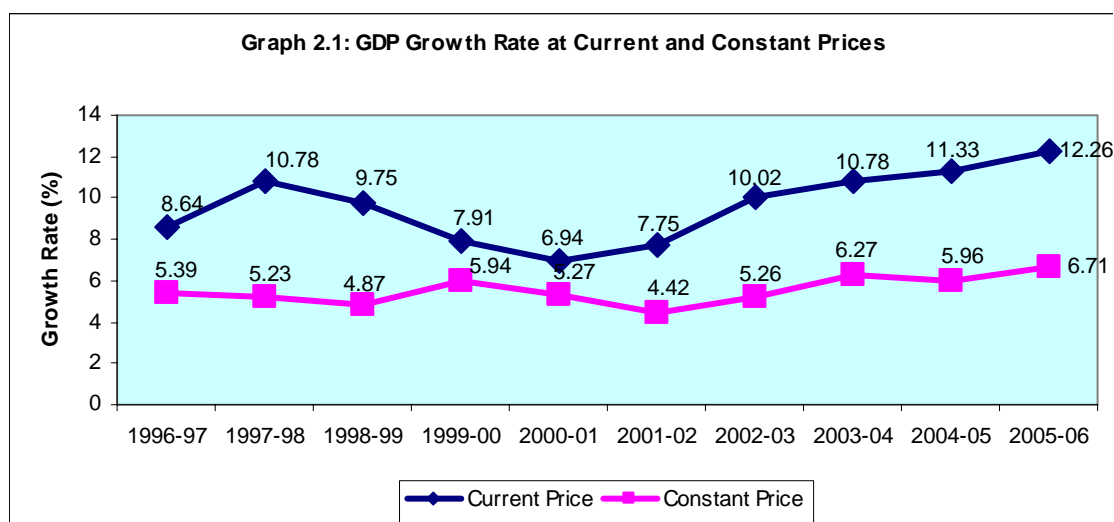


CHAPTER 2

GDP, SAVING AND INVESTMENT

The significant growth in agriculture sector along with the remarkable growth in industry sector and the continuous trend of growth in service sector propelled the GDP growth rate to 6.71 percent in FY 2005-06 according to provisional estimate. Anticipating the negative growth of agriculture and forestry, particularly probable decline of growth in crops and horticulture due to flood, the GDP growth rate was provisionally estimated at 5.38 percent in FY2004-05. But the growth of industry and service sector along with the positive growth in agriculture and forestry mainly enabled the economy to post the growth at 5.96 percent according to the final estimate in FY2004-05. It is to be noted that, according to the projection of Medium Term Macroeconomic Framework (MTMF), the real growth of GDP for the fiscal year 2005-06, 2006-07 and 2007-08 will be 6.5 percent, 6.8 percent and 7.0 percent respectively.

The GDP growth rate at current and constant prices for FY 1996-97 to FY 2005-06 are shown in graph 2.1:

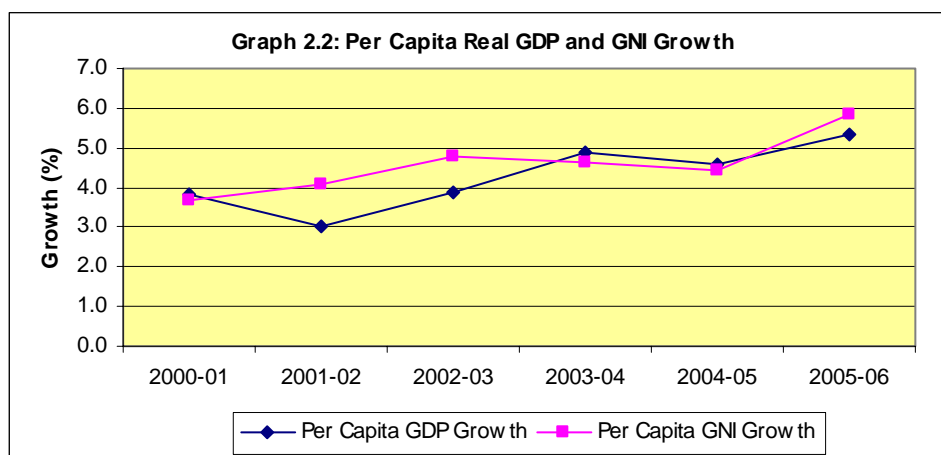


The value of Gross Domestic Product at current market prices is provisionally estimated at Tk. 4161.54 billion which is about 12.26 percent higher than that of FY 2004-05. GDP at constant market prices is provisionally estimated at Tk. 2848.98 billion which is 6.71 percent higher than that of FY 2004-05.

