CHAPTER 2

GDP, SAVING AND INVESTMENT

[The global economic downturn during 2007-2009 had some degree of negative impact on Bangladesh economy. The economy had experienced modest fall of GDP growth during the period. However in the wake of global recovery the economy rebounded and has posted a growth of 6.66 in FY2010-11 as compared to 6.07 percent and 5.74 percent growth in FY2009-10 and FY2008-09 respectively. This performance is mainly attributable to the sustained growth in agriculture sector coupled with recovery of growth in industry sector and the satisfactory performance of service sector. Agriculture recorded sustained growth for the last three consecutive fiscal years responding to favourable weather conditions, continued government support for agriculture inputs and greater access to credit. Industry sector rebounded from the sluggish growth during recession and recorded a growth of 8.16 percent, up from 6.49 percent of previous year. Service sector has maintained satisfactory growth path and recorded 6.63 percent growth, slightly higher than the growth of previous year (6.47 percent). In FY2010-11, the contribution of three broad sectors namely - agriculture, industry and service accounted for 19.95 percent, 30.33 percent and 49.72 percent respectively. The relative share of these three sectors was 20.29 percent, 29.93 percent and 49.78 percent respectively a year earlier. On expenditure side, consumption expenditure increased by 0.51 percentage point of GDP to 80.41 percent of GDP in FY2010-11 compared to a year earlier. However, domestic savings decelerated from 20.10 percent of GDP in FY2009-10 to 19.59 percent of GDP in FY2010-11 mainly for increasing consumption expenditure. While due to slower growth in remittance inflow, national savings decelerated from 30.02 percent of GDP in FY2009-10 to 28.40 percent of GDP in FY2010-11. Moreover, due to improvement in power and higher expending in Annual Development Programme, investment-GDP ratio stood to 24.73 percent of GDP in FY2010-11, up from 24.41 percent of GDP a year earlier.]

Economic Growth

The global economic downturn during 2007-2009 had some degree of negative impact on Bangladesh economy. The economy had experienced modest fall of GDP growth during the period. The GDP grew at a rate of 6.19 percent in FY2007-08 and 5.74 percent in FY2008-09. In the wake of global recovery, the economy of Bangladesh rebounded and recorded 6.07 percent growth in FY2009-10. According to the provisional estimate of Bangladesh Bureau of Statistics (BBS), GDP has posted a growth rate of 6.66 percent in FY2010-11. The GDP growth, according to the Medium Term Macroeconomic Framework (MTMF) projection will stand at 7 percent in FY2011-12, which is projected to reach 8 percent in FY2014-15.

Gross Domestic Product (GDP) at Current Prices

The value of GDP at current market prices reached at TK. 7,87,495 crore in FY2010-11, which was 13.42 percent higher than the GDP of previous year (Tk.6,94,324 crore). In FY 2010-11, the per capita GDP was estimated at TK. 53,236 which was 11.99 percent higher than the per capita GDP of Tk. 47,536 a year earlier. On the other hand, per capita national income stood at Tk. 57,652 in FY2010-11, which was Tk. 51,959 in the previous fiscal year. In dollar terms, per capita GNI and per capita GDP stood at US$ 818 and US$ 755 respectively, which was US$ 751 and US$ 687 respectively a year earlier. Table 2.1 represents GDP, GNI, per capita GDP and national income and table 2.2 represents the sectoral GDP at current market prices over the last couple of years.

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

Item	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11*
GDP (In Crore Tk.)	415728	472477	545822	614795	694324	787495
GNI (In Crore Tk.)	442935	507752	594212	670696	758928	852822
Population (In Crore)	13.88	14.06	14.24	14.42	14.61	14.79
Per Capita GDP (In Tk.)	29955	33607	38330	42628	47536	53236
Per Capita GNI (In Tk.)	31915	36116	41728	46504	51959	57652
Per Capita GDP (In US$)	447	487	559	620	687	755
Per Capita GNI (In US$)	476	523	608	676	751	818

Source: Bangladesh Bureau of Statistics (BBS) * Provisional

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

(In Crore Taka)

