

# CHAPTER ONE

## MACRO ECONOMIC SITUATION

*This chapter highlights on the current and near future macroeconomic situations within the context of global as well as Bangladesh economy. While the economies of the world were recovering to the pre-COVID-19 trend, the war in Ukraine appeared to trigger the economic losses created by unprecedented pandemic COVID-19. According to the UN, the global economy grew by 5.5 percent in 2021 and will grow by 4.0 percent in 2022 and 3.5 percent in 2023. World Bank projected global economic growth to be 4.1 and 3.2 percent in 2022 and 2023 respectively, while growth was estimated 5.5 percent in 2021. IMF projected that the global economy will grow by 3.6 percent both in 2022 and 2023. Bangladesh is not fully immune from the spill-over effects of economic losses caused by the COVID-19 and now coupled with war in Ukraine, however, due to the timely decision, including implementation 28 packages of incentives worth of Tk. 1,87,679 crore, taken by the government of Bangladesh under the leadership of the Hon. Prime Minister Sheikh Hasina, Bangladesh has turned around to previous high growth trajectory. BBS provisionally estimated the GDP growth to be 7.25 percent and the per capita income to be US\$ 2,824 in FY 2021-22. The inflation rate is estimated to be 5.8 percent in FY 2021-22. Both exports and imports are showing outstanding growth. Export receipts is estimated to cross US\$ 50 billion and import payments to be around US\$ 80 billion in FY 2021-22 while exports and imports were US\$ 40.1 billion and US\$ 61.7 billion respectively in FY 2020-21. The currency Taka depreciated around 1.9 percent against US\$ during the first ten months of the current fiscal year. During July-April of FY 2021-22 the remittance inflow recorded US\$ 17.31 billion and foreign exchange reserve position stood US\$ 44.1 billion on 30 April 2022. Considering strong domestic demand, fiscal expansion, rebound of export, improved COVID-19 situation, restoration of lives and livelihood, full resumption of economic activities, implementation of COVID-19 incentive packages, completion of few mega projects including Padma bridge, it is expected that the economy of Bangladesh will continue to grow at pace of pre-pandemic growth path.*

### Global Economic Situation

While global economy was recovering strongly from the COVID-19 pandemic, the war in Ukraine posed a setback to the ongoing recovery. A rise in the global commodity prices and sluggish economic activities by war induced supply chain disruption is being observed. International organizations revised their forecasts for economic growth prospects and inflations. As per the United Nations (UN) publication ‘World Economic Situation and Prospect 2022’, the global economy grew by 5.5 percent in 2021, the highest growth rate since 1976, after contracting 3.4 percent in 2020. Global economy is expected to grow by 4.0 percent in 2022 and 3.5 percent in 2023. In the World Bank’s Global Economic Prospect, January 2022, the global economic growth is

projected 4.1 and 3.2 percent in 2022 and 2023 respectively, while growth was estimated 5.5 percent in 2021.

Sluggish growth rates between advanced economies and emerging and developing economies will be divergent. Growth in advanced economies is expected to decline from 5 percent in 2021 to 3.8 percent in 2022 and 2.3 percent in 2023. This growth rate will be sufficient to restore output and investment to their pre-pandemic trend in these economies. In emerging and developing economies, however, growth is expected to drop from 6.3 percent in 2021 to 4.6 percent in 2022 and 4.4 percent in 2023. The report stressed that by 2023, all advanced economies will have achieved a full output recovery; yet output in emerging and developing economies will remain 4 percent below its pre-pandemic trend. For many

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vulnerable economies, the setback is even larger: output of fragile and conflict-affected economies will be 7.5 percent below its pre-pandemic trend, and output of small island states will be 8.5 percent below. However, as during the January forecast war in Ukraine did not take place the upcoming forecast will substantially differ with above analysis.

In the World Economic Outlook (WEO) April 2022, International Monetary Fund (IMF) projected that the global economy will grow by 3.6 percent both in 2022 and 2023. The projections for 2022 and 2023 are 0.8 and 0.2 percentage points lower than in the January 2022 WEO update. Global growth is forecast to decline to about 3.3 percent over the medium term beyond 2023.