Per Capita Income

At current prices, the per capita GDP and GNI for FY 2005-06 are estimated at Tk. 29,986 (US\$ 456) and Tk. 31,669 (US\$ 482) respectively. At constant prices (at 1995-96 prices), the per capita GDP and GNI for FY 2005-06 are estimated at Tk. 20,528 and Tk. 21,681 respectively. All these provisional estimates are based on the actual data available for the first six months (July-

December, 2005) on real sectors, government budget and the projected or trend data of the related sectors and sub-sectors for remaining six months. Per capita real GDP and GNI growth for the last six years is shown in graph 2.2 below:



Trend of GDP Statistics

Some of the important indicators for GDP from FY 2000-01 to FY 2005-06 are shown below:

Table 2.1: GDP, GNI, Per Capita GDP and GNI at Market Prices

Item	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06 (Prov.)
GDP (In Crore Tk.)	253546	273201	300580	332973	370707	416155
GNI (In Crore Tk.)	262388	285743	317163	350526	389635	439519
Population (In Crore)	12.99	13.16	13.34	13.52	13.70	13.88
Per Capita GDP (In Tk.)	19525	20754	22530	24628	27061	29986
Per Capita GNI (In Tk.)	20206	21707	23773	25926	28443	31669
Per Capita GDP (In US\$)	362	361	389	418	441	456
Per Capita GNI (In US\$)	374	378	411	440	463	482

Source: Bangladesh Bureau of Statistics (BBS)

Note: Population data for the previous years are adjusted on the basis of Census 2001.

Sectoral Performance of the Economy

Sectoral performance of the economy for FY 2005-06 is briefly discussed below:

Agriculture Sector

The agriculture sector, which comprises about 17 percent of the total GDP, includes three sub-sectors namely (i) Crops and Horticulture, (ii) Animal Farming, and (iii) Forest and related services. The overall growth rate of the agriculture sector for FY 2005-06 is provisionally estimated at 4.67 percent in real terms over FY 2004-05. Crops and horticulture sub-sector has largely propelled the sectoral growth in FY 2005-06. This estimated growth is due to anticipated increase in cereals production from 26.13 million metric tons in FY 2004-05 to 27.26 million metric tons in FY 2005-06. This is, in physical terms, 4.32 percent higher than the cereals output of FY 2004-05. The output of the animal farming is likely to grow by 6.31 percent (significant growth in farm poultry) and forestry sub-sector is expected to achieve almost the same growth as

in the previous year. Because of the expected higher production of food grains, the agriculture sector, as a whole (agriculture and forestry, fisheries) will grow at the rate of 4.49 percent in FY 2005-06 compared to 2.21 percent in FY 2004-05.

Table 2.2 shows the Gross Domestic Product (GDP) at Current Prices from fiscal year 2000-01 to 2005-06.

Table 2.2: Gross Domestic Product (GDP) at Current Prices

(In crore Tk.)

Sector/Sub-sector	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06 (Prov.)
1. Agriculture & Forestry	45631	46003	48798	52419	56167	61747
a. Crops & vegetables	34064	33896	36024	38884	41482	45629
b. Livestock	6893	7118	7474	7915	8680	9695
c. Forestry	4674	4989	5300	5620	6006	6423
2. Fishery	13406	13897	14259	14783	15456	16240
3. Mining & Quarrying	2640	2997	3309	3644	4041	4547
a. Natural gas & crude petroleum	1502	1733	1900	2085	2295	2569
b. Other mineral resources	1138	1264	1409	1558	1746	1978
4. Industry (Manufacturing)	38234	41805	45813	51527	58795	68749
a. Large & medium-scale	27340	29596	32377	36364	41535	48825
b. Small-scale	10894	12209	13435	15163	17260	19924
5. Electricity, Gas & Water	3346	3640	3989	4424	4909	5393
a. Electricity	2804	3053	3318	3683	4065	4468
b. Gas	375	399	438	480	532	590
c. Water	167	188	233	261	312	335
6. Construction	19334	21159	23016	25397	29061	33502
7. Wholesale & Retail Trade	32479	35312	39103	44103	50278	56993
8. Hotel & Restaurant	1590	1740	1944	2202	2512	2853
9. Transport, Storage & Communication	22129	25524	31112	34444	38289	43235
a. Surface transport	16098	18869	24096	26860	29374	32904
b. Water transport	2616	2725	2792	2886	2994	3134
c. Air transport	393	413	420	438	467	473
d. Support transport services, storage	934	992	1036	1070	1171	1184
e. Post & telecommunication	2088	2525	2768	3190	4283	5539
10. Financial Intermediations	3911	4207	4718	5197	5934	6553
a. Bank	2988	3179	3540	3889	4451	4898
b. Insurance	761	861	999	1111	1259	1396
c. Others	162	167	180	198	225	259
11. Real Estate, Renting & other Business Activities	22365	23995	25678	27601	29744	32134
12. Public Administration and Defence	6695	7117	7783	8624	9637	10881
13. Education	5852	6352	7064	7873	8788	9837
14. Health and Social Work	5722	6079	6601	7197	8104	8967
15. Community, Social and Personal Services	21665	23698	26685	30028	33876	38278
Import Duty	8547	9676	10707	13510	15113	16247
GDP at Current Market Price	253546	273201	300580	332973	370707	416155
Growth Rate (%)	6.94	7.75	10.02	10.78	11.33	12.26