Sector/Sub-sector	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11*
1. Agriculture and Forestry	62223	70124	80201	89426	100588	113388
a. Crops & horticulture	46118	52468	60578	67247	75339	85023
b. Animal farming	9682	10780	12118	14002	16219	18364
c. Forest and related services	6423	6876	7505	8177	9030	10001
2. Fishing	**16317**	**17783**	**19790**	**21806**	**24223**	**26993**
3. Mining and Quarrying	**4643**	**5322**	**6152**	**7091**	**8114**	**9021**
a. Natural gas & crude petroleum	2568	2845	3164	3590	4039	4220
b. Other mineral resources	2075	2476	2988	3501	4075	4801
4. Manufacturing	**68923**	**81178**	**93901**	**106445**	**120108**	**138430**
a. Large & medium scale	48974	57688	66759	75610	84899	98836
b. Small scale	19949	23490	27142	30835	35209	39594
5. Electricity, Gas & Water Supply	**5392**	**5590**	**6070**	**6542**	**7195**	**7712**
a. Electricity	4455	4567	4955	5311	5840	6273
b. Gas	594	651	716	793	876	909
c. Water	342	372	399	438	479	530
6. Construction	**32797**	**37543**	**43854**	**50125**	**55658**	**62325**
7. Wholesale and Retail Trade	**56984**	**66011**	**78220**	**88276**	**100295**	**113902**
8. Hotel and Restaurants	**2853**	**3289**	**3889**	**4460**	**5150**	**5971**
9. Transport, Storage & Communication	**43206**	**48908**	**56907**	**64280**	**71880**	**84022**
a. Land transport	32841	36853	42857	48365	54159	63803
b. Water transport	3137	3307	3621	3923	4214	4576
c. Air transport	500	509	546	589	649	705
d. Support transport services, storage	1260	1420	1569	1758	1938	2033
e. Post & telecommunication	5467	6820	8314	9645	10920	12906
10. Financial Intermediations	**6684**	**7744**	**8955**	**10245**	**12300**	**14458**
a. Monetary intermediation(Bank)	4995	5797	6656	7613	9063	10600
b. Insurance	1430	1640	1930	2201	2702	3222
c. Other financial intermediation	260	307	368	431	535	637
11. Real Estate, Renting & other Business Activities	**32157**	**34929**	**38058**	**41616**	**45683**	**49888**
12. Public Administration and Defence	**11036**	**12743**	**14427**	**16360**	**18757**	**21977**
13. Education	**9935**	**11776**	**13531**	**15494**	**17908**	**20964**
14. Health and Social Work	**9022**	**10307**	**11819**	**13391**	**15142**	**17549**
15. Community, Social and Personal Services	**38283**	**43568**	**50200**	**58364**	**68466**	**75061**
Import Duty	**15274**	**15662**	**11733**	**20871**	**22853**	**25835**
GDP at Current Market Price	**415728**	**472477**	**545822**	**614795**	**694324**	**787495**
Growth Rate (%)	**12.14**	**13.65**	**15.52**	**12.64**	**12.94**	**13.42**

