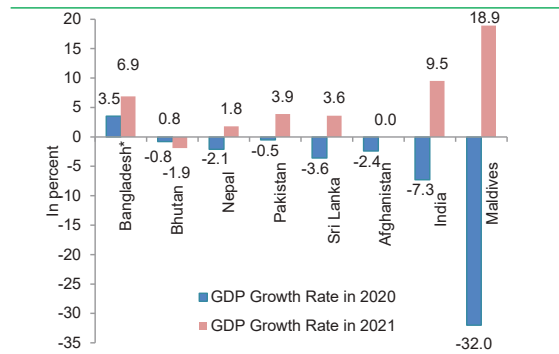


Trends of the Real Sector of Bangladesh Economy

2.01 In spite of the repeated shocks of COVID-19 and subsequent nationwide lockdowns to contain the pandemic, Bangladesh economy is crawling back to the recovery phase. Badly thrashed by the pandemic, regular economic activity was disrupted nevertheless the country withstood its growth path while output growth in other South Asian countries severely tumbled in 2020 (Chart 2.01). Aided by appropriate policies and 28 stimulus packages worth of around BDT 1.92 trillion until 28 November 2021, Bangladesh continued to show its resiliency of sustaining real GDP growth while most of the other South Asian countries also joined the recovery phase in 2021. The estimate (according to new base FY16=100) of the Bangladesh Bureau of Statistics (BBS) indicates that real GDP recorded a growth of 6.94 percent in FY21, which was higher than 3.45 percent growth in FY20 (Table 2.01). Considering the cumulative growth of the last two years, Bangladesh is considered to be the fastest growing country in the South Asia region.

2.02 Measured at current market prices, the GDP of Bangladesh is estimated at BDT 35301.85 billion for FY21 which is about 11.35 percent higher compared to the preceding year. In FY21, per capita real GDP and GNI are estimated at BDT 167579.94 and BDT 176400.54 respectively. However, per capita real GDP growth in FY21 was 5.86 percent which was almost double compared to the growth of FY20. During the same period, per capita nominal GDP and GNI were estimated at BDT 208751 (USD 2462) and BDT 219738 (USD 2591) respectively.

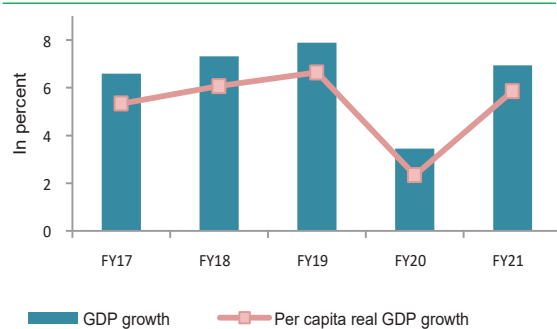
Chart 2.01 Movements of Growth in South Asian Countries in 2020 and 2021



* Bangladesh growth data are on fiscal year basis (July-June) and base FY16=100.

Source: For Bangladesh data-Bangladesh Bureau of Statistics and for other countries-World Economic Outlook, October 2021, IMF, (Projection for 2021).

Chart 2.02 Trends in Bangladesh's Real GDP Growth



Source: Bangladesh Bureau of Statistics.

Sectoral Growth Rate of GDP

2.03 The growth matrix delineates that, the process of gradual acceleration of economic growth drive was led by industry sector, which was followed by services sector and agriculture sector in FY21.

Agriculture Sector

2.04 The growth of agriculture sector decreased to 3.17 percent in FY21 from 3.42 percent in FY20. The growth of forest and

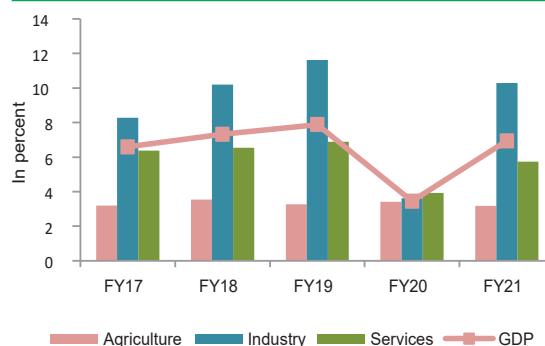
related services subsector declined sharply and the growths of all other subsectors of agriculture decreased moderately during the period under review.

2.05 Among the subsectors, although the growth of forest and related services subsector declined to 4.98 percent in FY21 from 5.34 percent in FY20, still it was the highest growth compared to the growth of other subsectors of agriculture. Moreover, growth in animal farming, and fishing subsectors also fell from 3.19 and 4.40 percent in FY20 to 2.94 and 4.11 percent respectively in FY21.