Source: Bangladesh Bureau of Statistics.

Crop Agriculture

Crops and Horticulture Sub-sector: According to the provisional estimate, the crops and horticulture sub-sector of the agriculture sector is likely to increase by 4.21 percent in real terms in FY 2005-06 over FY 2004-05. This likely growth is due to an expected increase of cereal production from 26.13 million metric tons in FY 2004-05 to 27.26 million metric tons in FY 2005-06. The higher production of aus, aman, and other vegetables is the major factor behind the increased production of cereals in FY 2005-06. Jute production has also increased from 40.35 lakh bales in FY 2004-05 to 46.19 lakh bales in FY 2005-06. The production of aus and aman rice is expected to increase, in physical terms, 16.33 percent and 10.08 percent respectively. Boro rice production is expected to decrease 0.99 percent and the production of wheat is likely to be increased 2.46 percent in physical terms.

The production of minor crops, which include pulses, spices, sugarcane, fruits, vegetables and tobacco, is expected to be around the level of preceding year. These minor crops contributed about 30 percent to the total output of the crop sub-sector. Overall, the agriculture and forestry sector is likely to increase by 4.67 percent in FY 2005-06 as against growth in the previous year.

Non-crop Agriculture

Animal Farming and Forestry: The growth rate of animal farming sub-sector is likely to be 6.31 percent in FY 2005-06 compared to 7.23 percent in FY 2004-05. The output of this sub-sector increased mostly due to expansion of number as well as output of poultry farms. Gross value added in the forestry and related services sub-sector is expected to grow by 5.18 percent during FY 2005-06, compared to 5.09 percent in FY 2004-05.

Fishery: Total inland and marine catches as estimated by the Directorate of Fisheries (DOF) will be higher in FY 2005-06 (23.95 lakh metric tons) than that in the previous year (22.84 lakh metric tons). The production data have been reconciled with the consumption data available from the Household Income and Expenditure Survey (HEIS), 2000. Thus, the fishery sector is likely to grow by 3.89 percent in FY 2005-06 compared with 3.65 percent in FY 2004-05. At current prices the fishery sub-sector will contribute 4.06 percent to the total GDP of the country for FY 2005-06.

Industry sector

The broad industry sector comprises (i) mining and quarrying, (ii) manufacturing, (iii) electricity, gas and water supply and, (iv) construction activities. The industry sector accounts for 29.01 percent of GDP at constant prices for FY 2005-06. The growth rate of the broad industry sector is provisionally estimated at 9.56 percent for FY 2005-06 compared to 8.28 percent for FY 2004-05. Table 2.3 shows the sectoral growth rate of GDP at constant prices for the year 2000-01 to 2005-06 as follows:

Table 2.3: Sectoral Growth Rate of GDP at Constant Prices (Base Year: 1995-96)

(In Percentage)

