Report No. 11569-BD

BANGLADESH

IMPLEMENTING STRUCTURAL REFORM

March 24, 1993

South Asia Country Department 1
Country Operations, Industry & Finance Division

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CURRENCY EQUIVALENTS

The external value of the Bangladesh Taka (Tk) is fixed in relation to a basket of reference currencies, with the US Dollar serving as the intervention currency. The official exchange rate on January 22, 1993 was Tk 39.0 per US Dollar.

US$ 1	=	Tk 39.0
Tk 1	=	US$0.0256

Following local convention, government expenditures and revenues are sometimes denominated in units of crore (abbreviated Cr), which are equal to Tk 10 million. At the current official exchange rate, Tk 1.0 Cr = US$256,000.

In this report, US$ is sometimes abbreviated to $.

WEIGHTS AND MEASURES

1 acre	=	0.405 hectare (ha)
1 mscf	=	1 million standard cubic feet
1 tpy	=	1 ton per year

FISCAL YEAR (FY)

July 1 - June 30

ECNEC	-	Executive Committee of the National Economic Council
EEC	-	European Economic Commission
EPs	-	Essential Priorities
EPB	-	Export Promotion Bureau
EPI	-	Expanded Program for Immunization
EPWAPDA	-	East Pakistan Water and Power Development Authority
ERD	-	Economic Relations Department
ESUs	-	Electricity Supply Units
FAP	-	Flood Action Plan
FFW	-	Food for Work
FP	-	Family Planning
FPCO	-	Flood Plan Coordinating Organization
FSRP	-	Financial Sector Reform Program
FWC	-	Family Welfare Centers
GDP	-	Gross Domestic Product
GEP	-	General Education Project
GOB	-	Government of Bangladesh
GTZ	-	German Agency for Technical Cooperation
HFP	-	Health and Family Planning
HSCE	-	Higher Secondary Certificate Examination
ICB	-	Investment Corporation of Bangladesh
ICB	-	International Competitive Bidding
ICOP	-	Interministerial Committee on Privatization
ICOR	-	Incremental Capital Output Ratio
IDA	-	International Development Association
IDB	-	Islamic Development Bank
IMED	-	Implementation, Monitoring & Evaluation Division
LCB	-	Local Competitive Bidding
LFS	-	Labor Force Survey
LLPs	-	Low Lift Pumps
MCH	-	Maternal Child Health
MCWCs	-	Maternal and Child Welfare Centers
MEMR	-	Ministry of Energy and Mineral Resources
MIWDFC	-	Ministry of Irrigation, Water Development and Flood Control
MOHFW	-	Ministry of Health & Family Welfare

List of Abbreviations & Acronyms Used

ADB	-	Asian Development Bank
ADP	-	Annual Development Program
ADPEO	-	Assistant District Education Officer
ATEOs	-	Assistant Thana Education Officers
BB	-	Bangladesh Bank
BBS	-	Bangladesh Bureau of Statistics
BADC	-	Bangladesh Agricultural Development Corporation
BCA	-	Banking Companies Act
BCCI	-	Bank of Commerce and Credit International
BCIC	-	Bangladesh Chemical Industries Corporation
BEDS	-	Bangladesh Export Development Strategy
BEPZA	-	Bangladesh Export Promotion Zone Authority
BFIDC	-	Bangladesh Forest Industries Development Corporation
BIS	-	Bank for International Settlement
BJC	-	Bangladesh Jute Corporation
BJMC	-	Bangladesh Jute Mills Corporation
BOI	-	Board of Investment
BPC	-	Bangladesh Petroleum Corporation
BPDB	-	Bangladesh Power Development Board
BR	-	Bangladesh Railways
BRTA	-	Bangladesh Rural Telecommunications Authority
BSCIC	-	Bangladesh Small and Cottage Industries Corporation
BSEC	-	Bangladesh Steel & Engineering Corporation
BSFIC	-	Bangladesh Sugar and Food Industries Corporation
BTMC	-	Bangladesh Textile Mills Corporation
BTTB	-	Bangladesh Telephone & Telegraph Board
BWDB	-	Bangladesh Water Development Board
CD	-	Customs Duty
CIDA	-	Canadian International Development Authority
CONTASA	-	Convertible Taka Special Account
CPI	-	Consumer Price Index
DANIDA	-	Danish International Development Agency
DC	-	Deputy Commissioner
DEDO	-	Duty Exemption Drawback Office
DESA	-	Dhaka Electricity Supply Authority
DFIs	-	Development Financial Institutions
DPEO	-	District Primary Education Officer
DSE	-	Dhaka Stock Exchange
DTWs	-	Deep Tubewells
DWASA	-	Dhaka Water and Sewerage Authority

NBR	-	National Board of Revenue
NCBs	-	Nationalised Commercial Banks
NGO	-	Non-Governmental Organization
NMIDP	-	National Minor Irrigation Development Project
NORAD	-	Norwegian Agency for International Development
NPR	-	Nominal Protection Rate
NSB	-	National Savings Deposit
NTC	-	National Tariff Commission
OECD	-	Overseas Economic Cooperation for Development
O&M	-	Organization & Management
OMS	-	Open Market Sales
OPEC	-	Organization of Petroleum Exporting Countries
PA	-	Project Aid
PCPs	-	Project Concept Papers
PDs	-	Project Directors
PDB	-	Private Domestic Banks
PFDS	-	Public Food Distribution System
PIU	-	Project Implementation Unit
PMEs	-	Public Manufacturing Enterprises
PPs	-	Project Proformas
PPP	-	Purchasing Power Parity
PR	-	Palli Rationing
PSIA	-	Pre-Shipment Inspection & Assessment
PSO	-	Public Service Obligation
PTI	-	Primary Training Institutes
REB	-	Rural Electrification Board
RHD	-	Roads & Highways Department
RMP	-	Rural Maintenance Program
RPA	-	Reimbursable Project Aid
RRP	-	Railway Recovery Program
RRPL	-	Railway Recovery Program Loan
SAFE	-	Special Account for Foreign Exchange
SBW	-	Special Bonded Warehouse
SDC	-	Swiss Development Corporation
SFD	-	Saudi Fund for Development
SRC	-	Statutory Rationing Channel
STWs	-	Shallow Tubewells
TA	-	Technical Assistance
TEO	-	Thana Education Officer
THCs	-	Thana Health Complexes
TYRIP	-	Three Year Rolling Investment Program

UHC	-	Upazila Health Center
UHFWC	-	Upazila Health and Family Welfare Center
UNCDF	-	United Nations Capital Development Fund
UNICEF	-	United Nations Children's Fund
USAID	-	United States Agency for International Development
VAT	-	Value Added Tax
VGD	-	Vulnerable Group Development
WARPO	-	Water Resources Planning Organization

TITLE : IMPLEMENTING STRUCTURAL REFORM

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ABSTRACT : Durable progress in poverty alleviation--the overarching objective of economic reform in Bangladesh--requires an acceleration in the rate of economic growth to around 6-7% in the medium-to-long run. This report takes the view that higher growth and employment generation can be eventually sustained only through increased investment led by a more vibrant and dynamic private sector, complemented by public investment in social and physical infrastructure to help create an enabling environment for such activity. The GOB has effected a successful stabilization of the economy and must now increasingly focus on implementing structural reforms needed to bring about this increase in investment. Its first priority should be to raise the level of public investment through a drastic overhaul of project execution and aid utilization procedures and the reform of key public enterprises responsible for important investment projects. The acceleration in public investment would lead to an increase in import demand which must be offset by higher exports. Hence, the GOB's second priority should be to restore export competitiveness through reforms of urban labor markets and a continued commitment to flexible exchange rate policies. The experience of other reforming countries indicate that higher public investment and enhanced external competitiveness are not sufficient to bring about the needed private sector response. Private investors need to be convinced of the Government's resolve in pursuing reform efforts. Hence, the GOB's third priority should be to clearly articulate its vision for the future and seek widespread support for its policy agenda, while accelerating the implementation of reforms in the areas of trade policy, privatization and financial sector restructuring. Bangladesh will not be able to attain externally competitive growth and a rapid reduction in poverty without accelerated human resource development. Therefore, the GOB's reform agenda emphasizes the need to improve the quality and coverage of the education system as well as health and family planning services, while expanding social safety net programs serving vulnerable groups in the population.

