

Forward

Bangladesh economy continues to grow at healthy pace despite unrest in the domestic front and slow recovery in major trading partners. It registered 6.0 percent real GDP growth in FY13, mainly driven by robust performance in the manufacturing sector. On the other hand, agriculture and services sector grew at a lower than normal rate. Political unrests disrupting supply chains also took a toll on the services sector. Public investment went up considerably against a slight increase in private investment. In the external front, remittances and exports rose adequately against slack import.

In the first half of FY14, economic activities were seriously impeded by blockades and destruction in the run up to the national election. Consequently, imports, tax collections, and domestic credit growth slowed, though exports stayed resilient. However, with the national election stability returned and economic indicators began showing signs of improvement. With revamped domestic economic activities and strong recovery in external demand, satisfactory growth is likely to be achieved in FY14.

Over the medium term, the Government aims to accelerate growth by implementing a number of policy measures. Continuity in office has given us the opportunity to carry on with proven policy strategies together with structural reforms in new areas. Reducing supply shortages in key economic sectors to raise overall productivity will remain high on our priority agenda. Increased investment in human resources to reap benefits of the demographic dividend will also be critically important. Further, digitization will be spread to all spheres of economy. On the fiscal front, we will continue to take measures to strengthen and automate revenue administration, broaden tax base, intensify tax compliance, and implement new tax laws to create fiscal space for higher development spending. For financial sector, high priority will be given to strengthening its governance and oversight as well as speeding up reforms in the capital market.

The MTMPS, in fact, is an elaborate discourse on these medium term plans and strategies. This document is placed before the Parliament as per the provisions of the Public Moneys and Budget Management Act, 2009. It provides an overview of recent developments in Bangladesh economy and analysis on medium term goals and strategies followed by the medium term outlook of the economy. It also discusses the main features of performance and outlook of government revenue, expense, deficit financing, and debt. At the end, challenges and policy responses have been discussed.

I believe that this report will be of use to researchers, academia, students, and policy makers. I extend my appreciation to all the officials of the Macroeconomic Wing, Finance Division for making useful contributions to this document.

(Abul Maal Abdul Muhith)
Minister
Minister of Finance