

## Preface

The 'Bangladesh Economic Review' is an annual publication of the Government of Bangladesh. The Review is released along with other budget documents during the budget session every year. The Review focuses on trends in macroeconomic fundamentals, various policies and strategies adopted by the government for sector-based development and progress of the economy.

2. Bangladesh's economy has been recovering from the economic damages caused by the impact of COVID-19 and the ongoing Russia-Ukraine crisis, however, the crisis driven recent slowdown in the global economy has been affecting the country's economic growth. Bangladesh's GDP growth in the pre-COVID-19 period was 7.88 percent in FY 2018-19. During the COVID-19 this growth rate declined to 3.45 percent in FY 2019-20, which increased to 6.94 percent in FY 2020-21 and 7.10 percent in FY 2021-22. According to the provisional estimates of Bangladesh Bureau of Statistics (BBS), the GDP growth rate stood at 6.03 percent in current FY 2022-23 and the per capita national income stood at US\$ 2,765.

3. While economic recovery efforts have been strong in response to the impact of COVID-19, there has been a mismatch between global demand and supply due to supply chain disruptions. As a result, since the beginning of 2021, an increase in the prices of all types of commodities including energy has been witnessed in the world market and it has been accelerated due to the ongoing Russia-Ukraine war. As a cascading effect of the spiral of world prices, an upward trend of the price level is observed in Bangladesh. The average inflation rate for the fiscal year 2021-22 was 6.15 percent, up 0.59 percentage points from the fiscal year 2020-21. The average inflation rate in the first ten months of the current fiscal year (July-April, 2023) is 8.85 percent, which was 5.88 percent in the same period of the previous fiscal year. On a point-to-point basis, inflation stood at 9.24 percent in April 2023, as against 6.29 percent in April 2022. In order to keep inflation at a tolerable level, the government has taken various measures under fiscal and monetary policies. The coverage of the OMS has increased and 'Family Cards' have been issued to nearly 1 (one) crore of poor people so that they can buy essential commodities at low cost. In addition, the reduction of duty on import of essential commodities and increase the central bank policy interest rate are some of the important initiatives in this regard.

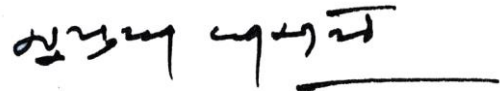
4. The allocation in the revised budget for FY 2022-23 has increased by 11.36 percent to Tk. 6,60,570 crore compared to the previous year's budget allocation. The outlet of the revised ADP in FY 2022-23 stood at Tk. 2,27,564 crore, which is 8.37 percent higher than the previous revised ADP. The government is highly concerned with maintaining the budget deficit within 5 percent of GDP by increasing efficiency in revenue management. However, due to the increase in government expenditure during the COVID-19 pandemic, the target was set at 5.1 percent of the current fiscal year. The actual budget deficit for FY 2021-22 stood at 4.6 percent of GDP. Besides, proper and timely implementation of a huge activity like incentives through the government's concerted efforts is playing a special role in the turnaround of the economy.

5. The IMF's Outlook, January 2023 Update forecasts growth in global trade in goods and services to decline from 5.4 percent in 2022 to 2.4 percent in 2023, However, the positive growth trend in Bangladesh's export earnings has been maintained. Export earnings during July-March, 2023 of FY 2022-23 stood at US\$ 41,721.62 million, which is 8.07 percent higher than the corresponding period of the previous fiscal year. On the other hand, import expenditure during July-March, 2023 stood at US\$ 53,938 million, which is 12.33 percent less than the same period of the previous fiscal year. During this period, the amount of remittance flow increased by 4.79 percent to US\$ 16,030

million. As a result, the deficit in the current account balance during July-March, 2023 has narrowed to US\$ 3,641 million from US\$ 14,384 million during the same period in the previous financial year, which is expected to continue in the coming days.

6. In addition to economic development, Bangladesh has continued to make significant progress in social sector. The recently published Human Development Report, 2022-2023 by UNDP, Bangladesh ranked 129th out of 191 countries. In the previous HDI report of 2020, Bangladesh ranked 133rd out of 189 countries. Bangladesh moved four notches up in the 2022-2023. Earlier, the Millennium Development Goals (MDGs) announced by the United Nations have been able to achieve the targets related to hunger, poverty and health sector ahead of schedule. In continuation of this, the government has adopted 'Vision 2041' after the implementation of 'Vision 2021' and formulated the 'Second Perspective Plan (2021-2041)' as its strategic document. Achieving the Second Perspective Plan and the Sustainable Development Goals (SDGs) is working relentlessly towards the goal of becoming an upper-middle-income country by 2031 and a knowledge-based, happy and prosperous developed country by 2041.

7. I express my sincere gratitude to each official in the Economic Adviser's Wing of the Finance Division for publishing the 'Bangladesh economic Review 2023' on time. At the same time, I express my sincere thanks to all the concerned Ministries/Departments/Organisations for providing necessary information and data for preparing the Review. I hope that it will provide necessary insights to researchers, practitioners, planners, students, readers and other stakeholders on the current and near future dynamics of the global as well as Bangladesh economy.



(A H M Mustafa Kamal, FCA, MP)  
Minister  
Ministry of Finance