BANGLADESH

IMPLEMENTING STRUCTURAL REFORM

CONTENTS

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TABLES

COUNTRY DATA - BANGLADESH

AREA	POPULATION (1991)	DENSITY
148,393 km2	109.877 million	740 per km2 (1991)
	Rate of Growth: 2.03%	1,347 per km2 of cultivable land (1991)

POPULATION CHARACTERISTICS (1991)

Crude Birth Rate (per '000)	31.8
Crude Death Rate (per '000)	11.0
Infant Mortality (per '000 live births)	90.6

HEALTH (1990)

Population per physician	5,816
Population per hospital bed	3,189

INCOME DISTRIBUTION (1988/89)

% of national income, highest quintile	67.4
% of national income, lowest quintile	17.5

DISTRIBUTION OF LAND OWNERSHIP (1978)

% owned by top 10% of owners	49
% owned by smallest 10% of owners	2

ACCESS TO DRINKING WATER (1992)

% of population - urban (piped water)	42
% of population - rural (tubewell) a/	80

ACCESS TO ELECTRICITY (1991/92)

% of population - urban	56.7
% of population - rural	4.7

NUTRITION

Calorie intake as % of requirements (1988)	83
Per capita protein intake (grams/day, 88/89)	64

EDUCATION (1991)

Adult literacy rate (%)	36
Literacy rate for all ages (%)	24.8
Primary school enrollment (%)	70

GNP PER CAPITA IN 1991: US$210 b/

GROSS DOMESTIC PRODUCT (1991/92) / **ANNUAL RATE OF GROWTH (%, constant prices)**

	US$ Million	%	FY75-80	FY81-87	FY88-92
GDP at Market Prices	23,676	100.0	4.12	4.24	4.1
Gross Domestic Investment	2,456	10.4	0.1	..	..
Gross National Savings	1,940	8.2	..	..	..
Current Account Balance	516	2.2	...	...	..
Exports of Goods, f.o.b.	1,993	8.4	4.7	5.6	7.7
Imports of Goods, c.i.f.	3,463	14.6	6.2	2.8	-1.8

OUTPUT IN 1991/92 BY SECTOR

	Value Added c/		Labor Force d/		V.A. Per Worker e/	
	US$ Mill	%	Mill	%	US$	%
Agriculture	8,302	35.1	32.6	65	255	54
Industry	3,936	16.6	7.8	16	505	107
Services	11,438	48.3	9.8	19	1167	248
Total	23,676	100.0	50.2	100	471	100

CENTRAL GOVERNMENT FINANCE

	(Taka Billion)	% of GDP	
	FY92	FY87	FY92
Current Revenue	95.17	8.9	10.5
Current Expenditure	79.00	7.7	8.7
Current Surplus	16.17	1.8	1.6
Capital Expenditure	71.50	9.6	7.9
External Assistance (net)	47.80	7.5	6.3

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a/ Considering 150 metre distance.
b/ World Bank Atlas methodology; base 89-91.
c/ At market prices.
d/ Civilian labor force; 1989/90 data.
e/ 1991/92 GDP data used to compute the numbers.
.. = Not available.
... = Not applicable.

COUNTRY DATA - BANGLADESH

MONEY, CREDIT AND PRICES	June 84	June 85	June 86	June 87	June 88	June 89	June 90	June 91	June 92
	(Billion Taka outstanding, end of period)								
Money and Quasi Money	88.9	105.2	123.4	138.6	164.1	190.8	228.0	250.9	285.2
Bank Credit to Public Sector	46.2	52.1	58.2	60.5	61.8	68.6	70.8	75.5	92.7
Bank Credit to Private Sector	49.1	68.9	83.6	89.6	109.0	133.6	160.1	178.2	179.4
	(Percentages or Index Numbers)								
Monmy and Quasi-Money as % of GDP	23.8	25.8	26.5	25.7	27.5	28.9	30.2	30.0	31.6
General Price Index (1970=100)	357.5	396.6	436.0	481.2	536.0	578.9	632.7	689.3	724.4
Annual Percentage Changes in:									
General Price Index	9.7	10.9	9.9	10.4	11.4	8.0	9.3	9.0	5.1
Bank Credit to Public Sector	12.6	12.8	11.7	4.0	2.1	2.9	10.5	7.4	22.3
Bank Credit to Private Sector	58.4	40.8	21.8	7.2	21.7	22.6	19.8	11.3	0.7

BALANCE OF PAYMENTS (US$ Million)

	1980/81	1991/92
Exports of Goods, f.o.b. .	711	1,993
Imports of Goods, c&f	-2,533	-3,463
Trade Gap (deficit = -)	-1,822	-1,470
Non-Factor services, net	38	17.4
Worker's Remittances	379	848
Other Factor Payments (net)	-23	32.2
Current Account Balance	-1,428	-516
Direct Foreign Investment	0	1
Net MLT Borrowing	503	578
(Disbursements)	553	788
(Amortization)	50	210
Capital Grants	594	817
IMF facilities, net	193	86
Other Capital, net	162	-226
Change in Reserves (- = increase)	24	742
Gross Reserves (end of year)	251	1679

RATE OF EXCHANGE (January 1, 1993)

US$1.00 = Taka 39.0

MERCHANDISE EXPORTS (1991/92)

	US$ Million	%
Raw jute	85	4
Jute goods	302	15
Tea	32	2
Leather	144	7
Fish and shrimps	135	7
Garments	1064	55
Others	230	12
Total	1,993	100

EXTERNAL DEBT, June 1992

	US$ Million
Public Debt, incl. Guaranteed Private Debt	12,250
Non-Guaranteed Private Debt	..
Total Outstanding and Disbursed	12,250

DEBT SERVICE RATIO FOR 1991/92 a/

	%
Public Debt, incl. Guaranteed Private Debt	18
Non-Guaranteed Private Debt	..
Total	18

IBRD/IDA LENDING, June 1992 (US$ Million)

	IBRD	IDA
Outstanding and Disbursed	62.5	4,494
Undisbursed	0.0	1,694
Outstanding incl. Undisbursed	62.5	6,188

a/ Including IMF

.. = not available.

March 24, 1993

A Guide to the Report

This report is presented in two parts. Part I comprises the executive summary and Chapter I. The latter chapter describes progress achieved so far in the areas of macro-stabilization and structural reforms. It argues that GOB has developed a coherent reform agenda and has taken important steps towards its implementation. However, the pace of implementation needs to be accelerated, if the objective of reaching a 6-7% growth rate is to be achieved. The chapter articulates the priorities for reform and presents a self-contained "progress report". Part II of the report--comprising Chapters II, III and IV--presents a detailed analysis of the various components of the reform agenda and recommendations for further action. Chapter II focusses on policies to increase public investment, Chapter III studies measures to get the private sector moving, and Chapter IV analyzes policies aimed at emphasizing human development and poverty alleviation. The discussion of the detailed reform agenda is generally divided into a description of the existing situation, recent GOB initiatives and a statement of further required actions.