Sector/Sub-sector	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06 (Prov.)
1. Agriculture & Forestry	5.53	-0.62	3.29	4.38	1.80	4.67
a. Crops & vegetables	6.18	-2.39	2.88	4.27	0.15	4.21
b. Livestock	2.81	4.70	4.51	4.98	7.23	6.31
c. Forestry	4.85	4.91	4.43	4.18	5.09	5.18
2. Fishery	-4.53	2.22	2.33	3.09	3.65	3.89
3. Mining & Quarrying	9.75	4.53	7.17	7.66	8.38	8.73
a. Natural gas & crude petroleum	13.99	4.93	8.91	8.98	9.02	8.70
b. Other mineral resources	4.19	3.96	4.66	5.68	7.40	8.78
4. Industry (Manufacturing)	6.68	5.48	6.75	7.10	8.19	10.45
a. Large & medium-scale	6.55	4.60	6.56	6.95	8.30	11.04
b. Small-scale	7.02	7.69	7.21	7.45	7.93	9.04
5. Electricity, Gas & Water	7.40	7.63	8.02	9.09	8.90	7.72
a. Electricity	7.60	7.78	7.29	9.19	8.58	7.76
b. Gas	6.05	6.53	8.77	8.81	8.87	8.66
c. Water	7.05	7.52	20.01	8.00	14.44	5.08
6. Construction	8.65	8.61	8.09	8.25	8.31	8.37
7. Wholesale & Retail Trade	6.43	6.59	6.09	6.57	7.06	7.26
8. Hotel & Restaurant	7.00	6.92	7.00	7.05	7.12	7.45
9. Transport, Storage & Communication	7.92	6.56	6.85	6.21	7.92	8.25
a. Surface transport	6.37	6.73	6.64	6.02	4.25	4.37
b. Water transport	0.57	0.34	0.07	0.16	1.95	1.97
c. Air transport	4.62	-16.84	-1.35	0.84	2.49	1.37
d. Support transport services, storage	18.10	-4.62	-1.17	-1.35	2.92	0.64
e. Post & telecommunication	26.92	20.93	17.89	14.56	31.79	28.56
10. Financial Intermediations	5.54	6.70	6.67	7.02	8.92	7.12
a. Bank	4.01	5.42	5.91	6.73	9.11	6.85
b. Insurance	13.46	12.35	10.29	8.06	8.34	7.46
c. Others	-0.03	2.05	2.32	6.91	8.51	10.64
11. Real Estate, Renting & other Business Activities	3.41	3.42	3.52	3.58	3.65	3.69
12. Public Administration and Defence	5.88	5.92	5.24	7.06	8.02	8.21
13. Education	7.11	7.58	7.60	7.69	7.90	7.98
14. Health and Social Work	4.92	5.30	5.63	6.17	7.40	7.13
15. Community, Social and Personal Services	3.15	3.24	3.32	3.97	4.05	4.08
Import Duty	1.84	5.84	3.31	18.17	6.47	2.19
Growth Rate (%)	5.27	4.42	5.26	6.27	5.96	6.71

Source: Bangladesh Bureau of Statistics.

The expected sectoral performances are likely to be as follows:

Mining and quarrying: Mining and quarrying is likely to sustain its growth with 8.73 percent in FY 2005-06 which is slightly higher than 8.38 percent in FY 2004-05. Production of coal at Barapukuria is included in other mining sub-sector from January'06. Consequently, the growth rate of other mining sub-sector has increased by 8.78 percent in FY 2005-06 compared to 7.40 percent in the previous year.

Manufacturing: On the basis of data available up to December 2005 and also taking into consideration the trend of production, the growth rate of this sector for FY 2005-06 is provisionally estimated at 10.45 percent against 8.19 percent in the previous year. The growth of manufacturing was fueled mainly by the food manufacturing, knitwear, ready-made garments and cotton textile. A brief analysis of the performance of this sector is given below:

- Production of both large and medium scale manufacturing industries, particularly food manufacturing, knitwear, ready-made garments, cotton textile, pharmaceuticals, tobacco, leather footwear, ceramic, cement, plastic products etc showed substantial growth in the first six months of the current fiscal year. The performance of other major industries registered significant growth except fertilizer, fabricated metal products, paper and paper products.
- Small and cottage industries showed a substantial growth during July-December, 2005 over the same period of the previous year.
- Quantum Index of Industrial Production (QIP) which is used for estimating value added of large and medium scale industries showed a growth of 11.04 percent during July-December, 2005 over the same period of the previous fiscal year.
- The Quarterly Index of Industrial Production for small scale manufacturing industries also showed significant growth. This sub-sector contributes about 40-45 percent of the total output of the manufacturing sector. The production of small scale manufacturing largely depends on indigenous raw materials and are generally immune to external shocks. Small scale manufacturing industries like rice milling, dairy products, knitwear, leather products, footwear, wooden furniture, paper and paper products, non-metallic products etc. showed substantial growth in the first two quarters of the current fiscal year. It is expected that the small scale industries will attain 9.04 percent growth in FY 2005-06 compared to 7.93 percent in FY 2004-05.

