Bangladesh: Selected Indicators

Bangladesh economy maintained an average annual growth rate of close to 7 percent over the last decade, with 8.15% outturn and per capita GDP of USD 1828 in FY19

<table>
<thead>
<tr>
<th>FY91-FY19 (y/y, in percentage points)</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP per capita (current US$)</td>
</tr>
<tr>
<td>GDP growth (annual %, RHS)</td>
</tr>
<tr>
<td>Linear (GDP growth (annual %, RHS))</td>
</tr>
</tbody>
</table>

At end-June 2019, annual population growth rate was 1.2%, with population reaching 165.6 million. In 2018, the working-age population (ages 15-64) was 67.1%, while total dependency ratio (population ages below-15 and 65+ per 100 working-age population) was 49%

Trend of Real GDP Growth and GDP per capita 1/
FY91-FY19 (y/y, in percentage points)

Income poverty incidence (national measure-upper poverty line) came down from 57% in 1991 to an estimated 20.5% at end-June 2019

Trend of Poverty Reduction and Gini Index 3, 4/
1991-2019

ILO estimates 61.1% of working-age population are in labor force in 2019; the female participation rate is only 38.3%

Trend of Labor Force Participation 5/
2003-2019

Sources: Bangladesh Bureau of Statistics (BBS); World Development Indicators (WDI); United Nations, Department of Economic and Social Affairs, Population Division (2017); and IMF staff calculations

1/ July-Jun period is considered as fiscal year (FY) in Bangladesh. For FY91- FY17, GDP per capita data are taken from WDI, and for FY18 and FY19, national measures are used. 2/ Projection data from year 2020 are taken from United Nations, Department of Economic and Social Affairs, Population Division (2017). The population growth rates from year 2020 are five-year average growth projections, e.g. year 2020 data indicates average growth rate in 2015-2020. 3/ National measures of poverty for year 1991 and 1995 are taken, respectively, from Household Expenditure Survey 1991-1992 and Household Expenditure Survey 1995-1996. In national measure, up to 1991 a person having an intake of less than 2,122 kilo-calories daily was considered as absolute poor (upper poverty line), and one having an intake of below 1,805 kilo-calories was considered as hard-core poor. Since 1995, the ‘Cost of Basic Needs (CBN)’ method has been used. 2019 data is as on end of June 2019. 4/ Gini Index ranges from 0 to 100, higher value shows higher inequality. Gini index of 0 means perfect equality. 5/ National estimates of labor force participation rate for 2016 and 2017 are respectively of FY2016 and FY2017.
Bangladesh: Real Sector Developments

Private consumption and investment, respectively, contributed 2.6 and 2.1 percent to 8.15 percent GDP growth in FY19, while public consumption and investment, respectively, contributed 0.5 and 0.7 percent. In FY19, contribution of net exports was 2.1 percent against negative 3.6 percent in FY18

Contributions to Real GDP Growth
FY11-FY19 (y/y, in percentage points)

In FY20 Sep, the y/y growth of quantum index of manufacturing was 14.5%, mining 2.9%, and electricity 5.9%

Quantum Index of Medium and Large-Scale Manufacturing Industries, Mining and Electricity 1/
FY16-FY20 (Sep) (y/y growth, in percentage points)

Annual average headline inflation was 5.6% in Jan 2020, with food inflation edging down at 5.5%, and non-food and core inflation, respectively, edging up to 5.7% and 5.6%

Twelve Month Average Inflation
Sep 15-Jan 20 (y/y, in percentage points)

In Jan 2020, y/y food inflation decreased to 5.1%. Non-food and core inflation, respectively, increased to 6.3% and 6.4%, settling headline measure at 5.6%

Point-to-Point Inflation
Sep 15-Jan 20 (y/y, in percentage points)

Sources: Bangladesh Bureau of Statistics (BBS); Department of Agriculture Extension, Ministry of Agriculture; Bangladesh Bank; and IMF staff calculations
Bangladesh: External Sector Developments

Current account balance yielded a USD 1.3 billion deficit in FY20 (Jul-Dec), compared to a USD 3.4 billion deficit in FY19 (Jul-Dec).

**Current Account Balance Components 1/ FY14-FY20 (Jul-Dec) (in billion USD)**

- Exports
- Services
- Workers’ Remittances
- Primary Income
- Other Secondary Income
- Current Account Balance

**Item-wise Contributions to Import Growth 2/ FY17-FY20 (Jul-Dec), (y/y growth, in percentage points)**

- Capital goods
- Oil-related products
- Food grains
- Consumer goods

In FY20 (Jul-Dec), remittances-USD 9.4 billion increased by 25.5%, and exports-USD 18.8 billion decreased by 5.9%, while imports-USD 27.1 billion decreased by 2.7%.