PART I: EXECUTIVE SUMMARY AND PROGRESS REPORT

EXECUTIVE SUMMARY

i. Bangladesh has limited natural resources, a population density of 740 persons per square kilometer--about three times as large as India's and seven times that of China--and is highly vulnerable to devastating cyclones and floods. Despite these adverse factors, GDP growth has averaged around 4% per year in the two decades since independence. Concerted efforts at family planning have contributed to a fall in the rate of population growth from 2.6% in the 1970s to 2.2% currently. Population growth is projected at less than 2% for the 1990s--a figure that compares very favorably with the 3% projected for Sub-Saharan Africa, and is only somewhat higher than the 1.7% projected for upper middle-income countries with per capita incomes over fifteen times that of Bangladesh. The Green Revolution in rice, allied to the increasing use of fertilizers and tubewells, has increased production by more than 50% during the past twenty years, bringing Bangladesh close to self-sufficiency in rice.

ii. Despite these impressive gains, the development challenges facing Bangladesh remain formidable. Poverty is pervasive and many Bangladeshis face hunger and deprivation. Per capita income was estimated to be US$210 in 1990. The proportion of the population that cannot afford a diet providing a minimum of 2122 calories per day fell only slightly from 52% in 1985-86 to 47% in 1988-89. More disturbingly, the incidence of extreme poverty has risen. The proportion of the extremely poor (those unable to afford a daily intake of 1805 calories) has risen from 22% in 1985-86 to 27% in 1988-89. Health and education outcomes are very poor. Life expectancy at birth in Bangladesh was 52 years in 1990, as against an average of 62 for low-income countries; adult female literacy, at less than 25%, compares poorly with the average of 48% for low-income countries.

iii. The key to sustained poverty alleviation-the overarching objective of economic reform in Bangladesh-is rapid labor-intensive growth of 6-7% in the medium to long run. Reaching such a growth rate will require investment to be 17-19% of GDP by the end of the present decade, with a public share of 9% and a private share of 9-10%. Unfortunately, with a gross investment-GDP rate of under 11% in FY92, split almost evenly between the private and public sectors, Bangladesh is barely replacing its capital stock, let alone making the investments in plant and equipment as well as in physical and social infrastructure that are badly needed. The size of the Government's public investment program, the Annual Development Program (ADP), has declined from 8.6% of GDP in FY87 to 5.8% in FY92. Private investment flows have stagnated at 5-6% of GDP. As a result, the overall investment rate is estimated to have fallen to 10.3% in FY92 from above 12% in the late 1980s. In comparison, the 1990 investment rate was 18% of GDP in Nepal, 19% in Pakistan and 23% in India.

iv. Higher GDP growth will require an increase in agricultural growth to around 3% per annum. It will also require an acceleration of growth in manufacturing to roughly 10% per annum by the latter part of the present decade and a concomitant growth in services of 7% per annum. These changes would imply a decline in the share of agriculture from 35% to 29% of GDP and an increase in the share of industry from 17% to 20% of GDP by the year 2000. Given the present limited size of the Bangladeshi domestic market, closer integration with world markets--through trade and investment flows--is needed to spur such growth. Faster industrial growth will tend to come in competitive, export-oriented sectors such as garments, textiles that link with garments production, leather, frozen fish and shrimp, and other agro-based activities. The investment to support agricultural and export oriented industrial growth must come from a more vibrant and dynamic private sector. Complementary public investments in infrastructure and human resource development can create the enabling environment for private sector growth.

v. The successful stabilization of the economy after FY90 provides the foundation for structural reforms aimed at boosting investment and growth. The Government of Bangladesh (GOB) should seize this opportunity to accelerate the pace of implementation of structural reforms, with special priority given to reforms aimed at: (i) increasing efficient public investment; (ii) enhancing external competitiveness; and (iii) getting the private sector moving. Moreover, in addition to physical infrastructure, the increase in efficient public investment needs to emphasize human resource development and poverty alleviation. Hence, the GOB should redouble its efforts aimed at improving the quality of education, health and family planning services, as well as the development of safety net programs to protect the poorest groups in society.

A. An Important Achievement: Successful Stabilization

vi. The GOB successfully stabilized the economy after the potential problems of the late 1980s, and all macroeconomic indicators show a marked improvement between FY90 and FY92. The fiscal deficit was lowered from 7.8% to 5.2% of GDP; the inflation rate fell from 9.3% to 5.1%; the current account deficit was reduced from 6.9% to 2.3% of GDP; and foreign exchange reserves increased from 1.9 to 5.6 months of imports. Successful stabilization in the midst of the political transition of FY91 and FY92, and the devastating April 1991 cyclone, is a commendable achievement for which credit is due to GOB's economic policy makers and its political leadership.

vii. Macroeconomic stability provides the basis for accelerating the implementation of much needed structural reforms. Declines in the external deficit and the comfortable external reserves position can allow bolder action to be taken on import liberalization. Fiscal adjustment, in particular successful tax reform, have removed the previous shortage of taka resources that constrained full implementation of the ADP. Increasing revenues from the value added tax provide an opportunity to reduce customs duties on imports, and to finance much needed public enterprise restructuring and labor retrenchment. The reduction in inflation provides a conducive environment for financial sector reforms.

viii. In using these new opportunities, it is important that GOB continue its sound macroeconomic management. It should maintain the momentum of its tax reform and, in particular, strongly resist any erosion of the base of the value added tax, which forms the cornerstone of that reform. Administration of the value added tax should be strengthened. GOB should also sustain its expenditure rationalization efforts. Those actions will help prevent fiscal considerations from re-emerging as constraints to sustained and rapid implementation of structural reforms.

B. First Priority: Increasing Efficient Public Investment

ix. Accelerating public investment and raising its efficiency is the most important short-run priority. Moreover, appropriately prioritized public investments can prepare the ground for faster private sector development, helping boost investments that are crucial to accelerating growth in manufacturing and agriculture. Increasing the pace of implementation of the ADP can also provide a fiscal stimulus to nudge the economy out of its current sluggish state.

x. GOB has made considerable progress in setting investment priorities within its Three Year Rolling Investment Program to match previously announced social sector and infrastructure priorities and the potentially available resources. It is now necessary to implement those prioritized public investments in physical infrastructure and human resource development as a matter of urgency. These investments take time to successfully engender complementary increases in private investment, as experience elsewhere has shown. For that reason, removing the impediments to rapid implementation of the ADP must take the highest priority.

xi. ADP targets were not achieved in FY92 due to fundamental weaknesses in project implementation capacity and aid utilization. For long a problem, shortage of taka funds is no longer a binding constraint on the expansion of public investment. Tax reform--the introduction of the value added tax and gradual reform of the income tax--has so far yielded impressive initial results, as government revenue has risen from 9% of GDP in FY90 to 11% in FY92. This easing of the taka constraint now lends particular urgency to the need for a drastic overhaul of project execution and aid utilization procedures, and the reform of key public enterprises and parastatals responsible for important investment projects.

Improving ADP Implementation and Aid Utilization

xii. GOB has introduced a series of new measures in FY92 and FY93 to improve project implementation and aid utilization. Although many of those measures are not yet fully operational, they have had a positive effect and data for the first six months of FY93 indicate a significant improvement over last year's ADP performance. Total ADP expenditures during July-December 1992 are estimated to be 35.6% higher than for the same period of FY92. Project aid expenditures during the first six months of FY93 were 25.4% higher than during the same period of FY92. These developments reflect positively on GOB's efforts at improving project implementation and aid utilization. Moreover, in as much as the increase in public investment is occurring in the context of a prioritized investment program, they also augur well for the success of attempts to accelerate the rate and quality of economic growth.

xiii. Initial success should encourage GOB to accelerate the pace of reforms in this area. However, although significant, the improvement in ADP realization during the first six months of FY93, when compared to FY92, is not sufficient to bring about the increase in investment and the eventual 6-7% growth rate that Bangladesh should aim to achieve. FY92 was a particularly disappointing year for ADP implementation and therefore a poor basis for comparison. ADP expenditures during the first half of FY93 represent 29.5% of the year's operational ADP (Tk 80 billion). This compares very favorably to the 23% realization rate achieved during the first half of FY92, but is still below the 41% rate achieved during the first half of FY91 and the 35% rate achieved during the first half of FY90.

xiv. Further action is needed to ensure that the objective of a rapid increase in the pace of ADP implementation during FY93, and beyond, is achieved. The report recommends several actions that need to be taken in this area. Those recommendations aim at streamlining implementation procedures, improving project management and strengthening the planning and budgeting process to ensure that the implementation of the ADP is accelerated. The recommended actions include effective implementation of the new procurement guidelines; making personnel policies that affect project implementation more stable and predictable; enhancing financial authority limits; simplifying land acquisition procedures and resolving resettlement issues; increasing the useage of local taka resources to supplement advance project aid; institutionalizing a system for monitoring large projects; and integration of the Three Year Rolling Investment Plan into the budget cycle. In implementing those recommendations, GOB may wish to direct its scarce administrative resources towards those areas of the ADP that have the highest potential for contributing to economic growth and poverty alleviation.