Industry Sector

2.06 Even though the economy faced tremendous challenges because of pandemic situation of Coronavirus, the industry sector, constituting more than one-third of gross value-added (GVA) in the economy, grew by 10.29 percent in FY21, almost triple from 3.61 percent in FY20. Growth in the industry sector was highly underpinned by the external demand which was mostly reflected in export proceeds that increased by 13.7 percent in FY21. Among the subsectors, mining and quarrying; water supply, sewerage and waste management; manufacturing; and electricity, gas, steam and air conditioning supply subsectors experienced growth of 6.49, 6.65, 11.59 and 9.54 percent respectively in FY21, which were 3.16, 2.18, 1.68 and 0.67 percent respectively in FY20. All of the three manufacturing subsectors, large industry; small, medium and micro industry; and cottage industry registered higher growth of 10.61, 13.89 and 10.27 percent in FY21 from 0.41, 2.69 and 3.67 percent respectively in FY20. Growth of construction subsector dropped to 8.08 percent in FY21 from 9.13 percent in FY20.

Chart 2.03 Trends in Sectoral Growth



Source: Bangladesh Bureau of Statistics.

Table 2.01 Sectoral Growth Rate of GDP

	(Base Year: FY16)		
	FY19	FY20	FY21
1. Agriculture	3.26	3.42	3.17
a) Crops and horticulture	2.07	2.50	2.29
b) Animal farming	3.01	3.19	2.94
c) Forest and related services	5.13	5.34	4.98
d) Fishing	4.99	4.40	4.11
2. Industry	11.63	3.61	10.29
a) Mining and quarrying	11.31	3.16	6.49
b) Manufacturing	12.33	1.68	11.59
i) Large industry	12.79	0.41	10.61
ii) Small, medium and micro industry	10.61	2.69	13.89
iii) Cottage industry	14.17	3.67	10.27
c) Electricity, gas, steam and air conditioning supply	8.24	0.67	9.54
d) Water supply, sewerage, and waste management	6.31	2.18	6.65
e) Construction	10.47	9.13	8.08
3. Service	6.88	3.93	5.73
a) Wholesale and retail trade, repair of motor vehicles, motorcycles and personal and household goods	8.85	3.21	7.64
b) Transport and storage	7.01	1.73	4.04
c) Accommodation and food service activities	5.64	1.69	4.53
d) Information and Communication	7.36	6.57	7.11
e) Financial and Insurance Activities	8.25	4.72	5.82
f) Real estate activities	3.61	3.68	3.42
g) Professional, scientific and technical activities	4.17	3.38	5.09
h) Administrative and support service activities	8.17	6.33	6.02
i) Public administration and defence	6.49	5.49	6.05
k) Education	7.06	5.33	5.81
l) Human health and social work activities	12.20	10.70	10.60
m) Arts, entertainment and recreation	5.48	5.43	5.76
n) Other service activities	3.27	3.06	3.08
Total GVA at constant basic price	8.01	3.76	7.00
GDP (at constant market price)	7.88	3.45	6.94

Source: Bangladesh Bureau of Statistics.

2.07 Provisional data on quantum index (base: FY06 = 100) of industrial production (QIIP) of FY21 showed a growth of 17.75 percent which was higher than the growth of

the same period of preceding year (Appendix-3, Table-VIII). Manufacture of electrical equipment, leather and related products, beverage products, fabricated metal products except machinery, printing and reproduction of recorded media, coke and refined petroleum products, wood and products of wood and cork, manufacture of furniture, wearing apparel, pharmaceuticals and medicinal chemical, food products; and manufacture of textile grew by 225.62, 88.91, 74.52, 55.68, 31.82, 27.91, 24.46, 23.69, 15.99, 14.13, 12.22 and 9.85 percent respectively in FY21. On the other hand, manufacture of motor vehicle, trailers and semi-trailers; other transport equipment, paper and paper products, rubber and plastic products; and tobacco products declined by 29.86, 22.01, 9.77, 6.26 and 2.84 percent respectively in FY21 compared to the same period of previous year.

Services Sector

2.08 In the presence of continuous threat from the COVID-19 pandemic, the service sector, comprising more than half of gross value added (GVA), bounced back to recovery phase in FY21 with a growth of 5.73 percent against 3.93 percent in FY20. Within the sector, a large growth impulse in FY21 primarily came from human health and social work activities; and information and communication. Among various sub-sectors of services, human health and social work activities; wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods; information and communication; public administration and defence; administrative and support service activities; financial and insurance activities; education; arts, entertainment and recreation; professional, scientific and technical