Source: Bangladesh Bureau of Statistics (BBS) * Provisional

Sector wise Growth of GDP

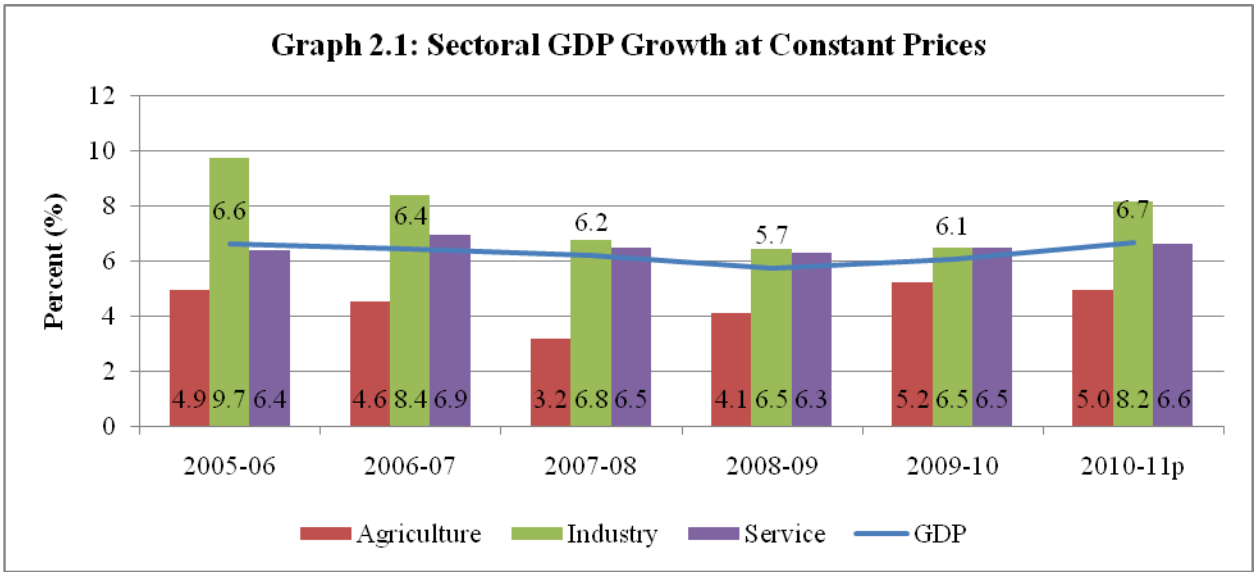
The estimation of production based GDP comprises 15 sectors. Some sectors are further divided into various sub sectors. All the 15 sectors are grouped into three broad sectors viz- agriculture, industry and service. The broad agriculture sector includes two sectors namely, (i) agriculture and forestry and (ii) fishing. The broad industry sector comprises (i) mining and quarrying, (ii) manufacturing, (iii) electricity, gas and water supply and (iv) construction sector. The broad service sector consists of the collective outputs of the, (i) wholesale and retail trade, (ii) hotels and restaurants, (iii) transport, storage and communication, (iv) financial intermediations, (v) real estate renting and business activities, (vi) public administration and defence, (vii) education, (viii) health and social work and (ix) community, social and personal services. Table 2.3 and graph 2.1 show the sectoral growth rates of GDP at constant prices since FY 2005-06.

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

(In Percentage)

Sector/Sub-sector	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11*
1. Agriculture and Forestry	**5.23**	**4.69**	**2.93**	**4.10**	**5.56**	**4.82**
a. Crops & horticulture	5.03	4.43	2.67	4.02	6.13	5.04
b. Animal farming	6.15	5.49	2.44	3.48	3.38	3.54
c. Forest and related services	5.18	5.24	5.47	5.69	5.23	5.35
2. Fishing	**3.91**	**4.07**	**4.18**	**4.16**	**4.15**	**5.44**
3. Mining and Quarrying	**9.26**	**8.33**	**8.94**	**9.84**	**8.80**	**4.85**
a. Natural gas & crude petroleum	9.52	8.03	8.26	9.15	8.12	1.04
b. Other mineral resources	8.84	8.80	10.01	10.90	9.84	10.56
4. Manufacturing	**10.77**	**9.72**	**7.21**	**6.68**	**6.50**	**9.51**
a. Large & medium scale	11.41	9.74	7.26	6.58	5.98	10.41
b. Small scale	9.21	9.69	7.10	6.90	7.77	7.34
5. Electricity, Gas & Water Supply	**7.67**	**2.10**	**6.77**	**5.91**	**7.28**	**5.96**
a. Electricity	7.45	1.08	6.68	5.39	7.21	6.50
b. Gas	9.37	7.37	7.72	8.42	7.51	0.96
c. Water	7.55	7.08	6.00	8.39	7.77	9.03
6. Construction	**8.31**	**7.01**	**5.68**	**5.70**	**6.01**	**6.37**
7. Wholesale and Retail Trade	**6.75**	**8.04**	**6.82**	**6.21**	**5.87**	**6.06**
8. Hotel and Restaurants	**7.45**	**7.52**	**7.55**	**7.58**	**7.61**	**7.62**
9. Transport, Storage & Communi.	**7.98**	**8.03**	**8.55**	**8.01**	**7.69**	**7.93**
a. Land transport	4.14	4.18	4.54	5.17	5.98	4.03
b. Water transport	1.95	1.73	2.54	2.46	1.01	1.94
c. Air transport	5.25	2.01	6.20	7.38	9.13	7.61
d. Support transport services, storage	6.13	8.93	8.45	9.64	8.15	2.50
e. Post & telecommunication	26.70	23.29	21.64	16.11	12.95	17.63
10. Financial Intermediations	**8.50**	**9.18**	**8.89**	**8.99**	**11.64**	**9.42**
a. Monetary intermediation(Bank)	8.19	9.34	8.38	9.05	10.47	8.82
b. Insurance	9.16	8.21	10.03	8.38	14.88	11.14
c. Other financial intermediation	10.94	11.62	12.47	11.13	16.10	10.76
11. Real Estate, Renting & other Business Activities	**3.69**	**3.76**	**3.75**	**3.81**	**3.89**	**3.96**
12. Public Admn and Defence	**8.15**	**8.41**	**6.21**	**7.01**	**8.35**	**9.56**
13. Education	**9.05**	**8.96**	**7.80**	**8.05**	**9.24**	**9.47**
14. Health and Social Work	**7.79**	**7.64**	**7.02**	**7.20**	**8.10**	**8.30**
15. Community, Social and Personal Services	**4.09**	**4.58**	**4.62**	**4.70**	**4.72**	**4.75**
Growth Rate (%)	**6.63**	**6.43**	**6.19**	**5.74**	**6.07**	**6.66**

