5.89 | 6.65 | 7.98 |

Source: Bangladesh Bank.

Chart 3.5: Outstanding Stock of Gross Foreign Exchange Reserve at the end of the month (Billion US\$)



Source: Bangladesh Bank

3.6 Balance of Payments

The country's trade deficit reduced to US\$ 603 million in July-August of FY 16 from US\$ 1015 million in the corresponding period of the FY15. Current account balance was positive US\$ 882 million. Surplus in both capital and financial account resulted in a surplus of US\$ 1266 million in overall balances during in July-August of FY16.

Table 3.6: Balance of Payments (Million US\$)

| | 2013-14 ^R (July-June) | 2014-15 ^p (July-June) | July-August, FY 15 ^R | July-August, FY 16 ^p |
|-------------------------|-------------------------------------|-------------------------------------|---------------------------------|---------------------------------|
| Trade Balance | -6794 | -9917 | -1015 | -603 |
| Current Account Balance | 1406 | -1645 | 253 | 882 |
| Capital Account | 598 | 491 | 38 | 47 |
| Financial Account | 2813 | 5150 | 658 | 255 |
| Overall Balance | 5483 | 4373 | 782 | 1266 |

Source: Bangladesh Bank. R=Revised

4. REAL SECTOR

4.1 Real Sector Indicators

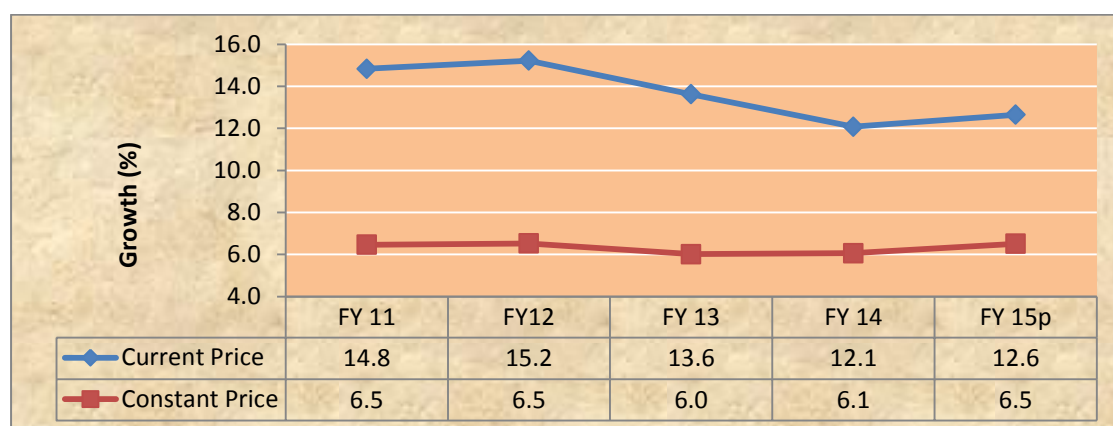
According to Bangladesh Bureau of Statistics (BBS), provisional real GDP growth in FY15 was 6.51 percent (Base year 2005-06). Per capita GNI in FY15 reached US\$ 1314.

Table 4.1 Real sector indicators

| Concepts | Unit | FY 11 | FY 12 | FY 13 | FY 14 | FY 15 ^P |
|------------------------|--------------|--------|---------|---------|---------|--------------------|
| GDP at constant prices | Billion taka | 6463.4 | 6884.9 | 7299.0 | 7741.4 | 8245.3 |
| Growth | % | 6.46 | 6.52 | 6.01 | 6.06 | 6.51 |
| GDP at current prices | Billion taka | 9158.3 | 10552.0 | 11989.2 | 13436.7 | 15136.0 |
| Growth | % | 14.83 | 15.22 | 13.62 | 12.07 | 12.65 |
| GNI at current prices | Billion taka | 9883.4 | 11445.1 | 12953.5 | 14332.2 | 16109.0 |
| Per capita GDP | taka | 61198 | 69614 | 78009 | 86266 | 95864 |
| Per capita GNI | taka | 66044 | 75505 | 84283 | 92015 | 102026 |
| Per capita GDP | US\$ | 860 | 880 | 976 | 1110 | 1235 |
| Per capita GNI | US\$ | 928 | 955 | 1054 | 1184 | 1314 |

Source: Bangladesh Bureau of Statistics, P= provisional

Chart 4.1: GDP Growth Rate at current and constant prices (Base year 2005-06)