**Major Balance of Payments Components 3/ FY14-FY20 (Jul-Dec) (y/y growth, in percentage points)**

- Exports
- Imports
- Remittance

Apart from slight depreciation in Jan 2019, there is an upward trend of REER since Mar 2018. During this period, Taka/USD nominal exchange rate depreciated slightly from 83 to 84.9.

**Exchange Rates**

Jan 2017-Jan 2020

- Nominal Effective Exchange Rate (2010=100)
- Real Effective Exchange Rate (2010=100)
- Taka per USD (Period average, RHS)

**Contributions to Workers’ Remittances**

FY14-FY20 (Jul-Jan)

- Saudi Arabia
- UAE
- Qatar
- Malaysia
- USA
- UK
- Other Countries
- Total growth (%)

**International Reserves 4/ Feb 2017-Dec 2019**

- Gross International Reserves (valuation adjusted)
- Net International Reserves (BB definition)
- Reserves (months of imports, valuation adjusted, RHS)

In FY20 (Jul-Jan), y/y remittance inflows increased by 21.6%, amounting to USD 11 billion. GCC countries contributed 57.4% of the inflows.

1/ FY20 (Jul-Dec) data are provisional. 2/ Data are recorded by customs. 3/ Exports and imports are f.o.b. data. 4/ Dec 2019 data are provisional.

Net international reserve (NIR) is gross international reserves (excluding investment on bonds below the grade BBB, Silver Acquisition A/C, deposit with Rupali Bank, Pakistan & deposit with Sonali Bank, UK) minus total liabilities. Total liabilities comprise reserve liabilities in ACU, IMF Trust Fund Account (ECF) and other foreign currency clearing accounts, and deposits of IBRD/IDA, and SDR allocation.

Sources: Bangladesh Bank; Export Promotion Bureau (EPB); and IMF staff calculations.
In FY19, the officially estimated fiscal deficit was 4.3 percent of GDP. Total revenue-GDP ratio reached 10% in FY19 against 9.6% in FY18. In FY20 (Jul-Dec), total revenue-GDP ratio was 4.5% against 4.8% in FY19 (Jul-Dec). During this period, VAT and supplementary duties-GDP ratio came down from 2.4% to 2%

Central Government Revenue 1/
FY14-FY20 (Jul-Dec) (In percent of GDP)

In FY19, y/y growth of total revenue was 17.2%, where VAT and supplementary duties accounted for 11.1%. In FY20 (Jul-Dec), total revenue growth was 5.6%, where taxes on income and profits contributed 7.4%, and VAT and supplementary duties contributed negative 3.1%

Contributions to Total Revenue Generation 1/
FY14-FY20 (Jul-Dec) (y/y, in percentage points)

Total expenditure-GDP ratio reached 14.3% in FY19, same as FY18. In FY20 (Jul-Dec), total expenditure-GDP ratio decreased to 5.9% from 6.1% in FY19 (Jul-Dec). During this period, ADP execution increased from 1.2% to 1.4% of GDP

Central Government Expenditure 1/
FY14-FY20 (Jul-Dec) (In percent of GDP)

In FY19, y/y growth of central government expenditure was 13%, where ADP expenditure contributed 6.9%. In FY20 (Jul-Dec), central government expenditure growth was 10.2%, where ADP expenditure contributed 6.6%

Contributions to central government’s expenditure growth 1/
FY14-FY20 (Jul-Dec) (y/y, in percentage points)

In FY19, net financing was 4.5% of GDP. In FY20 (Jul-Dec), domestic sources financed 76.5% of net financing TK. 699.9 billion. During this period, net NSD sales accounted for 7.8% of total net financing, while net financing from banking sector was 64.2%

Fiscal Balance and Sources of Financing 1, 2/
FY14-FY20 (Jul-Dec) (Percent of net financing, unless otherwise indicated)

At end-Jun 2019, central government debt in percent of GDP reached 34.3% against 33.2% in Jun 2018. It reached 34.5% at end-Dec 2019, where domestic debt accounted for 21.2%

Central Government Debt 2, 3/
Jun 2014-Dec 2019
(In percent of GDP)

1/ FY20 GDP and fiscal data are provisional. FY20 (Jul-Dec) GDP data is annualized using actual GDP for FY19, and IMF staff projected GDP for FY20. 2/ For FY19 and FY20 (Jul-Dec), net external financing is net medium and long-term (MLT) loans, which are taken from Balance of Payments, and net domestic financing is financing by banks, National Savings Directorate (NSD) tools, and other non-bank sources, which are taken from Bangladesh Bank. 3/ In Jun 2019 and Dec 2019, external debt is identified through net MLT loans, and domestic debt is identified through government borrowings from banks, NSD tools, and other non-bank sources as mentioned in note 2.