Source: Bangladesh Bureau of Statistics (BBS) * Provisional



Agriculture Sector

The growth rate of the agriculture sector in FY 2010-11 was provisionally estimated at 4.82 percent, which was 5.56 percent in FY2009-10. According to the provisional estimate, the crops and horticulture sub-sector of the agriculture sector is likely to grow by 5.04 percent in FY2010-11 compared to the growth of the previous fiscal year. This growth was mainly attributed to increased *Aus*, *Aman*, *Boro*, Potato and Jute production. Total cereals (*Aus*, *Aman*, *Boro* and wheat) production was provisionally estimated at 347.96 lakh metric tonnes in FY2010-11, which was 332.26 lakh metric tonnes a year earlier. Production of potato has increased from 81.68 lakh metric tonnes in FY2009-10 to 83.26 lakh metric tonnes in FY2010-11, according to the provisional estimates. Jute production has also increased significantly from 50.90 lakh bales in FY2009-10 to 83.96 lakh bales in FY2010-11. The production of minor crops, which include pulses, spices, sugarcane, fruits, vegetables and tobacco, was expected to significant growth that of the preceding year's levels. These minor crops contributed about 30 percent of the total output of the crop sub-sector.

Among the non-crop agriculture sub-sectors, animal farming sub-sector was estimated to grow by 3.54 percent in FY2010-11 which was 3.38 percent in the previous fiscal year. In addition, the expected growth rate of the forestry sub-sector was 5.35 percent in FY 2010-11 compared to 5.23 percent in the FY 2009-10.

Total inland and marine catches in FY 2010-11 as estimated by the Directorate of Fisheries (DOF) was 3.00 million metric tonnes which was 6.61 percent higher than that of the previous fiscal year. The fishing sector was likely to grow by 4.44 percent in FY 2010-11 compared to the growth of 4.15 percent in FY 2009-10.

Industry sector

The broad industry sector was estimated to grow by 8.16 percent in FY2010-11 compared to the growth of 6.49 percent in FY2009-10. Within the broad industry sector, mining and quarrying sector was projected to grow at the rate of 4.85 percent in FY2010-11, which grew at 8.80 percent in FY2009-10.

Among these sub-sectors, natural gas and crude petroleum and other mining sub-sectors would grow by 1.04 percent and 10.56 percent respectively in FY 2010-11 compared to the growth rates of 8.12 percent and 9.84 percent in the previous fiscal year.

According to the Quantum Index of Industrial Production (QIP) of Bangladesh Bureau of Statistics, the growth rate of the production of large and medium scale manufacturing industries was 10.69 percent in FY 2010-11. Production in these sectors, especially those relating to food items, industrial chemicals, other chemical products, petroleum refinery, other non-metallic mineral products and iron and steel industry showed moderate growth in the first six months of FY2010-11. Ready-made garments and knitwear showed remarkable growth in FY2010-11. Performance of other industries registered insignificant growth except sugar, carpet and rugs, paper and paper products, electrical machinery etc. which show a downward growth. Small and cottage industries showed a decreasing trend in production during the first half of FY2010-11 compared to the level of production of the same period of the previous fiscal year. It was expected that the small scale industries would achieve 7.34 percent growth in FY 2010-11 compared to 7.77 percent growth in FY 2009-10. The overall growth rate of manufacturing sector was estimated to be 9.51 percent in FY 2010-11.