4.2 Quantum Index of Industrial Production

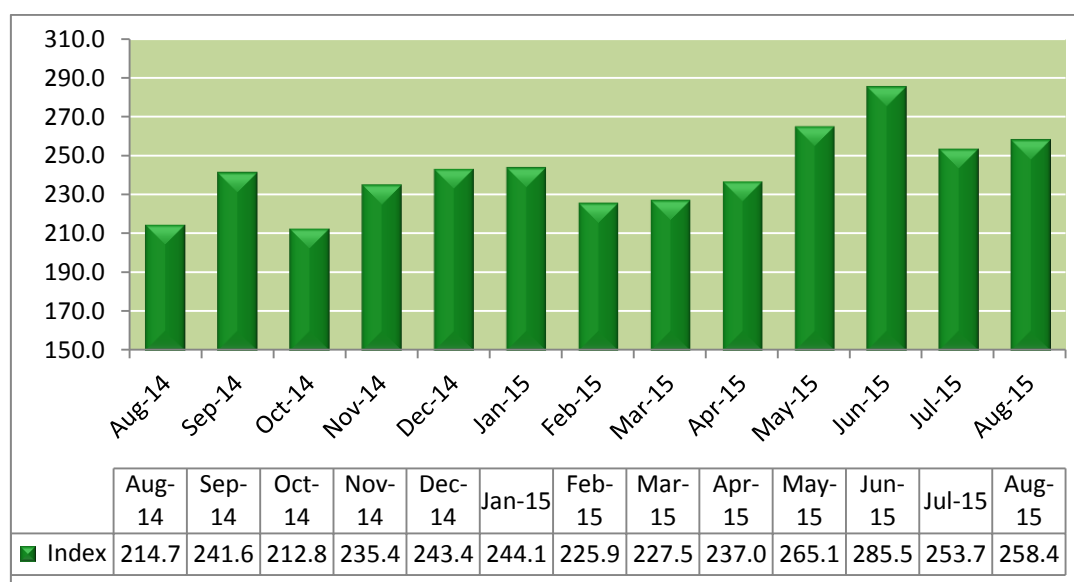
Quantum Index of Industrial Production increased by 20.3 percent and became 258.4 in August 2015 which was 214.7 in the same month of previous fiscal year (table 4.2). The growth rate of the Quantum Index of Industrial Production (Large and Medium Scale Manufacturing Industry) was 10.7 percent in FY 15 which was 8.2 percent in FY 14.

Table 4.2: Quantum Index of Industrial Production (Base: 2005-06=100)

| Period | Index | Growth Rate (%)* |
|--------------|--------|------------------|
| 2009-10 | 135.01 | 5.9 |
| 2010-11 | 157.89 | 16.9 |
| 2011-12 | 174.92 | 10.8 |
| 2012-13 | 195.19 | 11.6 |
| 2013-14 | 213.22 | 8.2 |
| 2014-15 | 236.1 | 10.7 |
| August, 2014 | 214.7 | -7.4 |
| August, 2015 | 258.4 | 20.3 |

Source: BBS, *Growth over the same period of the previous fiscal year

Chart 4.2: Quantum Index of Industrial Production (Base: 2005-06=100)



Source: Bangladesh Bureau of Statistics

4.3 Inflation

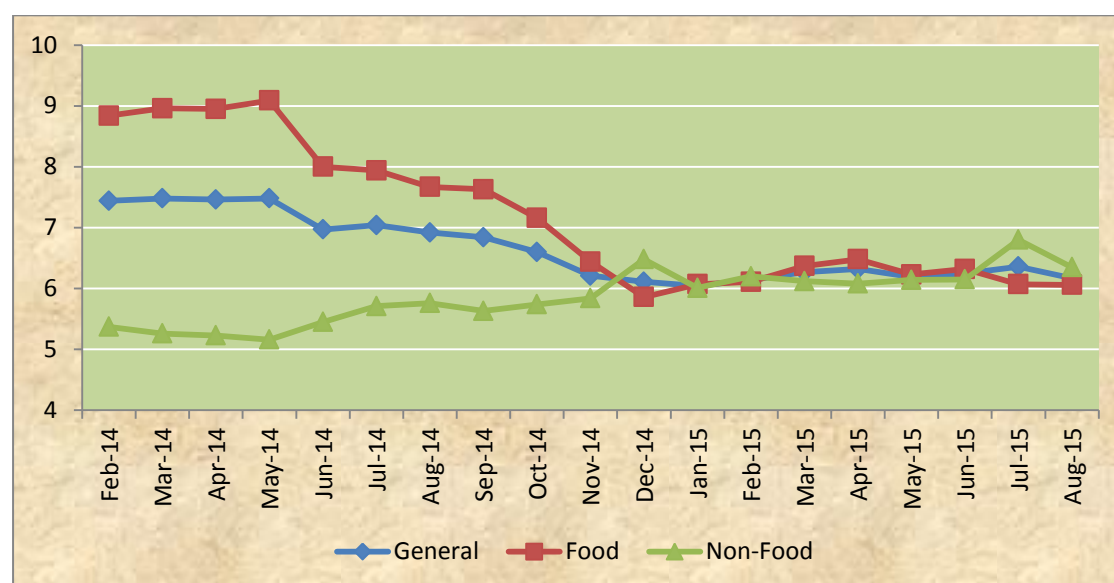
In FY15, the average rate of inflation (12-month average basis) was 6.41 percent (table-4.3). On the twelve month average basis general inflation reduced to 6.29 percent in August 2015, of which food and non-food inflation were 6.39 percent and 6.13 percent, respectively. On the other hand, point to point inflation reduced to 6.17 percent in the same month, of which, food and non-food inflation were 6.06 percent and 6.35 percent, respectively (Chart 4.3).

Table-4.3 Twelve-Months Average Inflation (National) (Base 2005-06)

| Fiscal Year | Twelve-Months Average Basis | | |
|-------------|-----------------------------|------|----------|
| | National | Food | Non-Food |
| 2014-15 | 6.41 | 6.68 | 5.99 |
| 2015-16 | | | |
| July | 6.35 | 6.53 | 6.08 |
| August | 6.29 | 6.39 | 6.13 |

Source: Bangladesh Bureau of Statistics

Chart 4.3: Trends of Point to Point Inflation (Base 2005-06=100)



Source: Bangladesh Bureau of Statistics