If other industries could attain at least the same rate of growth as achieved in the corresponding period of previous fiscal year, the overall manufacturing sector is likely to achieve a growth rate of 10.45 percent in FY 2005-06 as compared to 8.19 percent in FY 2004-05.

Power and Gas: The data available up to December 2005 have been used for projecting the growth rate of this sector:

- The output of electricity increased by 9.05 percent during July-December, 2006 over the same period of previous year. It is expected that the generation of electricity would be higher as compared to the previous year. Power supply improved in first half of the current fiscal year compared to the previous year. Independent Power Producers (IPP) are now contributing to the total power generation.
- Gas output is showing an upward trend and natural gas alone accounted for about 70 percent of commercial energy consumption.
- In FY 2003-04 and FY 2004-05, gas production was 12.82 and 13.78 billion cubic meters respectively. Gas production for the first six months (July-December, 2005) in FY 2005-06 was 7.45 billion cubic meters, which was 10.63 percent higher than that of the same period of last fiscal year.

As a result, the growth rate of the power, gas and water supply sector is expected to be 7.72 percent in FY 2005-06 as compared to 8.90 percent in FY 2004-05.

Construction: Cement, iron and steel are the major inputs of the construction sector. The domestic production of cement in the first six months of FY 2005-06 is higher than that of the same period of previous year. Based on National Board of Revenue (NBR) data, the import of cement in the first two quarters of FY 2005-06 was higher than that of the same period of FY 2004-05. It is expected that both private and public construction will pick up due to increase in production of cement and imported construction materials compared to the previous year. The construction sector is, therefore, projected to grow by 8.37 percent during FY 2005-06.

Services Sector

Services sector includes all services activities. Total output of the services sector consists of the collective outputs of the wholesale and retail trade; hotel and restaurant; transport, storage and communication; financial intermediations; real estate, renting and business activities; public administration and defence; education; health and social work, and community, social and personal services activities. The sectoral share of the services sector is 49.22 percent of the total GDP. Growth scenarios of the services sector for FY 2005-06 are briefly as follows:

Transport, Storage and Communication Sector: The transport, storage and communication sector is expected to achieve a growth rate of 8.25 percent in FY 2005-06 which is higher than previous fiscal year (7.92 percent). Post and Telecommunication services stood at the forefront with a growth of 28.56 percent in FY 2005-06. Communication services, particularly the Mobile Phone Services (MPS) market continued to drive the telecommunications industry as strong consumer demand which led to the high growth of Post and Telecommunication sub-sector. The share of this sector in GDP is 10.10 percent.

Wholesale and Retail Trade: The output of this sector is likely to register a slightly higher growth rate due to increase in agricultural and industrial production and import of commodities in FY 2005-06.

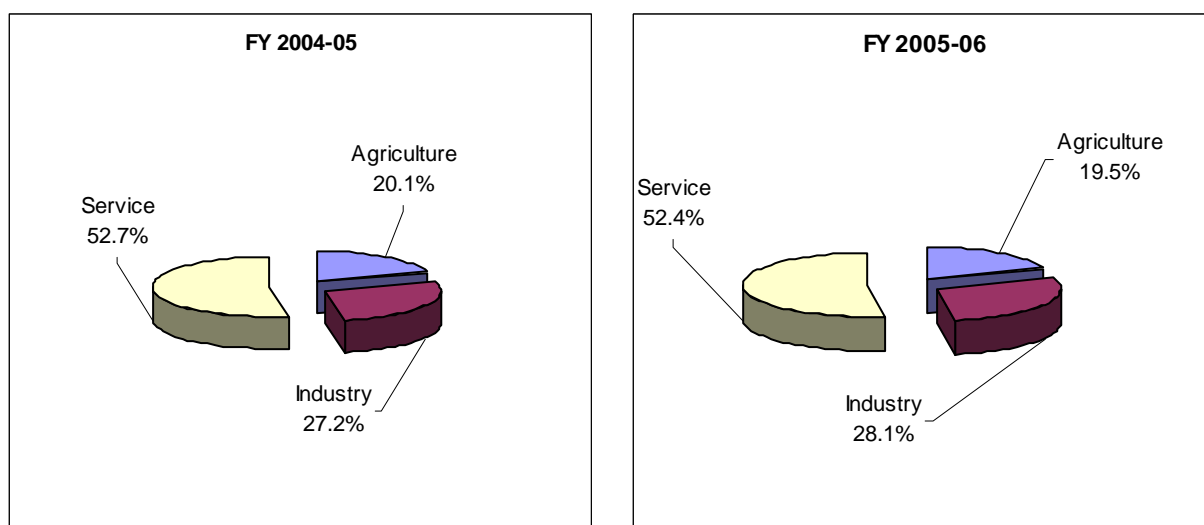
Real Estate, Renting and Business Activities Sector: Extrapolation and set movers obtained from the recent Population and Housing Census, 2001, have been used for estimating the value added in this sector for FY 2005-06. The growth rate in this sector is provisionally estimated at 3.69 percent in FY 2005-06.