The overall growth rate of the power, gas and water supply sector is likely to be 5.96 percent in FY 2010-11 as compared to 7.28 percent in FY 2009-10. The growth rate of this sector declined due to decreased production of natural gas. The overall construction sector was expected to achieve higher growth due to increased construction activities including public sector construction. The construction sector was estimated to grow by 6.37 percent during FY2010-11 against 6.01 percent growth in FY 2009-10.

Service Sector

The growth in service sector during FY2010-11 was broad-based and almost all the sectors within the broad service sector were estimated to grow moderately compared to the growth of the previous fiscal year. Higher growth in agriculture and industry and expansion of trade related activities helped maintain satisfactory growth in this sector. Among the sectors, the output of the wholesale and retail trade was expected to grow at 6.06 percent in FY2010-11 compared to 5.87 percent growth in the previous fiscal year. This happened due to increased industrial production and imported commodities during the fiscal year. The transport, storage and communication sector was expected to achieve a growth rate of 7.93 percent in FY 2010-11 while the growth rate of this sector was 7.69 percent in FY 2009-10. Post and telecommunication sub-sector are at the forefront with a growth of 17.63 percent in FY 2010-11. The growth rate in the real estate, ranting and business activities sector was provisionally estimated at 3.96 percent in FY 2010-11 compared to 3.89 percent growth in FY 2009-10. Among the other services sectors, the growth rate of public administration and defense, education, and health and social services were expected to grow at the rate of 9.56 percent, 9.47 percent and 8.30 percent respectively in FY 2010-11. Furthermore, in FY 2010-11, community, social and personal service sector was estimated to grow by 4.75 percent, slightly higher than the growth rate of the previous fiscal year.

Sectoral Shares in GDP at Constant Prices

The sectoral share in GDP at constant prices (Base Year: 1995-96) is presented in Table 2.4. The table shows that in the FY 2010-11, the share of the agriculture and forestry sector in GDP at constant price was 15.52 percent which was 15.81 percent in FY2009-10. The contribution of all the sub-sectors of agriculture and forestry sector decreased during FY2010-11. Similarly the contribution of fishing sector went down from 4.49 percent in FY 2009-10 to 4.43 percent in FY2010-11. The overall contribution of broad agriculture sector dipped from 20.29 percent in FY2009-10 to 19.95 percent in FY2010-11.

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

(In percentage)

Sector/Sub-sector	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11*
1. Agriculture and Forestry	**16.98**	**16.64**	**16.18**	**15.91**	**15.81**	**15.52**
a. Crops & horticulture	12.28	12.00	11.64	11.43	11.42	11.24
b. Animal farming	2.92	2.88	2.79	2.73	2.65	2.57
c. Forest and related services	1.79	1.76	1.75	1.75	1.73	1.71
2. Fishing	**4.86**	**4.73**	**4.65**	**4.58**	**4.49**	**4.43**
3. Mining and Quarrying	**1.16**	**1.18**	**1.21**	**1.25**	**1.29**	**1.26**
a. Natural gas & crude petroleum	0.71	0.72	0.74	0.76	0.77	0.73
b. Other mineral resources	0.45	0.46	0.47	0.50	0.51	0.53
4. Manufacturing	**17.08**	**17.55**	**17.77**	**17.90**	**17.94**	**18.41**
a. Large & medium scale	12.14	12.47	12.63	12.71	12.68	13.12
b. Small scale	4.94	5.08	5.14	5.18	5.26	5.29
5. Electricity, Gas & Water Supply	**1.65**	**1.57**	**1.59**	**1.59**	**1.60**	**1.59**
a. Electricity	1.38	1.30	1.31	1.31	1.32	1.31
b. Gas	0.19	0.19	0.19	0.19	0.20	0.19
c. Water	0.08	0.09	0.09	0.09	0.09	0.09
6. Construction	**9.14**	**9.15**	**9.13**	**9.12**	**9.10**	**9.07**
7. Wholesale and Retail Trade	**14.08**	**14.24**	**14.37**	**14.41**	**14.36**	**14.27**
8. Hotel and Restaurants	**0.69**	**0.69**	**0.70**	**0.71**	**0.72**	**0.73**
9. Transport, Storage & Communi.	**10.07**	**10.18**	**10.44**	**10.65**	**10.79**	**10.91**
a. Land transport	6.67	6.50	6.42	6.38	6.36	6.20
b. Water transport	0.89	0.85	0.82	0.79	0.75	0.72
c. Air transport	0.12	0.11	0.11	0.12	0.12	0.12
d. Support transport services,	0.31	0.32	0.33	0.34	0.35	0.33
storage	2.08	2.40	2.76	3.02	3.21	3.54
e. Post & telecommunication						
10. Financial Intermediations	**1.72**	**1.76**	**1.81**	**1.86**	**1.95**	**2.00**
a.Monetary intermediation(Bank)	1.28	1.31	1.34	1.38	1.44	1.47
b. Insurance	0.37	0.37	0.39	0.40	0.43	0.45
c. Other financial intermediation	0.07	0.07	0.07	0.08	0.08	0.09
11. Real Estate, Renting & other Business Activities	**7.87**	**7.64**	**7.49**	**7.34**	**7.18**	**6.99**
12. Public Admn and Defence	**2.71**	**2.75**	**2.76**	**2.78**	**2.84**	**2.92**
13. Education	**2.49**	**2.54**	**2.58**	**2.64**	**2.71**	**2.78**
14. Health and Social Work	**2.27**	**2.29**	**2.31**	**2.34**	**2.38**	**2.41**
15. Community, Social and Personal Services	**7.25**	**7.09**	**7.01**	**6.93**	**6.83**	**6.70**
GDP	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**