Table 2.02 Sectoral Share of GDP

	(Base Year: FY16)		
	FY19	FY20	FY21
1. Agriculture	12.56	12.52	12.07
a) Crops and horticulture	6.04	5.96	5.70
b) Animal farming	2.07	2.06	1.98
c) Forest and related services	1.76	1.78	1.75
d) Fishing	2.70	2.71	2.64
2. Industry	34.99	34.94	36.01
a) Mining and quarrying	1.93	1.91	1.91
b) Manufacturing	22.86	22.40	23.36
i) Large industry	11.81	11.43	11.81
ii) Small, medium and micro industry	7.11	7.04	7.49
iii) Cottage industry	3.94	3.94	4.06
c) Electricity, gas, steam and air conditioning supply	1.26	1.22	1.25
d) Water supply, sewerage and waste management	0.10	0.10	0.10
e) Construction	8.85	9.31	9.40
3. Service	52.45	52.54	51.92
a) Wholesale and retail trade, repair of motor vehicles, motorcycles and personal and household goods	15.05	14.97	15.06
b) Transport and storage	7.80	7.65	7.44
c) Accommodation and food service activities	1.14	1.12	1.09
d) Information and Communication	1.26	1.29	1.29
e) Financial and Insurance Activities	3.23	3.26	3.22
f) Real estate activities	8.69	8.68	8.39
g) Professional, scientific and technical activities	0.18	0.18	0.18
h) Administrative and support service activities	0.72	0.74	0.73
i) Public administration and defence	3.50	3.56	3.52
k) Education	2.67	2.71	2.68
l) Human health and social work activities	3.01	3.21	3.32
m) Arts, entertainment and recreation	0.14	0.15	0.14
n) Other service activities	5.07	5.03	4.85
Total GVA at constant basic price	100.00	100.00	100.00

Source: Bangladesh Bureau of Statistics.

activities; accommodation and food service activities; transport and storage; and real estate activities registered the growth of 10.60, 7.64, 7.11, 6.05, 6.02, 5.82, 5.81, 5.76, 5.09, 4.53, 4.04 and 3.42 percent in FY21 which were 10.70, 3.21, 6.57, 5.49, 6.33, 4.72, 5.33, 5.43, 3.38, 1.69, 1.73 and 3.68 percent respectively in FY20 (Table 2.01).

Sectoral Share of GDP

2.09 The sectoral decomposition of the share of GDP exhibits that following previous years trends, services sector remained the largest contributor to GDP followed by industry and agriculture sector.

2.10 The services sector' share in GDP stood at 51.92 percent in FY21 which was 52.54 percent in the preceding year. Among the subsectors of service, the shares of transport and storage; public administration and defence; financial and insurance activities; education; real estate activities; accommodation and food service activities; administrative and support service activities; arts, entertainment and recreation; and other service activities marginally went down from 7.65, 3.56, 3.26, 2.71, 8.68; 1.12, 0.74; 0.15 and 5.03 percent respectively in FY20 to 7.44, 3.52, 3.22, 2.68, 8.39; 1.09, 0.73; 0.14 and 4.85 percent respectively in FY21. On the other hand, the share of wholesale and retail trade, repair of motor vehicles, motorcycles and personal and household goods; and human health and social work activities slightly increased from 14.97 and 3.21 percent respectively in FY20 to 15.06 and 3.32 percent respectively in FY21. However, the share of information and communication; and professional, scientific and technical activities remained unchanged at 1.29 and 0.18 percent respectively during the same period (Table 2.02).

2.11 The contribution of the industry sector to GDP increased from 34.94 percent in FY20 to 36.01 percent in FY21. Among the subsectors of industry, the shares of manufacturing; electricity, gas, steam and air conditioning supply; and construction increased slightly from 22.40, 1.22 and 9.31 percent in FY20 to 23.36, 1.25 and 9.40 percent in FY21. However, the share of mining and quarrying; and water supply, sewerage, and waste management subsector remain the same during the period under consideration (Table 2.02).

2.12 Contribution of agriculture sector to

GDP has gradually been declining and shifting towards services and industry sectors as per development paradigm especially since after 1980s. The share of agriculture slightly went down from 12.52 percent in FY20 to 12.07 percent in FY21. Out of this sector, the share of all subsectors of agriculture, forestry and fishing, crops and horticulture; fishing; animal farming; and forest and related services to GDP slowed-down from 5.96, 2.71, 2.06 and 1.78 percent respectively in FY20 to 5.70, 2.64, 1.98 and 1.75 percent respectively in FY21 (Table 2.02).

GDP Based on Expenditure

2.13 Looking at the expenditure-based GDP at current market price, gross domestic product (GDP) surpassed gross domestic expenditure (GDE) by BDT 254.71 billion in FY21. This statistical discrepancy arises mainly because of the differences in data compilation technique of BBS. In FY20, the amount of statistical discrepancy was BDT 366.36 billion (Table 2.03).