Public Enterprise and Parastatal Reforms

xv. Public enterprise losses, which are estimated at a striking 30% of annual project aid disbursements, divert resources away from investment, operations and maintenance and other high-priority activities. Public enterprises are responsible for over 25% of gross domestic capital formation. Hence, their inefficiency has a direct impact on the level and quality of public investment. Reducing these losses and increasing efficiency are urgent priorities.

xvi. Experience with public enterprise reform in other countries suggests that privatization is the most effective way of eliminating public enterprise losses and enhancing their efficiency, and this is the chosen course of action in Bangladesh. However, a number of large enterprises are also expected to remain in the public domain over the next few years. Reforms focussing on removing excess employment and improving management to reduce systems losses are at various stages of development for those entities.

xvii. Encouraging progress towards reaching GOB's goal of retrenching excess public service officers and workers over a three-year period has been achieved. Around 8,350 Railways employees have applied for the voluntary separation package offered by GOB, and by early February 1993 more than 4,000 staff had received their separation packages and left the service of the Railways. During the first six months of FY93, 3,580 workers, staff and officers left the Bangladesh Jute Mills Corporation (BJMC). GOB offered staff of the Bangladesh Agricultural Development Corporation (BADC) a voluntary separation package, and, as of February 1993, around 3,100 staff had applied for this package.

xviii. The progress achieved so far, and the workers' positive response to voluntary separation, represent a good initial attempt at restructuring the parastatal sector. GOB should capitalize on those positive developments by expediting the implementation of restructuring programs for the jute sector, where over-staffing is estimated at 20,000, for BADC, and for the Food Directorate; and by drawing up restructuring plans for other public entities.

xix. GOB's efforts at improving parastatal management and reducing systems losses have had mixed results. Systems losses in the power sector were lowered from around 43% in January 1992 to 36% in November 1992, which is still above GOB's short-term target of 32-34%. Ongoing reforms in the sector need to be accelerated. The Bangladesh Water Development Board (BWDB) is in need of urgent reforms. BWDB's system of accounting and financial management is weak to the point where the accuracy of expenditures could be in doubt. Efforts to introduce improved control, budgeting and costing procedures that started in FY91 are facing strong internal resistance, and have had very little success.

C. Second Priority: Enhancing External Competitiveness

xx. The increase in public investment should be accompanied by enhanced external competitiveness, to be achieved through a continued commitment to a flexible exchange rate policy and bold labor market reform to link wage increases to productivity improvements. The acceleration in the ADP will entail a shift in the composition of public expenditures away from government consumption to investment. Available evidence suggests that government consumption consists mostly of nontradeables--wage payments and other services; while the share of importables in public investment expenditures--machines and foreign technical assistance--is relatively high. Thus, an increase in public investment will raise the demand for imports. The current account deficit will rise and, for a given level of foreign inflows, reserves will fall. Adjustment to this change will require an increase in Bangladeshi exports that can only be achieved through enhanced external competitiveness.

xxi. Bangladesh's real exchange rate--the nominal exchange rate adjusted for differences in inflation rates between Bangladesh and other countries--appreciated vis-a-vis countries such as India, Indonesia and Pakistan by 21%, 26% and 49%, respectively, between 1985 and 1990. Sound macroeconomic policies, that led to a decline in inflation, accompanied by flexible exchange rate management, resulted in some improvement in Bangladesh's competitive position vis-a-vis Indonesia and Pakistan after 1990. Nevertheless, the real exchange rate vis-a-vis those two countries in 1992 was 40% and 22% higher than its 1985 level, respectively. Moreover, Bangladesh's real exchange rate vis-a-vis India appreciated by an additional 19% between 1990 and 1992. The success of Bangladesh's high investment and high growth strategy requires that this erosion in external competitiveness be reversed over the medium term.

xxii. Increases in wages that are not related to productivity improvements have a negative impact on competitiveness and, therefore, hinder export expansion. A sample of seven public-sector units shows that wages have been rising at a much faster rate than productivity since 1985. For those seven units average labor costs increased by 14.5% a year between 1985 and 1992, while the value of output per worker rose by only 11% a year. Thus, the gap between wages and productivity has been widening every year since 1985. Increases in public wages have triggered similar rises in private sector real wages, which rose by some 22% between 1985 and 1992 while preliminary evidence indicates that productivity has actually declined. Low productivity in the industrial sector is due to over-manning associated with low investment and poor management practices. Until those problems are resolved, further wage increases would raise the sector's losses and render it less competitive.

xxiii. Labor disputes threaten industrial development in Bangladesh. The pervasive politicization of labor disputes has led to very difficult labor-management relations, with a large number of strikes and lock-outs. The application of the Labor Code, particularly as it affects restructuring and retrenchment, has been severely hampered. Urban labor market reform must seek to build a corporate partnership between management and labor, with the former undertaking investment and modernization and the latter accepting wage settlements on a plant-by-plant basis in line with productivity growth. Such reforms would allow externally competitive economic and employment growth. Only through faster employment generation will the benefits of faster growth accrue to the majority of the labor force who are employed outside the formal sector of the urban economy, and who are bypassed by urban wage settlements.

xxiv. GOB has initiated discussion of a comprehensive agenda of labor market reforms. In the meantime, it should avoid awarding wage increases that are not linked to improved productivity, and which would further erode the country's competitiveness. In particular, the January 1993 recommendations of the "Wages and Productivity Commission"--which include an increase in public sector workers' compensation by some 15% over and above the interim increase of Tk 250/month awarded in FY92, and the adoption of a national minimum wage to be applicable to all private enterprises--are not based on any analysis of productivity or Bangladesh's export competitiveness. The application of the Wages and Productivity Commission awards will widen the gap between wages and productivity, and render public sector units even less viable.

D. Third Priority: Getting the Private Sector Moving

xxv. A dynamic private sector is key to increasing investment in the medium- to long-run. For the private sector to develop, it requires both an enabling environment as well as confidence in the credibility of the government's reform package. As discussed above, public investment in physical and social infrastructure that is complementary to private investment, control of public consumption, measures to promote external competitiveness through flexible exchange rate management, and genuine labor-management cooperation are important steps for creating the enabling environment for private sector, export-oriented growth in Bangladesh.

xxvi. The experience of other reforming countries in South Asia indicates that it is equally important for governments to present their policy agenda in a manner that inspires the private sector's confidence. GOB should articulate its vision for the future role of the private sector more clearly. It should seek widespread private sector support for the successful implementation of reforms, particularly on privatization, trade policy, and financial sector restructuring. If evidence from other countries is a guide, there are potential gains to be reaped from increasing private sector confidence in GOB's commitment to implement structural reforms in all three areas.