Source: Bangladesh Bureau of Statistics, * Provisional

The share of mining and quarrying sector decreased from 1.29 percent of GDP in FY2009-10 to 1.26 percent in FY2010-11. However, the share of manufacturing sector expanded to 18.41 percent of GDP in FY2010-11 compared to 17.94 percent of the previous fiscal year. The share of power, gas and water supply and construction sector decreased slightly in FY2010-11 compared to the share recorded a year earlier. Moreover, in FY2010-11, the share of broad industry sector reached 30.33 percent, from 29.93 percent of the previous fiscal year.

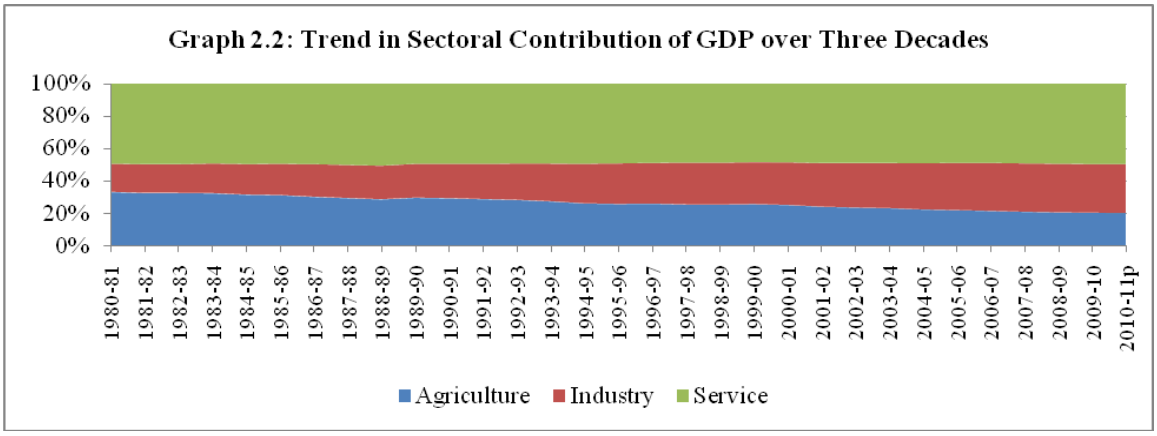
In the service sector, the contribution of wholesale and retail trade sub-sector was the highest (14.27 percent) in FY2010-11. The contribution of the sub-sector was 14.36 percent in FY2009-10. The second largest share within the sector was the transport, storage and communication sub- sector. The contribution of this sub-sector reached 10.91 percent in FY 2010-11, which was 10.79 percent in FY2009-10. The third largest share came from real estate, renting and business activities (6.99 percent of GDP), followed by community, social and personal services (6.70 percent of GDP) sub-sector in FY2010-11. Finally, the share of the broad service sector in GDP was 49.72 in FY 2010-11 which was 49.78 percent in FY 2009-10.

Table 2.5 and graph show the structural changes over the last three decades. It is evident that, the share of the industry sector in GDP increased gradually and continued to increase in the current fiscal year. While, the contribution of the service sector over the period remained almost same.