Advanced economies are expected to grow by 3.3 percent in 2022. Due to the successful COVID-19 management global economy rebounds to positive growth trajectory, however, war in Ukraine is slowing down the growth coupled with high price levels. IMF lowered the growth projection for almost all the countries than the WEO January Update. The United States is expected to grow by 3.7 percent, the United Kingdom 3.7 percent, Germany 2.1 percent, France 2.9 percent, Japan 2.4 percent and Canada 3.9 percent in 2022. These projections vary from negative 0.2 percent to negative 1.7 percent.

The emerging market and developing economies are forecast to grow by 3.8 percent in 2022, 1.0 percentage points lower than the forecast made in the WEO January 2022 update. India is expected to grow by 8.2 to percent, highest in the group, is 0.8 percent lower than the January 2022 update. Growth forecast for China is also reduced from 4.8 percent to 4.4 percent. Slowing down of growing prospects for China and India will have a strong negative impact for the rest of the members in the group. Emerging and developing Europe is expected to shrink by 2.9 percent in 2022, 6.4 percent lower than the January update, largely

impacted by the war in Ukraine. Russian economy is forecast to shrink by 8.5 percent in 2022, 11.3 percent lower than the January update, due to the Russian invasion of Ukraine and associated consequences including sanctions. It can be noted from the outlook that Russia has the least growth prospect in the world. Owing to high oil prices, growth prospects for Middle East and Central Asian Economies are revised upward. Saudi Arabia has the highest growth prospect of 7.6 percent in 2022 in the group.

The global macroeconomic prospect remains uncertain due to war induced crisis and fallout of COVID-19 pandemic. Future developments will depend on the path of the pandemic, war situation, policy actions, the evolution of financial conditions and commodity prices, and the capacity of the economy to adjust to health-related impediments to activity. The ebb and flow of these drivers and their interaction with country-specific characteristics will determine the pace of the recovery and the extent of scarring. Table 1.1 depicts the global growth scenario at a glance:

**Table 1.1: Overview of World Output Growth Projections**

Economic Area	Actual	(Percent Changes)			
		Projection Outlook, April, 2021		Difference from Outlook Update, January, 2022	
	2021	2022	2023	2022	2023
World Output	6.1	3.6	3.6	-0.8	-0.2
Advanced Economies	5.2	3.3	2.4	-0.6	-0.2
USA	5.7	3.7	2.3	-0.3	-0.3
Euro Area	5.3	2.8	2.3	-1.1	-0.2
UK	7.4	3.7	1.2	-1.0	-1.1
Germany	2.8	2.1	2.7	-1.7	0.2
France	7.0	2.9	1.4	-0.6	-0.4
Japan	1.6	2.4	2.3	-0.9	0.5
Canada	4.6	3.9	2.8	-0.2	0.0
Emerging Market and Developing Economics	6.8	3.8	4.4	-1.0	-0.3
Emerging and Developing Asia	7.3	5.4	5.6	-0.5	-0.2
China	8.1	4.4	5.1	-0.4	-0.1
India	8.9	8.2	6.9	-0.8	-0.2
ASEAN-5	3.4	5.3	5.9	-0.3	-0.1

**Source:** World Economic Outlook, April 2022. IMF. Note: ASEAN-5: Indonesia, Malaysia, Philippines, Thailand and Vietnams.

## **Bangladesh Macroeconomic Situation:**

### **Economic Growth**

Bangladesh economy was growing consistently high over a decade crossing 7.0 percent milestone in FY 2015-16 and 8.0 percent milestone in FY 2018-19, however, the COVID-19 pandemic reduced the growth rate to 3.45 percent in FY 2019-20. Under the prudent leadership of the Honorable Prime Minister Sheikh Hasina Bangladesh successfully managed COVID-19 pandemic and returned to high growth trajectory. The economy grew by 6.94 percent in FY 2020-21. According to the provisional estimates of BBS, the GDP growth stood 7.25 percent in FY 2021-22, 0.05 percent higher than the target rate and 0.31 percent higher than the previous fiscal year. Medium-term forecasts for GDP growth rates are 7.5 percent in FY 2022-23, 7.8 percent in FY 2023-24 and 8.0 percent in FY 2024-25.