Privatization

xxvii. Privatization signals the Government's commitment to increasing the private sector's role in the economy, and commensurately, to limiting the role of state-owned enterprises. A successful privatization program has an important impact on investor confidence, besides achieving the primary goal of improving the efficiency of the divested enterprises. This explains why privatization is on the rise all over the world. More than 8,500 state-owned enterprises in over 80 countries have been privatized during the past 12 years.

xxviii. In principle, privatization is a central, publicly acknowledged element of GOB's reform agenda. However, progress in implementing GOB's privatization program has been very limited. In October 1991, the Government identified 40 public manufacturing enterprises operating under the Ministry of Industries for privatization, and decided to complete the privatization of a significant share of these enterprises in FY93. However, as of the end of 1992 only four had been sold. The Ministry of Textiles has also recently identified ten mills for privatization. But the identified units are among the worst performing state-owned mills, each with a large negative net worth, and therefore unlikely to be attractive to private investors. The privatization program under the Ministry of Jute, currently under discussion, requires a resolution of the problems caused by the industry's huge debt.

xxix. The private sector needs to be sent strong and consistent signals regarding GOB's commitment to privatization. Therefore, the Government should avoid slippage in implementing its program. In order to expedite implementation, GOB will need to rationalize the administrative framework for privatization and institute transparent procedures. Its recent decision to create a new "Privatization Board" could be a step in that direction. It will also have to set up a safety net for retrenched laborers, and, where necessary, financially restructure firms prior to privatization.

xxx. At the same time, it is equally important that GOB move expeditiously towards reform of the policy environment in which private enterprises as well as remaining public ones will be expected to operate. These reforms should include, inter alia, developing a transparent regulatory framework, introducing greater competition, and, for remaining public enterprises, enforcing budgetary discipline and allowing managerial autonomy from political interference. Experience in Bangladesh and other countries suggests that failure to institute and sustain such reforms will not allow the efficiency gains from enterprise restructuring and privatization to be realized.

xxxi. As a way of generating greater transparency and credibility for privatization, GOB may wish to consider issuing a policy paper on privatization. Such a paper would contain a clear statement of the program objectives and action plans, guidelines on the processes and procedures to be followed, and the organizational framework for privatization. The paper would also discuss the policy environment in which privatized enterprises would operate after divestiture, and how they would be assured freedom from government intervention.

Trade Policy

xxxii. Export development must be an important component of any program aimed at accelerating industrial growth. Attainment of a 6-7% growth over the medium to long run will require that the share of exports in GDP rise from 9% to around 13% by the second half of the decade. Trade liberalization is necessary for encouraging export-led growth, and hence, it is an important element of GOB's reform agenda.

xxxiii. GOB's success in stabilizing the balance of payments and mobilizing public revenue provides it with an excellent opportunity to accelerate the pace of trade reforms, reduce the anti-export bias of the trade regime, and thus convince private investors that it will effectively pursue an export-friendly development strategy. High international reserves allow it to finance the increase in imports that normally occurs after a reduction in tariffs. Moreover, recent tax reforms, by making GOB less dependent on revenues from high customs duties, should permit a more rapid reduction in their levels.

xxxiv. While notable initial progress has been achieved in FY93 with respect to both tariffs and nontariff barriers, nominal protection rates in Bangladesh still average 50% in FY93, and therefore remain high relative to those prevailing in successful developing countries in East Asia and Latin America. The latter countries have eliminated almost all quantitative restrictions on imports and reduced tariffs towards levels of 15-30%. More reforms of the trade regime are needed, and GOB has created a National Tariff

Commission whose task is to facilitate the further compression of tariff rates with a view to reaching a nominal maximum rate of 50% by FY94.

xxxv. The Government's policy package on trade liberalization has not been sufficiently well articulated and publicized, and many entrepreneurs do not have a clear understanding of GOB's vision of the trade regime that will prevail over the coming years. As a consequence, they are unaware of the opportunities that the new regime presents. The medium-term program for further trade reforms needs to be formulated convincingly, with the objective of sending a clear and credible signal to foreign and domestic investors.

The Financial Sector

xxxvi. Inefficiencies in Bangladesh's financial system are hampering private sector development, and the fragile financial health of the commercial banks precludes them from playing an important role in mobilizing savings and allocating them to efficient investment projects. Furthermore, high real interest rates--real interest rates on term loans were around 8-10% in 1992--that persist despite excess bank liquidity are not conducive to higher private investment. There is a clear need to improve the performance of the financial sector to serve the needs of investors better.

xxxvii. The commercial banking sector forms the mainstream of the financial system and is dominated by four nationalized commercial banks (NCBs). The NCBs have been shielded, to a large extent, from market competition, thereby severely eroding their efficiency. Widespread defaults on bank loans constitute a major endemic problem facing the banking system. To restore their health, GOB injected Tk 17.29 billion of fresh capital in the NCBs in 1989. However, due to lack of parallel reforms in the real sectors of the economy and insufficient restructuring of existing banking operations, the NCBs needed additional capital of about Tk 3.2 billion within less than two years of this capital injection. There will be a continuing need for further such infusions unless systemic reforms are undertaken.

xxxviii. GOB has embarked on a financial sector reform program that includes interest rate liberalization; the introduction of new monetary instruments; the discontinuation of directed credit and subsidized refinancing facilities; the imposition of more stringent bad debt and interest accrual accounting regulations; and, the establishment of financial loan courts and a credit information bureau. While these reforms are a good start, they are unlikely to go far enough. Action is needed to strengthen the supervisory and regulatory capabilities of Bangladesh Bank, to start a detailed exploration of ways to restructure the commercial banks, particularly in terms of their recapitalization, and to address the loan default situation. To make banking more competitive, market entry into commercial banking must be facilitated for sound investors. At the same time, the laws affecting market exit through liquidation need to be revised. Competition for funds is affected by pricing public investment instruments, such as savings schemes, without adherence to the risk-return principle. Revisions are needed in the tax laws affecting financial institutions.

xxxix. To clearly indicate its resolve in pursuing effective financial sector reforms, and thus boost investor confidence, GOB has embarked on two actions. First, it lowered the floor on deposit rates, in February 1993, to 6.5%. This will allow for a downward movement of all interest rates without reducing bank margins in the short-run. A reduction in real interest rates will help raise private investment. Bangladesh Bank should consider further reductions in the floor on interest rates with a view to eliminating it completely. Second, GOB has decided to complete the privatization of one of the NCBs, Rupali Bank. This action is designed to demonstrate that the Government is serious about restructuring the banking sector and rendering it more competitive.

E. Human Resource Development and Social Safety Nets

xl. A key area which requires an increase in the quantity and quality of public investment, the first reform priority, is human resource development. Expenditures on human resource development that allow the poor to acquire the assets necessary to benefit from economic development should be increased. GOB's policy agenda therefore rightly emphasizes the need to improve the quality and coverage of the education system and health and family planning services. At the same time, the Government seeks to expand social safety nets that protect vulnerable groups in the population. In order to achieve those objectives, GOB will need to increase resources going into the sectors, and as importantly, to enhance the effectiveness and quality of these expenditures.

The Quality of Public Expenditures on Education

xli. GOB's commitment to education is demonstrated by increased budgetary allocations to the sector. The share of education in revenue expenditures increased from 13.7% in FY89 to 14.0% in FY92 and its share in the ADP rose from 5.2% to 8.5% over the same period. GOB is particularly emphasizing the importance of primary education. Of total ADP allocations for education, the primary sub-sector received 73.7% in FY92, compared to 45.6% in FY87.

xlii. Despite higher budgetary allocations, improvements in access to education facilities have been insufficient, and the quality of education continues to be sub-standard. The education sector is facing several problems, including: insufficient teacher-pupil contact time, poor quality of teaching and teacher training, lack of supervision, and unsatisfactory physical facilities.

xliii. In order to increase access to education, GOB should improve the quality of education data (especially by updating the school map and developing a data base for school expenditures), and expedite the implementation of its low-cost school program. The quality of education services should be improved by increasing the number of qualified teachers, improving the quality of textbooks and teacher training, and mobilizing increased community participation in education. These activities are being supported under the General Education Project that is funded by the Government and a consortium of external donors.