2.14 Gross domestic expenditure (GDE) reflects the aggregate demand originating from domestic economic activities, measured as the sum of domestic consumption and investment, along with resource balance (exports minus imports). Domestic demand was estimated at BDT 37305.91 billion at current market prices in FY21 which was 12.89 percent higher than that of FY20. Resource balance (net exports) was estimated at BDT (-) 2258.77 billion in FY21.

2.15 Total consumption expenditure and resource balances accounted for 75.20 percent and 6.44 percent of GDE respectively in FY21. In nominal terms, investment increased by

10.32 percent while consumption increased by 14.00 percent during the same period.

Savings and Investment

2.16 Gross domestic savings (GDSs) at current market price, stood at 25.34 percent of GDP in FY21, lower than 27.08 percent of GDP in the previous financial year. Gross national savings (GNSs) decreased to 30.79 percent of GDP in FY21 from 31.42 percent in FY20.

2.17 Investment as a percent of GDP decelerated slightly to 31.02 in FY21 from 31.31 in FY20. Private investment to GDP ratio also decreased slightly to 23.70 percent in FY21 from 24.02 percent in FY20 mainly because of the COVID-19 related pandemic. Whereas, public investment to GDP ratio increased to 7.32 percent in FY21 from 7.29 percent in FY20 (Table 2.04).

2.18 Gross domestic savings (GDSs) and Gross National Savings (GNSs) at current market prices increased by 4.21 and 9.13 percent respectively in FY21 compared to FY20. Domestic savings-investment gap as percent of GDP increased to (-) 5.68 percent in FY21 from (-) 4.23 percent in FY20 (Chart 2.04).

Sectoral Growth Outlook

2.19 In order for achieving broad-based and inclusive growth Bangladesh Bank has undertaken enormous policy measures for ensuring uninterrupted banking and mobile financial services even in the lockdown situation, creating sufficient loanable funds for the banks, reducing the cost of loanable funds, establishing the funds for promoting new entrepreneurs and enhancing the productivity of export sectors, and extension of refinance facilities for the priority sectors including

**Table 2.03 GDP by Expenditure Groups
(At current market price)**

Particulars	(Billion BDT)		
	FY19	FY20	FY21
Domestic demand (1+2)	31087.20	33045.91	37305.91
Consumption (1)	21579.55	23119.82	26355.72
Private	19738.40	21226.67	24278.99
General Government	1841.16	1893.15	2076.72
Investment (2)	9507.65	9926.09	10950.19
Private	7452.28	7614.07	8366.82
Public	2055.38	2312.02	2583.37
Resource balance (3-4)	-1590.39	-1707.58	-2258.77
Exports (3)	3864.82	3310.85	3764.16
Imports (4)	5455.21	5018.43	6022.93
Gross domestic expenditure	29496.82	31338.34	35047.14
Gross domestic product	29514.29	31704.69	35301.85
Statistical discrepancy	17.47	366.36	254.71

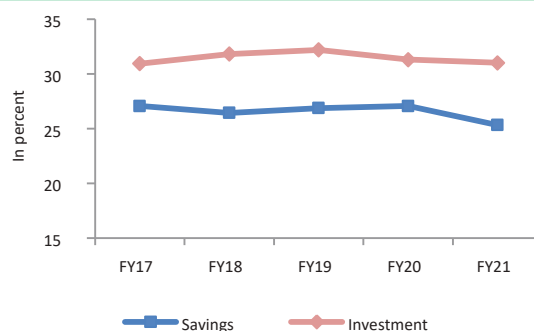
Source: Bangladesh Bureau of Statistics.

Table 2.04 Savings and Investment

Particulars	(As percent of GDP)		
	FY19	FY20	FY21
Investment	32.21	31.31	31.02
Private	25.25	24.02	23.70
Public	6.96	7.29	7.32
Domestic Savings	26.88	27.08	25.34
National Savings	31.14	31.42	30.79

Source: Bangladesh Bureau of Statistics.

Chart 2.04 Trends in Savings and Investment



Source: Bangladesh Bureau of Statistics.

agriculture, MSMEs, large industries, export-oriented industries and service sector alongside implementation of hefty stimulus packages. Moreover, rapid expansion of the mobile financial services, agent banking, and technology driven sub-branch opening by banks in the underprivileged remote areas are now playing crucial role in stimulating domestic demand especially by timely distributing remittances among the recipients and in opening new job opportunities for the job-seekers' including freelancers. Most importantly, various financial inclusion drives including agent and or sub-branch opening in the remote areas have created new prospects for the female in accessing into financial services. Financial service proving through digital platforms like e-commerce, e-payment are now playing vital role in achieving desired growth for the financial sector.

2.20 The industrial and agricultural sector activities remained buoyant and service sector activities are gradually being picked up in recent months. All those are of good indication of currently having favourable environment for achieving desired economic growth in all the sectors of the Bangladesh economy for the current financial year, FY22 though Coronavirus related issues still provoking some uncertainties.