### **GDP, Per capita GDP and GNI**

According to the final estimate, the volume of GDP at current market prices reached at Tk. 35,30,184.8 crore in FY 2020-21, which was Tk. 31, 70,469.4 crore in FY 2019-20. In nominal term GDP growth was 11.35 percent. GDP is provisionally estimated Tk. 39,76,462 crore in FY 2021-22, Tk. 4,46,278 crore higher than previous fiscal year. Per capita GDP is estimated to be US\$ 2,723 in FY 2021-22. Medium-term GDP forecasts are Tk. 44,12,849 crore in FY 2022-23, Tk. 49,49,712 crore in FY 2023-24, and Tk. 55,59,517 crore in FY 2024-25. As per the final estimate, per capita GDP in FY 2020-21 was US\$ 2,462, US\$ 228 up from the previous fiscal year. Per capita gross national income increased to US\$ 2,591 in FY 2020-21, US\$ 265 up from FY 2019-20. The per capita gross national income is provisionally estimated to US\$ 2,824 in FY 2021-22, US\$ 233 higher than previous fiscal year.

### **Sectoral Growth**

According to the final estimate of BBS, the growth of agriculture sector increased to 3.17 percent in the FY 2020-21, slightly lower than 0.25 percentage point from FY 2019-20. During the same period, industry sector grew by 10.29 percent, which was 3.16 percent in the previous fiscal year. The service sector grew by 5.73 percent in FY 2020-21, 1.8 percentage point up from the previous fiscal year.

According to the provisional estimate of BBS, the growth rate of agriculture sector stood 2.20 percent in FY 2021-22, 0.97 percentage point lower than the previous fiscal year. Within the agriculture sector, the growth rate of forests and related services estimated highest growth rate of 5.37 percent in FY 2021-22. The contribution of the broad agricultural sector to the GDP stood at 11.50 percent in FY 2021-22, 0.57 percentage point lower than the previous fiscal year.

Industrial sector is estimated to have 10.44 percent growth in FY 2021-22, 0.15 percentage point higher than the previous fiscal year. The contribution of industries to GDP became 37.07 percent, which is 1.06 percentage point higher than the previous fiscal year.

Services sector is estimated to have 6.31 percent growth in FY 2021-22, 0.58 percentage point higher than FY 2020-21. Human health and social work activities' is estimated to experience the highest growth rate of 9.78 percent followed by wholesale and retail trade, transportation and storage, accommodation and food services activities; financial and insurance activities; professional, scientific and technical activities; education and other service sectors would grow significantly over FY 2020-21. The contribution of broad service sector to the GDP stood at 51.44 percent in FY 2021-22, 0.29 percentage point lower than the previous fiscal year.

### **Consumption Expenditure**

In GDP measured by expenditure method, consumption expenditure especially private consumption occupies the major share. Over more than a decade, consumption as domestic demand has been over 70 percent of GDP. As per the final estimate of BBS the contribution of consumption expenditure to GDP is 74.66 percent in FY 2020-21 of which private consumption is 68.78 percent and government consumption is 5.88 percent. BBS provisionally estimated that the contribution of consumption expenditure to the GDP will be 78.44 percent of which private consumption 72.77 percent and general government consumption 5.67 percent in FY 2021-22, 3.78 percentage point higher than the previous fiscal year.

### **Savings and Investment**

During FY 2020-21, domestic savings decreased to 25.34 percent of GDP, 1.74 percentage point lower than the previous year. Likewise, national savings as percent of GDP decreased to 30.79 percent in FY 2020-21, 0.63 percentage point lower than FY 2019-20. Gross domestic savings is provisionally estimated to be 21.56 percent of GDP in FY 2021-22, 3.78 percentage point lower than previous fiscal year. Gross national savings is estimated to be 25.45 percent of GDP, 5.34 percentage point lower than previous fiscal year.

The contribution of investment to GDP decreased to 31.02 percent in FY 2020-21, 0.29 percentage point lower than the previous fiscal year. Of 31.02 percent contribution to GDP, private investment is 23.70 percent while public investment is 7.32 percent. Public investment as a percentage of GDP has slightly increased and private investment as a percentage of GDP has slightly decreased compared to the previous fiscal year. Investment is estimated to be 31.68 percent of GDP of which private investment is 24.06 percent and public investment is 7.62 percent in FY 2021-22. Overall

investment is 0.66 percentage point higher than last fiscal year.