The Quality of Public Expenditures on Health and Family Planning

xliv. As in education, GOB's commitment to improving the health and family planning (HFP) sector is reflected in increasing budgetary allocations and expenditures. ADP allocations to the HFP sector increased from 4.9% of the total ADP in FY86 to 7.4% in FY93, and the sector's current expenditures rose from 2.9% to 5.3% of the revenue budget over the same period. Per capita expenditures in the sector rose from approximately US$1.05 in FY86 to a budgeted US$2.56 in FY93.

xlv. Despite increased allocations, serious problems that require GOB attention continue to plague the HFP sector. GOB should take urgent action to address those problems. In particular, it should consider developing and articulating comprehensive health and FP policies; improving the quality of HFP services, by: further increasing budgetary allocations for medical supplies; improving coordination between the Health and Family Planning departments; de-centralizing management; and, implementing improved personnel policies.

Social Safety Net Programs and Food Management

xlvi. Targeted safety net programs aim to protect and provide relief to the large number of households that cannot afford an adequate daily diet. However, the needs overwhelm available resources, and GOB should carefully allocate the scarce resources to the most vulnerable groups, and undertake reforms aimed at reducing the cost of the public food distribution system (PFDS). GOB has already introduced significant reforms aimed at reducing the cost of the PFDS. It has suspended the poorly-targeted rural Palli Rationing channel, allowed private sector imports of wheat, and started procuring rice through open tender.

xlvii. GOB now needs to turn to the remaining problems. Around 25% of total food grain distribution by the PFDS in FY92 was targeted at relatively better-off segments of society. Rice procurement by tender is hampered by lack of bank credit, anti-hoarding regulations, lack of an appropriate grading system and slow bid evaluation.

xlviii. GOB should undertake further reforms to rationalize the PFDS in the medium-term so that it has only two objectives: first, ensuring food security in times of major calamities; and second, supplying food grains to the most vulnerable groups in society. These reforms should include: eliminating all distribution channels that do not target the poor; abolishing all rice procurement through mill-gate contracts to ensure the success of tendering; abolishing the anti-hoarding laws; and targeting open market sales of rice to distressed areas in the lean season. The savings achieved in this manner should be used to expand social safety net programs, and to experiment with new types of safety nets.

Aid Disbursements in FY94

xlix. Indications available at mid-FY93 point to an improvement in the pace of project and policy implementation compared to the previous year. On that basis, it is suggested that the FY94 ADP would be of the order of Tk 95 billion, a level that would require project aid disbursements of around US$1.3 billion. Bangladesh's success at stabilizing its economy makes it less dependent on commodity aid, which is expected to decline to around US$320 million in FY94. Food aid disbursements are projected to remain at more or less their present levels, around US$180 million.

l. Aid commitments for FY94 will need to be related to the Government's demonstrated ability to strengthen its implementation performance. GOB should focus its efforts on accelerating implementation of the ADP and improving aid disbursements. The level and composition of new commitments by donors should be set so as to support the expected flow of those disbursements.

CHAPTER I

RECENT ECONOMIC DEVELOPMENTS AND PRIORITIES FOR POLICY REFORM

1.1 GOB has successfully stabilized the economy, and there are some signs that economic activity may be picking up in FY93 compared to sluggish activity during FY92. These positive developments provide GOB with an excellent opportunity to implement structural reforms needed to reverse the trend, observed since the mid-eighties, of stagnating investment and low growth. The time is now ripe for GOB to clearly articulate its economic reform agenda, and accelerate the pace of its implementation, most urgently by increasing public investment in infrastructure and human resource development, restructuring labor markets with a view to enhancing competitiveness, and providing an enabling environment for private sector development. A rapid increase in investment and GDP growth is feasible, provided that those reforms are implemented in a timely fashion.

A. Economic Developments 1985-92: Successful Stabilization but Low Growth

1.2 Bangladesh has completed the stabilization phase of its economic reform program, but is yet to achieve the objective of higher growth. The fiscal and current account deficits have been lowered to 5.2% and 2.3% of GDP, respectively, and inflation has been reduced to around 5% a year. However, the objective of faster growth is yet to be achieved. Domestic investment has fallen to around 10% of GDP in FY92 and the real growth rate has remained stable at 3-4%, which is not sufficient to bring about a significant reduction in poverty. However, preliminary data for the first six months of FY93 indicate a pick-up in the pace of project implementation and, more generally, in economic activity. Moreover, the fact that the increase in public investment is occurring in the context of a prioritized investment program augurs well for the success of GOB's efforts to accelerate the rate and quality of economic growth.

Successful Stabilization

1.3 Lowering the Fiscal Deficit. There was a marked shift in the government accounts, favoring increased consumption and lower investment, between 1985 and 1990. The fiscal deficit increased slightly from 7.4% of GDP in FY85 to 7.8% in FY90 (Table 1.1). This occurred although government revenue rose from 8.8% to 9.3% of GDP and investment expenditures fell from 7.5% to 6.4% of GDP. The rise in revenue and decline in investment were not sufficient to offset a rapid increase in current expenditures, which rose from 6.5% in FY85 to 8.8% of GDP in FY90. Higher public consumption and lower investment were clearly inconsistent with Bangladesh's objective of faster growth.

1.4 Fiscal policy improved significantly after FY90. The growth in current expenditures was contained at below the rate of growth of GDP. Thus, the share of recurrent expenditures in GDP remained stable at around 9%. Tax reform led to an increase in government revenue from 8.8% of GDP in FY90 to

11% in FY92. Those actions released resources to finance a higher ADP. However, weak project implementation capacity prevented public investment from rising, and the share of the ADP in GDP actually declined from 6.4% in FY90 to 5.8% in FY92. As a result, the fiscal deficit fell from 7.8% of GDP in FY90 to 5.2% in FY92. This sharp decline in the fiscal deficit was not fully offset by a fall in foreign inflows. Hence, the need for domestic financing decreased and Government started retiring part of its debt to the domestic banking system.

Table 1.1: STABILIZING THE FISCAL ACCOUNTS
(percent of GDP)

	FY85	FY86	FY87	FY88	FY89	FY90	FY91	FY92
Total Revenue	8.8	9.1	8.9	8.9	9.5	9.3	10.0	11.0
Current Expenditures	6.5	7.5	7.7	8.1	8.5	8.8	9.0	8.9
Food Account Deficit	1.0	0.4	0.0	0.9	0.6	1.2	0.9	0.8
ADP a/	7.5	7.3	8.6	6.4	6.7	6.4	6.5	5.8
Other Capital and Net lending	1.2	1.4	1.0	0.6	0.9	0.7	0.7	0.7
Budget Deficit	7.4	7.5	8.4	7.1	7.2	7.8	7.1	5.2
Net Foreign Financing	7.0	6.8	7.5	6.9	7.4	6.6	6.5	5.9
Net Domestic Financing	0.4	0.7	0.9	0.2	-0.2	1.1	0.6	-0.7

a/ Excluding self-financed projects

Source: Data provided by the Ministry of Finance and Bank Staff Estimates

1.5 In addition to controlling overall current spending, GOB has changed its allocation in favor of primary education and health and operations and maintenance. The share of primary education in the revenue budget rose from 7.3% in the original FY92 budget to 8.6% in FY93; the share of primary health care rose from 2% to 2.3% between 1991 and 1992; and the share of operations and maintenance rose from 4% to 5.4%.

1.6 The improvement in tax revenue observed since FY90 has been mainly due to tax reform, particularly the introduction of the Value Added Tax (VAT), which replaced sales taxes on imports and a number of excises on domestic production. Tax revenue increased by 14% in FY91 and 19% in FY92. This was accompanied by a change in the structure of taxation (Table 1.2). The share of customs duties in total tax revenue has declined from 37.4% in FY90 to 36.5% in FY92, reflecting a decline in imports. The share of excise taxes also fell from 28.8% of tax revenue in FY90 to 17.8% in FY92. The VAT now represents 23.3% of tax revenue, and the share of income and profit taxes rose from 13.6% in FY90 to 16.1% in FY92. With the relatively successful introduction of the VAT, Bangladesh has developed an important and efficient tax instrument, and expanded its tax base at a more rapid pace than its larger neighbors, India and Pakistan.