Community, Social and Personal Services: This sector is projected to grow by 4.08 percent in FY 2005-06 over FY 2004-05. The contribution of cinema halls, cinema production houses, telefilms/drama production houses and private TV channels have been considered and added from FY 2004-05. For the rest, extrapolated data have been used for current and constant prices estimates in the absence of updated data.

Broad Sectoral Shares of GDP at Current Prices

At current prices, the share of the agriculture sector (which includes crops and non-crops agriculture, animal farming and poultry, forestry and fishery) in total GDP is 19.50 percent in FY 2005-06 as against 20.14 percent for FY 2004-05. At current prices, the share of industry sector (which includes mining and quarrying, manufacturing, electricity, gas and water supply and, construction activities) in total GDP is 28.05 percent for FY 2005-06 as against 27.22 for FY 2004-05. The share of the service sector (wholesale and retail trade; hotel and restaurant; transport, storage and communication; financial intermediations; real estate, renting and business activities; public administration and defence; education; health and social work and, community, social and personal services) in total GDP is 52.44 for FY 2005-06 which was 52.63 percent for FY 2004-05. The data on sectoral shares show that the share of agriculture sector in GDP is gradually decreasing while that of industry sector is increasing.

Graph 2.3: Broad Sectoral Shares of GDP at Current Prices



These changes indicate that while physical output (particularly for crops and horticulture) of agriculture sector has increased on a sustained basis, its relative contribution has been declining while industry sector contribution has been increasing over the period.

Broad Sectoral Shares of GDP at constant Prices

The positive trend of structural change of the share of agriculture sector to non-agriculture sector continues to prevail in the current fiscal year. At constant prices the share of agriculture including fishery in the FY 2005-06 stands at 21.77 percent, which was 23.08 percent and 22.27 percent in FY 2003-04 and FY 2004-05 respectively. The share of industry sector in GDP has been increasing gradually. From the Table 2.4 it is observed that, in FY 2000-01, the share of industry (manufacturing) sector was 15.59 percent, which gradually increased to 16.51 percent in FY 2004-05 and 17.05 percent in FY 2005-06.

Table 2.4: Sectoral Share of GDP (%) at Constant Prices (Base Year: 1995-96)

Sector/Sub-sector	(In percentage)					
	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06 (prov.)
1. Agriculture & Forestry	19.51	18.58	18.22	17.97	17.27	16.91
a. Crops & vegetables	14.70	13.75	13.43	13.23	12.51	12.19
b. Livestock	2.95	2.96	2.93	2.91	2.95	2.93
c. Forestry	1.87	1.88	1.86	1.83	1.82	1.79
2. Fishery	5.51	5.40	5.25	5.11	5.00	4.86
3. Mining & Quarrying	1.07	1.07	1.09	1.11	1.14	1.16
Natural gas & crude petroleum	0.63	0.63	0.66	0.68	0.69	0.71
b. Other mineral resources	0.44	0.44	0.44	0.43	0.44	0.45
4. Industry (Manufacturing)	15.59	15.76	15.97	16.16	16.51	17.05
a. Large & medium-scale	11.13	11.16	11.29	11.41	11.66	12.11
b. Small-scale	4.46	4.60	4.68	4.76	4.85	4.94
5. Electricity, Gas & Water	1.46	1.51	1.54	1.59	1.64	1.65
a. Electricity	1.23	1.27	1.30	1.34	1.37	1.38
b. Gas	0.16	0.17	0.17	0.18	0.18	0.18
c. Water	0.07	0.07	0.08	0.08	0.08	0.08
6. Construction	8.08	8.41	8.63	8.83	9.03	9.15
7. Wholesale & Retail Trade	13.48	13.77	13.87	13.97	14.12	14.17
8. Hotel & Restaurant	0.64	0.66	0.67	0.68	0.68	0.69
9. Transport, Storage & Communication	9.42	9.62	9.76	9.79	9.98	10.10
a. Surface transport	6.71	6.86	6.95	6.96	6.85	6.69
b. Water transport	1.12	1.08	1.03	0.97	0.93	0.89
c. Air transport	0.18	0.14	0.13	0.12	0.12	0.11
d. Support transport services, storage	0.41	0.37	0.35	0.33	0.32	0.30
e. Post & telecommunication	1.00	1.16	1.30	1.41	1.76	2.11
10. Financial Intermediations	1.57	1.61	1.63	1.65	1.69	1.70
a. Bank	1.20	1.22	1.22	1.23	1.27	1.27
b. Insurance	0.31	0.33	0.34	0.35	0.36	0.36
c. Others	0.07	0.06	0.06	0.06	0.06	0.07
11. Real Estate, Renting & other Business Activities	8.71	8.63	8.48	8.30	8.12	7.88
12. Public Administration and Defence	2.56	2.60	2.60	2.63	2.68	2.71
13. Education	2.24	2.31	2.36	2.40	2.44	2.47
14. Health and Social Work	2.19	2.21	2.21	2.22	2.25	2.26
15. Community, Social and Personal Services	7.96	7.87	7.72	7.59	7.45	7.25
Total	100.00	100.00	100.00	100.00	100.00	100.00