### **Inflation**

Inflation in FY 2020-21 stood 5.56 percent, 0.09 percentage point lower than FY 2019-20, which is slightly higher than the target rate of inflation. As the economic damages created by COVID-19 pandemic is triggered by war in Ukraine, like all other countries of the world an upward trend of price level is being observed in Bangladesh. The inflation rate is targeted to be 5.8 percent for the FY 2021-22.

### **Revenue Mobilisation**

In FY 2020-21, Tk. 3,28,984 crore (9.3 % of GDP) revenue was collected of which NBR tax revenue is Tk. 2,63,226 crore, non-NBR tax revenue is Tk. 6,066 crore and non-tax revenue is Tk. 59,192 crore. The revised revenue mobilisation target is set Tk. 3,89,000 crore in FY 2021-22, which is 9.9 percent of the estimated GDP. Of them, revenue to be collected from NBR sources is Tk. 3,30,000 crore (8.4% of GDP), tax revenue from non-NBR sources is Tk. 16,000 crore (0.4% of GDP) and non-tax revenue is Tk. 43,000 crore (1.1% of GDP).

Revenue received during July-March of FY 2021-22 is Tk. 2,74,381 (70.53 % of target) crore of which NBR revenue is Tk. 2,42,930 crore and Non-NBR revenue is Tk. 31,451 crore.

### **Government Expenditure**

According to the revised budget, the total expenditure target for FY 2021-22 has been set Tk. 5,93,500 crore, which is 15.1 percent of GDP. Of this, operating expenditure is Tk. 3,85,950 crore (9.8% of GDP) and development expenditure is Tk. 2,07,550 crore (5.3% of GDP).

As per the provisional estimates of *iBAS++*, the total expenditure up to March 2022 in FY 2021-22 was Tk. 2,62,041 crore, of which operating

expenditure was Tk. 1,94,336 crore and development expenditure was Tk. 63,411 crore.

A new Budget and Accounting Classification System (BACS) has been introduced from FY 2018-19 with a view to upgrading government financial management to an international standard. In addition to civil administration, defense and railway budget and accounting process have been brought under the iBAS ++ software developed by local experts. In order to make this system more dynamic, activities will be undertaken for consolidation and integration among them. To simplify the development project fund release process, project directors have been given the full authority in FY 2019-20 to utilise project fund without seeking approval from any authority.

### **Budget Balance and Financing**

Government is conscious to keep the budget deficit within 5 percent of GDP. But in the revised budget of FY 2021-22, due to COVID-19 pandemic budget deficit crossed 5 percent of GDP. In the revised budget of FY 2021-22, budget deficit has been estimated Tk. 2,04,500 crore (Including Grant) which is 5.1 percent of GDP. Of this deficit, Tk. 80,212 crore (2.0% of GDP) will be financed from external sources (including foreign grant) and Tk. 1,24,288 crore (3.2% of GDP) will be financed by domestic sources. Out of the deficit in the domestic sector, Tk. 87,288 crore will be sourced from the banking system and the remaining Tk. 37,000 crore will be sourced from the non-bank sector.

### **Priorities in the Allocation of Revised ADP, FY 2021-22.**

The highest priority given in the RADP of FY 2021-22 are transport and communication (26.49), power and energy (19.81), Housing and community facilities (11.51), education (9.59), local government (7.15), health (6.35).

### **Monetary Policy and Monetary Management**

Monetary policy stance and the monetary and credit programmes have been announced for FY 2021-22 with key objective to continue on-going recovery process disrupted by COVID-19 pandemic through expansionary tools while maintaining stability in general price level.

The FY 2021-22 monetary programme is primarily set to support 7.2 percent real GDP growth and containment of average inflation at 5.3 percent.

To ensure the availability of less costly funds for banks and rationalising the policy rates' corridor (the gap between the repo and reverse repo rates), the repo and reverse repo interest rates have slashed down by 50 basis points and 75 basis points to 4.75 percent and 4.00 percent respectively with effect from 30 July 2020. However, 360-day repo facility with effect from 13 May 2020 is also introduced. The Bank Rate which remained unchanged for the last 17 years (since 2003) has also been slashed down by 100 basis points to 4.00 percent to rationalise it with the current interest rate regime. CRR has been reduced from 5.5 percent to 4.0 percent for domestic banking operations, from 5.5 percent to 2.0 percent for offshore banking operations, and from 2.5 percent to 1.5 percent for financial institutions (FIs).