Table 1.2: **THE CHANGING STRUCTURE OF TAX REVENUE**
(percent of total)

	FY90	FY91	FY92
Customs Duties	37.4	36.2	36.5
Sales Tax	11.0	12.1	0.0
Income and Profits Tax	13.6	17.3	16.1
Excise Duties a/	28.8	26.0	17.8
VAT	0.0	0.0	23.3
Others	9.2	8.4	6.3
Total	100.0	100.0	100.0

a/ The decline in excise duties after FY91 reflects the fact that some of those duties were replaced by VAT.

Source: Data provided by the National Board of Revenue

1.7 GOB's initial program for FY93 calls for a continued increase in revenue mobilization to 11.5% of GDP, lowering current expenditures to 8.7% of GDP and raising the ADP (excluding self-financed projects) to 8.3% of GDP. This program would imply a deficit of around 7% of GDP, which is more or less the same as its level during the second half of the 1980s. Preliminary data indicates that the revenue target is likely to be achieved. Total revenue for the first six months of FY93 was 20% higher than during the corresponding period in FY92, and nearly 6% above the budget target. This revenue growth is being achieved despite the stagnation of customs revenues, because the VAT continues to yield good results (Table 1.3). Current expenditures are being tightly controlled and it is likely that the target of 8.7% of GDP will also be achieved. However, it is unlikely that the ADP target of 8.3% of GDP will be reached (see Chapter II). Even if a 25% increase in ADP implementation is achieved in FY93, an expectation consistent with available indications at mid-year, the realized ADP will still be only around 7% of GDP. This implies that the fiscal deficit would be around 6% of GDP, and the Government will continue to be in a comfortable financial position.

1.8 The comfortable financial position in which GOB finds itself, in the face of an expanding ADP, should not however lead to any slackening of the revenue effort. If reforms under way to strengthen project implementation capacity, which currently constrain ADP expansion, are continued, (see the review in Chapter II) GOB would be able to effect a steady increase in the ratio of the ADP to GDP. Once that ratio reaches around 8%, revenue constraints could re-emerge as a bottleneck to further expansion of the ADP unless the momentum of tax reform is maintained. It is therefore particularly important that GOB strongly resist any erosion of the base of the VAT and focus on the administration of the tax so as to help realize its revenue potential. Efforts should also be directed at sustaining recent initiatives in the reform of income taxation.

Table 1.3: TAX REVENUE IN JULY-DECEMBER 1992
(Taka crore)

	July-Dec. 1991	July-Dec. 1992	Percent Change
Total Tax Revenue	3,209	3,850	19.9%
Customs duties	1,296	1,339	3.3%
VAT	800	1,212	51.5%
Tax on Income	410	589	43.6%
Excise Duties	644	672	4.3%
Others	59	38	-35.6%

Source: National Board of Revenue

1.9 Stabilizing Money Growth and Inflation. Fiscal stabilization was accompanied by a reduction in the rate of growth of the money supply after 1990 (Table 1.4). The rate of growth of credit to the economy also declined as the public sector's (especially the central government's) credit needs fell and the demand for credit by the private sector declined reflecting a slowdown in economic activities. Thus, the inflation rate which was close to 10% in 1990 fell to around 5% in 1992. The decline in inflation was accompanied by a liberalization of interest rates. Real deposit rates increased, which led to a rise in bank deposits. Bangladesh's financial system has deepened significantly since the mid-eighties as the ratio of M2 to GDP rose from 25.9% in 1985 to 32.6% in 1992. Financial stability is likely to continue in FY93. Broad money is currently growing at an annual rate of around 14% and the annual inflation rate is around 4.6%.

1.10 Changes in domestic credit during FY92 require a careful examination. The apparent stagnation of credit to the private sector partly reflects the impact of the write-off of agricultural loans. After adjusting the data to take account of this, growth in private credit was 11.3% in nominal terms, or 4.8% in real terms. That is, the growth rate of credit to the private sector has slowed down considerably during the 1990s, but the published data tend to exaggerate the extent of the slowdown. Similarly, the data on credit to the public sector includes bonds issued to recapitalize the nationalized commercial banks (NCBs). After adjusting for this factor, actual credit to the public sector shows a 0.9% decline during FY92, with credit to the central government falling by 13.3%, which is consistent with fiscal developments. Credit to other public entities grew by 5.3% in nominal terms, implying that it stagnated in real terms.

Table 1.4: MONEY, CREDIT AND INFLATION
(annual percentage change)

	FY85	FY86	FY87	FY88	FY89	FY90	FY91	FY92a/
Broad Money	25.5	17.2	12.3	18.3	16.3	16.9	12.1	14.1
Domestic Credit	27.1	17.1	4.9	13.5	13.4	18.9	10.1	7.3
Public sector	12.8	11.7	1.7	4.4	-2.8	17.0	7.4	22.8
Private sector	40.3	21.3	7.2	21.6	22.6	19.8	11.4	0.7
Inflation rate (Dhaka Middle Class CPI)	10.9	9.9	10.4	11.4	8.0	9.3	8.9	5.1
M2/GDP (%)	25.9	26.5	25.7	27.5	28.9	30.2	31.2	32.6

a/ Data reflects a Tk 18.9 billion write-off of agricultural loans and long-term government bonds (of Tk 17.3 billion) issued to recapitalize the nationalized commercial banks.

Source: Bangladesh Bank and Bangladesh Bureau of Statistics

1.11 Despite the financial sector reforms initiated in 1989, rigidities in the banking sector, which limit its ability to respond to changing macroeconomic conditions, persist. The decline in the demand for credit in FY92 was accompanied by an increase in bank deposits as M2 rose by 14.1%. Thus, bank liquidity improved, and the banking system as a whole is holding excess liquidity of around Tk 7 billion. In a well functioning financial system this would have provided a signal to banks to lower interest rates, leading to a fall in deposits and a rise in credit. However, this has not occurred so far. Real deposit rates have remained stable at around 5% since January 1991, and real interest rates on term loans to industry have actually increased from

5.9% in 1991 to 7.3% in January 1992 and 9.7% in July 1992 (Table 1.5). The monetary authorities have recently tried to signal that a decline in interest rates would be desirable. Thus, in February 1993, the floor rate for fixed deposits was lowered from the 8.5% set in June 1992 to 6.5%.

Table 1.5: REAL INTEREST RATES AT NCBS

	Deposit Rate	Term Loans	Commercial Loans
January 1990	2.9%	4.1%	7.3%
January 1991	4.8%	5.9%	9.2%
January 1992	5.0%	7.3%	8.9%
July 1992	4.7%	9.7%	11.8%

Source: Data provided by Bangladesh Bank

1.12 Regaining External Equilibrium. As shown in Table 1.6, fiscal and monetary stabilization policies have led to a lowering of the current account deficit from 6.9% of GDP in FY90 to 2.3% in FY92. Foreign aid disbursements fell from 8.1% of GDP in FY90 to 7% in FY92. However, this fall in aid disbursements did not offset the improvement in the current account. Therefore, foreign reserves increased from 1.9 months of imports in 1990 to 5.6 months (US$1.6 billion) in June of 1992.