Sources: Office of the Controller General of Accounts (CGA), Ministry of Finance; and IMF Staff calculations
Bangladesh: Monetary and Financial Market Developments

In Dec 2019, y/y reserve money growth was 6.9%, against 9.3% in Nov 2019, with 5.7% and 4.9% contributions, respectively, from net claims on government and net foreign assets.

**Contributions to Reserve Money Growth**
Dec 2017-Dec 2019 (y/y, in percentage points)

Annual broad money (M2) growth in Dec 2019 was 12%, compared with 12.7% in Nov 2019, with 8.2% and 5.1% contributions, respectively, from private sector credit and net claims on central government.

**Contributions to Broad Money (M2) Growth**
Dec 2017-Dec 2019 (y/y, in percentage points)

In Nov 2019, broad money (M3) growth reached 12.7%, with M2 and NSD sales, respectively, accounting for 10.2% and 2.4%.

**Contributions to Broad Money (M3) Growth**
Nov 2017-Nov 2019 (y/y, in percentage points)

Increasing rates of T-Bills/Bonds, and inter-bank call money rate reflect some tightening in the money market.

**Interest Rates 1/**
Jan 2018-Jan 2020 (in percentage points)

In Dec 2019, excess liquid assets (as percent of total demand and time liabilities in the industry) reached 9.3%, compared with 7.6% in Dec 2018.

**Excess Liquid Assets (as percent of total time and demand liabilities) 2/**, Dec 2017-Dec 2019

Growth of bank advances to the private sector came down from 12.4% in FY19 to 11.7% at end- Q1 FY20.

**Economic Purpose-wise Contributions to Bank Advances’ Growth (Private Sector)**
FY14-Q1 FY20 (y/y, in percentage point)

---

1/ Call money rate, 91-Day Treasury Bills rate, and 2-Year Treasury Bonds rate are as on January 26th, 2020.
2/ Excess Liquidity is statutory liquidity eligible liquid assets of banks minus statutory liquidity (excluding cash reserve). Excess Reserve is balance with Bangladesh Bank in local currency minus required cash reserve. These are provisional data taken from Bangladesh Bank’s Department of Off-Site Supervision.

Sources: Bangladesh Bank; and IMF Staff calculations
Loan-to-deposit ratio decreased to 84% in Nov 2019 from 87.1% in Apr 2019. During the period, the ratio excluding government deposits came down from 93.5% to 90.1%.

**Loan-to-Deposit Ratio**
Nov 2017-Nov 2019 (in percentage points)

At Sep 2019, CAR of the banking industry reached 11.7 percent. CAR of the state-owned banks (SOBs) decreased to 7.7% in Sep 2019 from 8.5% in Jun 2019, remaining below the regulatory requirement of 10%.

**Capital Adequacy Ratio (CAR)**
Dec 2016-Sep 2019 (in percentage points)

In Sep 2019, banking sector’s NPL ratio reached 12% from 11.7% in Jun 2019. In the case of SOBs, the ratio edged down from 31.6% to 31.5%, and for private commercial banks (PCBs), it increased from 7.1% to 7.4%.

**Non-Performing Loan (NPL) Ratio**
Dec 2016-Sep 2019 (in percent of loans)

Stressed advances in the banking industry—the sum of NPLs, rescheduled and restructured loans—accounted for 20.5% of outstanding loans in Dec 2018.

**Stressed Advances**
Dec 2014-Dec 2018 (in percent of loans)

Banking sector’s advance-GDP ratio reached 37.4% at end-FY19 against 37.6% at end-FY18, and came down to 36.4% at end-Q1 FY20.

**Banking Sector Advance-GDP ratio 1/**
FY14- Q1 FY20 (in percent of GDP)

The 3-mma DSE Broad index has been falling since Apr 2019, reaching the lowest in Dec 2019.

**Dhaka Stock Market Performance**
Dec 2017-Dec 2019
(3-month moving average)

1/ Q1 FY20 data are provisional. Two of the four specialised banks became state-owned commercial banks in FY15.

Sources: Bangladesh Bank; and IMF Staff calculations.

---

**Bangladesh: Monetary and Financial Market Developments... Contd.**

---