### **Money and Credit**

At the end of February of FY 2021-22, the year-on-year, broad money (M2) increased by 9.4 percent and reserve money decreased by 7.41 percent. During the time period, 30.36 percent growth of net foreign assets has contributed in the year-on-year growth of M2.

Domestic credit increased (year-on-year) by 13.3 percent in February 2022 of FY 2021-22, which is higher than 9.06 percent growth in the same period of the previous fiscal year. Of which private sector credit growth stood at 10.87 percent

at the end of February 2022 against 8.93 percent in the same period of the previous fiscal year. The net credit to the government increased by 28.94 at the end of February 2022 which was increased by 10.64 percent in same period of the previous year. At the end of February 2022, credit to the other public sector increased by 10.09 percent compared to 4.82 percent during the same period of the last year.

### **Interest Rate**

In order to enhance international competitiveness, flourish productive sector and reduce classified loans the rate of interest has been rationalised limiting it to single digit except credit card. As a result, during COVID-19 pandemic productive sectors did not face much problem and the weighted average lending and deposit rates show downward movement. The weighted average lending rate of commercial banks decreased continuously and stood at 7 percent. The interest rate spread reduced to 3 percent from 5 percent.

### **Capital Market**

In DSE total number of listed securities has increased from 609 in June 2021 to 623 in April 30, 2022. Total Market Capitalisation of all listed securities increased from Tk. 5,14,282.1 crore in June 2021, to Tk. 5,36,961 crore in April, 30, 2022. DSE Broad Index has increased from 6,150.48 points in June 2021 to 6,655.66 points in April 2022, 8.21 percent higher.

In CSE total number of listed securities increased from 349 in June 2021 to 378 in April 30, 2022. Total Market Capitalisation of all listed securities increased from Tk. 4,38,425.7 crore in June 2021, to Tk. 4,64,876.3 crore in April, 30, 2022. CSE Broad Index has increased from 17,439.76 points in June 2021 to 19,474.45 points in April 2022, 11.66 percent higher.

### **Exports**

In FY 2020-21 total export earnings increased by 12.77 percent to US\$ 40.11 billion over the

previous fiscal year. During July to March of FY 2021-22 export earnings stood US\$ 43.7 billion, which is 32.43 percent higher than the export earnings of the same period in the previous fiscal year. Exports receipt is estimated to cross US\$ 50 billion in fiscal year 2021-22. During this period, commodity-wise growth of export earning shows that, export earnings from almost all the products have increased compared to the last fiscal year except jute and building materials. The government initiatives to facilitate exports are enhanced during COVID-19. Export incentives are extended to new products.

### **Import**

The total import payments in FY 2020-21 stood at US\$ 61.7 billion, 10.74 percent higher than the previous fiscal year. Up to March of FY 2021-22, total import payments stood US\$ 71.41 billion, 42.24 percent higher than the same period of the previous fiscal year. Imports payments is estimated to be around US\$ 80 billion in fiscal year 2021-22.

### **Overseas Employment and Remittance**

COVID-19 pandemic hit hard the overseas job market and thus overseas employment decreased to 2.18 lakh in 2020 from 7.0 lakh in 2019. However, as the travel restrictions gradually eased, the overseas employment rebounded after 2020. Overseas employment significantly increased to 6.17 lakh in 2021 and reached 3.23 lakh by March 2022. Considering worldwide mass vaccination programmes and improvement of COVID-19 situation it is expected that overseas employment will cross the pre-pandemic trend in 2022.

In FY 2019-20, remittance inflows increased by 10.87 percent over the previous fiscal year to US\$ 18.21 billion. In FY 2020-21, Bangladeshi expatriates' remittance stood at US\$ 24.78 billion which was significantly higher (36.10%) than the previous fiscal year. During July-April of FY

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2021-22 remittance earnings recorded is US\$ 17.31 billion.

The major portion of remittance has been received from Middle East countries. During July to March 2022 the highest amount of remittance earned from Kingdom of Saudi Arabia (21%) followed by the USA (16%), the UK (11%), UAE (9%), Kuwait (8%), Qatar (6%), Malaysia (5%), Italy (5%) and so on.