Source: Bangladesh Bureau of Statistics.

In service sector, the contribution of 'wholesale and retail trade' sector is the highest. The contribution of the 'wholesale and retail trade' sector has been projected to reach 14.17 percent, which was 13.97 percent and 14.12 percent in FY 2003-04 and FY 2004-05 respectively. The second largest share of this sector is 'transport, storage and communication' sector. The contribution of this sector has increased gradually and in the current fiscal year the share reached 10.10 percent.

Trend of Structural Transformation of Broad Sectoral Shares in GDP at Constant Prices

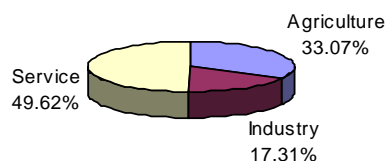
The trend of structural transformation of broad sectoral shares in GDP and growth rate at constant prices has been shown in the table 2.5 and graphs below.

Table 2.5: Trend of Structural Transformation of Broad Sectoral Shares in GDP and Growth Rate at Constant Prices (Base year: 1995-96)

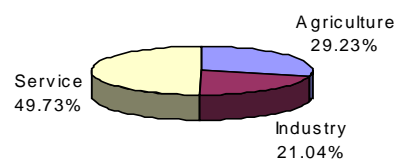
Share (in percent)								
Sector	1980-81	1985-86	1990-91	1995-96	2000-01	2003-04	2004-05	2005-06
Agriculture	33.07	31.15	29.23	25.68	25.03	23.08	22.27	21.77
Industry	17.31	19.13	21.04	24.87	26.20	27.96	28.31	29.01
Service	49.62	49.73	49.73	49.45	48.77	49.22	49.42	49.22
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Average growth rate (in percent)								
Agriculture	3.31	3.31	2.23	3.10	3.14	4.09	2.21	4.49
Industry	5.13	6.72	4.57	6.98	7.45	7.60	8.28	9.56
Service	3.55	4.10	3.28	3.96	5.53	5.66	6.36	6.47
GDP (At producer prices)	3.74	3.34	3.24	4.47	5.41	5.82	5.93	6.91

Source: Bangladesh Bureau of Statistics (BBS).

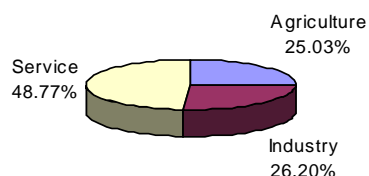
Graph 2.3.1: Contribution of Broad Sector in GDP of 1980-81



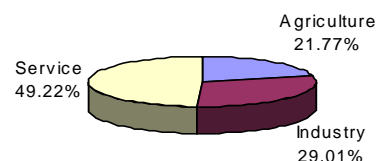
Graph 2.3.2: Contribution of Broad Sector in GDP of 1990-91