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**	**2005-06**	**2009-10**	**2010-11***
Agriculture	33.07	31.15	29.23	25.68	25.03	21.84	20.29	19.95
Industry	17.31	19.13	21.04	24.87	26.20	29.03	29.93	30.33
Service	49.62	49.73	49.73	49.45	48.77	49.14	49.78	49.72
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	4.94	5.24	4.96
Industry	5.13	6.72	4.57	6.98	7.45	9.74	6.49	8.16
Service	3.55	4.10	3.28	3.96	5.53	6.40	6.47	6.63
GDP (At producer prices)	3.74	3.34	3.24	4.47	5.41	7.02	6.22	6.75

Source: Bangladesh Bureau of Statistics (BBS) * Provisional



Expenditure Based GDP

Table 2.6 and Table 2.7 show the GDP based on expenditure and the saving and investment situation respectively. On the expenditure side, the economy remains dominated by consumption, accounting for 80.41 percent of GDP. The rise in consumption was driven by good agriculture output and remittance induced domestic demand, and well-supported budgetary stimulus including higher social safety net spending. In FY2005-06, domestic savings and national savings were 20.25 percent and 27.67 percent respectively. In FY2009-10, domestic savings and national savings reached 21.10 percent and 30.02 percent of GDP. However, in FY2010-11, both the savings decelerated to 19.59 percent and 28.80 percent of GDP as per the provisional estimate of BBS. Due to increase in consumption expenditure, the domestic savings decreased, while slower growth in remittance inflow lowered the national savings.

Table: 2.6: Expenditure Based Gross Domestic Product at Current Prices

(In Crore Tk.)

Item	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11*
1. Domestic Demand [(2)+(3)]	434014	491908	567104	6411311	724282	828002
2. Consumption	331552	376317	434971	491291	554771	633215
Public	23032	26106	28831	32354	37272	43111
Private	308520	350212	406140	458939	517499	590104
3. Investment	102480	115590	132132	149839	169511	194786
Public	24933	25729	27042	28898	34820	41579
Private	77546	89862	105090	120942	134691	153208
4. Net Export	-26070	-32723	-45914	-43803	-45895	-66977
5. Gross Domestic Expenditure	407962	459185	521190	597328	678386	761025
6. Gross Domestic Product	415728	472477	54583	614795	694324	787495
7. Statistical Discrepancy	7766	13292	24638	17467	15938	26470

Source: Bangladesh Bureau of Statistics * Provisional

In FY2010-11, both private and public investment increased mainly driven by massive investment in infrastructure including power and better implementation of Annual Development Programme. Gross investment accelerated to 24.73 percent of GDP from 24.41 percent in the previous fiscal year. Of which private investment accounted for 19.46 percent of GDP, up from 19.40 percent, while public investment accounted for 5.28 percent of GDP, up from 5.01 percent in the previous fiscal year.

Table: 2.7: Savings and Investment (As percent of GDP)

Item	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11*
1. Domestic Savings	**20.25**	**20.35**	**20.31**	**20.09**	**20.10**	**19.59**
Public	1.41	1.41	1.35	1.32	1.35	1.33
Private	18.84	18.94	18.96	18.77	18.75	18.26
2. Investment	**24.65**	**24.46**	**24.21**	**24.37**	**24.41**	**24.73**
Public	6.00	5.45	4.95	4.70	5.01	5.28
Private	18.65	19.02	19.25	19.67	19.40	19.46
3. National Savings	**27.67**	**28.66**	**30.21**	**29.57**	**30.02**	**28.40**

Source: Bangladesh Bureau of Statistics * Provisional

The target for real GDP growth has been set at 7 percent in FY2011-12. The Government has attached top priority to overcome the situation arising from power shortages and to increase investment. The private sector has been involved for the successful implementation of government's efforts to develop infrastructure including power. As part of the process of strengthening the Public Private Partnership (PPP) initiatives, a Policy and Strategy for Public-Private Partnership has been formulated besides establishing a PPP office. Bangladesh Infrastructure Investment Fund (BIIF), which was created for attracting investment from local and foreign investors, has been transformed into a company which will start its operation during FY2011-12. Besides, the Government has taken an initiative to create Special Economic Zones for triggering the development of backward regions as well as the growth of industry and agriculture in the industrially potential areas. Meanwhile, a law titled 'Bangladesh Economic Zone Act, 2010 has been enacted. It is expected that these initiatives will boost up investment needed to move to the higher growth trajectory.