### Balance of Payments (BoP)

Trade deficit of Bangladesh stood US\$ 22.8 billion in FY 2020-21 compared to US\$ 17.9 billion in FY 2019-20. Trade deficit rose by 27.67 percent in FY 2020-21, largely due to the higher import payments largely resulted from high commodity prices worldwide. During that time, current account balance deficit stood at US\$ 3.8 billion on the back of robust remittance inflows compared to US\$ 4.7 billion deficit in the previous fiscal year. Trade deficit during July-February of FY 2021-22 has become US\$ 22.3 billion compared to US\$ 12.4 billion during the same period of the last fiscal year.

### Foreign Exchange Reserve

Foreign exchange reserve of Bangladesh reached a record height of US\$ 48 billion on 24 August 2021 largely due to huge inward remittances and export earnings. However, as the import keeps increasing the volume of foreign exchange reserve decreased by about US\$ 4 billion since 24 August 2021. At the end of April of FY 2021-22 the foreign exchange reserve stood US\$ 44.1 billion.

### Exchange Rate

Bangladeshi currency Taka experienced an overall 1.9 percent depreciation against US dollar in July-April FY 2021-22 compared to that of the FY 2020-21. The weighted average inter-bank rate stood at Taka 86.45 per US\$ on 30 April,

2022, which was Taka 84.80 per US\$ on 30 April, 2021.

### Short and Medium-term Prospects of Bangladesh Economy

The Medium-term Macroeconomic Framework (MTMF), 2021-22 to 2024-25, has been formulated taking into account the recent dynamics of the global economy and the impacts on the domestic sector. While the global economy was recovering from COVID-19 impairment, the war in Ukraine is triggering the loss of lives and livelihood in the war zone and supply bottlenecks in the rest of the world. Countries are administering mass vaccinations and implementing incentive packages to address the unintended effects of the coronavirus on public health, global growth and commodity markets. Government of Bangladesh has been implementing 28 incentives worth of Tk. 1,87,679 crores. Because of the timely policy decision under the able leadership of Honorable Prime Minister Sheikh Hasina Bangladesh successfully managed repeated waves of COVID-19 with minimum loss of lives. As of 4 May 2022, 70.18 percent population have been fully vaccinated.

In the medium term, the government will put emphasis on full economic recovery from the fallout of COVID-19, address the issues arisen from war in Ukraine, implementing 8<sup>th</sup> Five Year Plan, the 2030 agenda-SDGs, second perspective plan (2021-2041), ‘Delta Plan 2100’, and ‘Blue Economy’ strategies.

Government is keen to restore the pre-pandemic economic high growth trajectory. Bangladesh became able to achieve 6.94 percent GDP growth against revised target of 6.1 percent in the MTMF. GDP growth is estimated 7.25 percent in 2021-22 and has been projected to gradually rise to 7.5, 7.8 and 8.0 percent respectively in FY 2022-23, FY 2023-24 and FY 2024-25. Inflation is estimated to be 5.8 percent in FY 2021-22, which is expected

to gradually decrease in the next three fiscal years reaching 5.5 percent in FY 2024-25. Gross investment is forecasted to be between 31.5 to 33.6 percent of GDP in the next three fiscal years. Out of this, investment in the public sector will be between 6.6 to 7 percent and investment in the private sector will be between 25.4 to 28 percent of GDP.

As per the MTMF, the estimated revenue mobilisation for FY 2021-22 will be 9.8 percent of GDP and projection is made that the revenue will lie between 9.8 percent to 10.6 percent of GDP in between FY 2022-23 to FY 2024-25. Public outlay is estimated to be 15.1 percent of GDP in FY 2021-22. It is projected that the outlay will be between 15.4 to 15.6 percent of GDP in following three years.

In FY 2021-22, the revised budget deficit is estimated to be 5.1 percent of GDP. The budget deficit is projected to be 5.5 to 5 percent of GDP in FY 2022-23 to FY 2024-25. This will a little bit higher than the target rate of keeping budget deficit within 5 percent of GDP due to increased government spending aimed at restoring the

economy COVID-19 fall out and other global setbacks. The target is to keep the private sector credit flow at 14.8 percent in FY 2021-22, which is expected to increase to 15 to 16 percent of GDP in the next three fiscal years.