Graph 2.3.3: Contribution of Broad Sector in GDP of 2000-01



Graph 2.3.4: Contribution of Broad Sector in GDP of 2005-06



Though there is a trend of transformation of the share of agriculture and industry sector over the last two decades, the share of service sector remained constant for the same period except minor variation year to year. The share of agriculture sector in GDP at the beginning of eighties (1980-81) was 33.07 percent which reduced gradually to 29.23 percent in 1990-91 and 25.03 percent in 2000-01. In the current fiscal year, this share stood at 21.77 percent. On the other hand, the share of industry sector in GDP at the beginning of eighties was 17.31 percent which gradually increased to 21.04 percent in 1990-91 and 26.20 in 2000-01. In the current fiscal year this share is 29.01 percent. This structural transformation of GDP of Bangladesh reflects the positive trend of industry sector both in terms of share and growth. By analysing the sectoral growth rate within this period, it is observed that industry sector shows significant success in increasing growth compared to agriculture and service sector.

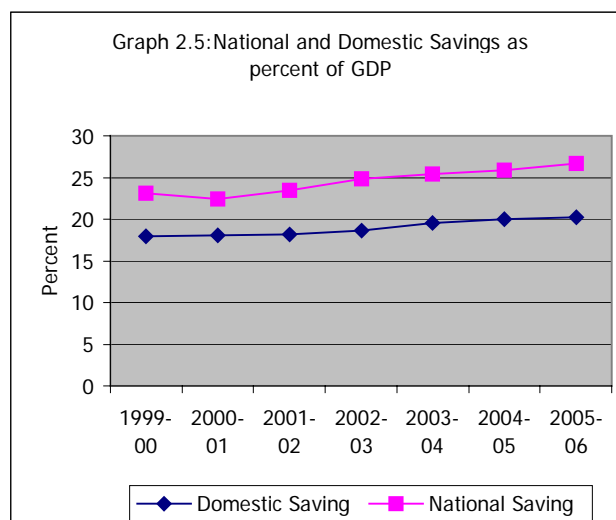
Savings

In FY 1995-96 the domestic and national savings as percentage of GDP were 14.90 and 20.17 percent respectively. Domestic and national savings had gradually increased and reached to 20.21 and 25.84 percent of GDP respectively in FY 2004-05. According to provisional estimates, the rates of domestic and national savings will stand at 20.26 and 26.61 percent of GDP in FY 2005-06. Table 2.6 and graph 2.5 present the year-wise rates of domestic and national savings for the last few years.

Table 2.6: Saving as Percentage of Gross Domestic Product (GDP)

FY	Domestic Saving	National Saving
1995-96	14.90	20.17
1996-97	15.90	21.58
1997-98	17.41	21.77
1998-99	17.71	22.31
1999-00	17.88	23.10
2000-01	18.00	22.41
2001-02	18.16	23.44
2002-03	18.63	24.87
2003-04	19.53	25.44
2004-05	20.01	25.84
2005-06 (Prov.)	20.26	26.61

Source: Bangladesh Bureau of Statistics (BBS).



Investment

Due to the creation of investment-friendly environment generated through appropriate measures including the reduction of investment expenditure, local and foreign direct investments have been rising and this resulted in gradual increase in private sector investment. In FY 1995-96, the rate of total investment was 19.99 percent of GDP in which the shares of public and private sector were 6.42 percent and 13.58 percent respectively. The rate of national investment gradually picked up to 24.53 percent of GDP in FY 2004-05. Of the total investment, the shares of public and private sector contribution were 6.21 percent and 18.32 percent respectively in FY 2004-05. According to provisional estimates, the rate of national investment picked up to 24.97 percent in FY 2005-06. The shares of public and private sector contribution are estimated to be 6.30 and 18.67 percent respectively. The contribution of public sector in total investment is gradually decreasing and the contribution of private sector investment is gradually increasing. At the beginning of the nineties, the share of private investment in total investment was about 60 percent, which stood at 75 percent in the current fiscal year. Table 2.7 and graph 2.6 show the year-wise investment as percentage of GDP for the last few years.

Table 2.7: Investment as Percent of Gross Domestic Product (GDP)

FY	Total Investment	Public Investment	Private Investment
1995-96	19.99	6.42	13.58
1996-97	20.72	7.03	13.70
1997-98	21.63	6.37	14.26
1998-99	22.19	6.72	15.47
1999-00	23.02	7.41	15.61
2000-01	23.09	7.25	15.84
2001-02	23.15	6.37	16.78
2002-03	23.41	6.20	17.21
2003-04	24.02	6.19	17.83
2004-05	24.53	6.21	18.32
2005-06 (prov.)	24.97	6.30	18.67

Source: Bangladesh Bureau of Statistics (BBS).