Export is estimated to grow by 34.1 percent in 2021-22 and projected to grow at a rate of 20 to 18 percent in the following three fiscal years. Import growth is estimated to be 30 percent in FY 2021-22 and projected to be 12 percent in FY 2022-23, 14 percent in FY 2023-24 and 14.5 percent in FY 2024-25. Remittances is estimated to be 5.5 percent of GDP in FY 2021-22 and projected to be between 5.7 to 5.4 percent in the following three fiscal years. Considering strong domestic demand, fiscal expansion, rebound of export, improved Covid situation, restoration of lives and livelihood, full resumption of economic activities, implementation of COVID-19 incentive packages, completion of few mega projects including Padma bridge, it is expected the economy of Bangladesh will continue to grow at pace of pre-pandemic growth path. Table 1.2 highlights the projection of key macroeconomic indicators during FY 2017-18 to FY 2024-25.



**Table 1.2: Medium Term Macroeconomic Framework: Key Indicators**

Indicators	2017-18	2018-19	2019-20	2020-21	2021-22 Budget	2021-22 Revised Budget	2022-23	2023-24	2024-25
	Actual						Projection		
Real Sector									
Real GDP growth (%)	7.32	7.88	3.45	6.94	7.20	7.25	7.50	7.80	8.0
CPI Inflation (%)	5.78	5.48	5.65	5.56	5.30	5.80	5.60	5.50	5.50
Investment (% GDP)	31.8	32.2	31.3	31.0	31.7	31.68	31.5	32.8	33.6
Private	24.94	25.25	24.02	23.70	23.31	24.06	24.88	25.91	26.65
Public	6.9	7.0	7.3	7.3	8.4	7.62	6.6	6.9	7.0
Fiscal Sector (% of GDP)									
Total Revenue	8.2	8.5	8.4	9.3	11.3	9.8	9.8	10.4	10.6
Tax Revenue	7.4	7.7	7.0	7.6	10.0	8.7	8.8	9.3	9.5
Of which NBR Tax Revenue	7.1	7.4	6.8	7.5	9.5	8.3	8.4	8.8	9.0
Non-Tax Revenue	0.8	0.9	1.4	1.7	1.2	1.1	1.0	1.1	1.1
Public Expenditure	12.2	13.3	13.0	13.3	17.5	14.9	15.4	15.5	15.6
Of which ADP	4.5	5.0	4.8	4.9	6.5	5.2	5.6	6.3	6.4
Overall Balance	-4.0	-4.7	-4.7	-4.0	-6.2	-5.1	-5.5	-5.1	-5.0
Financing	4.0	4.7	4.7	4.0	6.2	5.1	5.5	5.1	5.0
Domestic Financing	3.0	3.4	3.3	2.3	3.3	3.1	3.2	2.9	2.8
External Financing(net)	1.0	1.1	1.4	1.4	2.9	2.0	2.3	2.2	2.3
Money and Credit (Year-on-year % change)									
Domestic Credit	14.7	12.3	14.0	10.1	14.0	17.8	16.0	16.0	17.0
Credit to the Private sector	16.9	11.3	8.6	8.3	11.0	14.8	15.0	15.0	16.0
Broad Money	9.2	9.9	12.6	13.6	13.8	15.0	15.6	16.0	16.5
External Sector (% Change)									
Export, f.o.b	6.7	9.1	-17.1	15.4	12.0	34.1	20.0	18.0	18.0
Import, f.o.b	25.2	1.8	-8.6	19.7	11.0	30.0	12.0	14.0	14.5
Remittance	15.1	10.2	12.4	36.1	35.0	1.0	16.0	10.0	10.0
CurrentAccount Balance(% GDP)	-2.98	-1.45	-1.26	-0.91	-0.06	-2.19	-1.19	-0.86	-0.81
Gross Foreign Exchange Reserves (Billion US\$)	32.86	32.72	36.04	46.39	48.37	42.05	47.07	54.89	64.11
Forex. Reserve in the month of Import	6.2	6.0	7.2	7.8	7.4	5.5	5.5	5.6	5.6
Memorandum Item									
GDP at current market prices (Billion Tk.)	26392	29514	31705	35302	34560	39765	44500	49913	56063

Source: Finance Division, Ministry of Finance, BBS