Table 1.6: STABILIZING THE EXTERNAL ACCOUNTS
(percent of GDP)

	FY85	FY86	FY87	FY88	FY89	FY90	FY91	FY92
Exports	6.0	5.3	6.1	6.5	6.3	6.8	7.6	8.7
Imports	-17.0	-15.2	-14.9	-15.6	-16.5	-16.8	-15.4	-15.1
Services, net	-0.5	-0.8	-0.9	-0.8	-0.6	-0.5	-0.1	-0.1
Private transfers, net	3.1	3.8	4.2	4.1	4.1	3.6	3.8	4.3
Current Account	-8.4	-6.9	-5.5	-5.8	-6.7	-6.9	-4.1	-2.3
Memo items								
Aid Disbursements	8.1	8.4	9.1	8.6	8.1	8.1	7.7	7.0
Gross Reserves (months of imports)	1.8	2.5	3.5	3.6	3.4	1.9	3.3	5.6

Source: Bangladesh Bank and Staff Estimates

1.13 Faced with a serious balance of payments crisis in FY90, GOB adopted tighter macro-policies and depreciated the currency. Lower domestic demand, particularly for investment, led to a decline in imports from 16.8% of GDP in FY90 to 15.1% in FY92. Two other factors were responsible for the improvement in the current account. First, exports of ready-made garments increased substantially (they rose from US$609 million in FY90 to US$1,059 million in FY92), helped by the quota system in OECD countries. Thus, the structure of Bangladesh's exports changed significantly with garments exports now representing 53.5% of total exports, in gross terms (Table 1.7). Given the high import content of the garments sector, this high share in gross exports only translates into a 25.2% contribution to net export earnings. Second, workers' remittances continued growing steadily (from US$761 million in FY90 to US$848 million in FY92), despite the disruption caused by the Gulf War.

Table 1.7: THE CHANGING COMPOSITION OF EXPORTS
(percent of total exports)

	FY85	FY92
Garments	12.4	53.5
Jute and Jute Goods	57.8	19.4
Leather	7.5	7.3
Frozen Food	9.3	6.6
Tea	6.5	1.7
Others	7.3	11.7
Total	100	100

Source: Export Promotion Bureau

1.14 A careful examination of balance of payments statistics indicates that the reduction in the external deficit after FY90 was mainly achieved through a fall in import demand rather than an increase in exports. Gross exports and imports data are misleading as they ignore the large volume of imports required as an input to exports, especially garments. Thus, they tend to inflate imports by including items that are re-exported and exaggerate the net foreign exchange earnings from exports. Table 1.8 shows that whereas gross exports rose by 30.7% and gross imports fell by 7.9% between FY90 and FY92, adjusting for export related imports indicates that net export earnings increased at a slower rate of 12.7%, in nominal terms, during this period; while imports for domestic consumption and investment fell by more than 20%. Imports of capital goods fell by 1% in nominal terms, 5.6% in real terms, reflecting the fall in the domestic investment rate. Restricting domestic investment and growth is not a desirable way of maintaining external stability. A faster rate of export growth is required in order to finance the imports necessary for higher investment and growth.

Table 1.8: **THE EVOLUTION OF NET EXPORTS AND IMPORTS FY90-92**
(US$ million)

	FY90	FY91	FY92
Gross Exports	1,524	1,718	1,993
Gross Imports	3,759	3,470	3,463
Export Related Imports	585	696	934
(of which Garments related)	(454)	(545)	(794)
Adjusted Exports	939	1,173	1,059
Adjusted Imports	3,174	2,774	2,529
Memo items:			
Capital Goods Imports, nominal	1,296	1,231	1,284
Capital Goods Imports, deflated	1,296	1,206	1,224

Source: Data provided by Bangladesh Bank

1.15 External stability is likely to be maintained during FY93. First semester data indicates a 33% increase in exports over the same period last year. Workers' remittances have also risen by 15% as compared to the same period last year. A pick-up in economic activity has led to an increase in imports by around 18%. If those trends continue, the current account deficit would remain in the neighborhood of 3% of GDP. Moreover, if projected aid disbursements (US$1.8 billion) materialize gross external reserves could be above US$2.0 billion by June of 1993, more than 6 months of imports.

Low Investment and Growth

1.16 Low Investment. Investment and growth have stagnated since 1985. Historically, the investment rate in Bangladesh has been very low, averaging around 12% of GDP. This is the lowest domestic investment rate among South Asian countries. In 1990, the domestic investment rate was 18% in Nepal, 23% in India, 19% in Pakistan and 22% in Sri Lanka. A comparison with low and lower-middle income countries in East Asia yields even more striking results. In 1990, the domestic investment rate was 39% in China, 36% in Indonesia, 37% in Thailand and 34% in Malaysia. Out of 37 low income economies for which investment data was available in 1990, only 6 had investment rates lower than that of Bangladesh: Zaire, Sierra Leone, Haiti and the Central African Republic had an investment rate of 11%; Chad had an investment rate of 10%; and Niger had an investment rate of 9%.

1.17 Private investment in Bangladesh has been flat since 1985, fluctuating between 5.5% of GDP and 6.5% with no clear trend, while public investment seems to be on a declining trend falling from 7.4% of GDP in FY85 to 4.7% in FY92 (Table 1.9). Private investment was particularly low in FY92, 5.6% of GDP as compared to 5.8% in FY91 and 6.4% in FY90, reflecting the combined effect of the April 1991 cyclone and the political transition. Direct foreign investment also declined significantly in FY92. In FY91, the Board of Investment (BOI) registered 35 foreign or joint venture projects for a total investment of Tk 3.7 billion. This declined in FY92 to 24 projects for a total investment of Tk 1.0 billion.

Table 1.9: **LOW INVESTMENT**
(percent of GDP)

	FY85	FY86	FY87	FY88	FY89	FY90	FY91	FY92 a/
Consumption	98.4	97.0	96.8	97.4	98.0	98.0	97.0	96.2
Investment	12.8	12.3	12.5	12.0	12.2	12.1	10.4	10.3
Public	7.4	6.7	6.3	5.6	5.7	5.7	4.6	4.7
Private	5.4	6.0	6.2	6.4	6.5	6.4	5.8	5.6
Domestic Savings	1.6	3.0	3.2	2.6	2.0	2.0	3.0	3.8

a/ Preliminary estimates

Source: Bangladesh Bureau of Statistics and Bank Staff Estimates

1.18 There are four explanations for the stagnation of private investment. First, the political uncertainty associated with the end of the Ershad regime and the coming to power of a new democratic government has prompted some entrepreneurs to postpone their investment plans. Second, the slow pace of structural reforms and the apparent lack of consensus on economic policies has increased the climate of uncertainty and further discouraged new investors. Third, the appreciation of the real exchange rate vis-a-vis neighboring countries has partly offset the GOB's export promotion efforts and has made Bangladesh less attractive to foreign investors interested in export markets. Fourth, many of the reforms are still in the early stages of implementation and hence a time lag should be expected before private investment starts responding to the new incentive structure.

1.19 The decline in public investment during the second half of the 1980s was due to financial constraints caused by soaring government consumption and stagnating revenues. Thus, the lack of local counterpart funds was the main constraint facing the implementation of the annual development program. As previously noted, the improvement in domestic resource mobilization, due to tax reform, has removed this constraint after FY90. At present, the failure in realizing the annual development program targets is due to the administration's low absorptive capacity and weaknesses in the agencies responsible for project implementation.

1.20 Low Growth. The decline in investment was associated with continued sluggish growth. GDP growth in FY91 and FY92 was within the range of 3.5-4% observed during the 1980s (Table 1.10). Bangladesh's growth performance is similar to that of Sri Lanka (average 4% during the 1980s), a country whose per capita GNP is 124% higher than that of Bangladesh. Growth was lower than that observed in all other South Asian countries. Average growth rates over the last ten years were: 4.5% in Nepal, 5% in India, 6% in Pakistan and 7.5% in Bhutan. The comparison with low and lower-middle-income economies in East Asia also indicates that Bangladesh's growth rate is low. Growth during the 1980s averaged 5% in Malaysia, 5.5% in Indonesia, 7.5% in Thailand and 9.5% in China.

Table 1.10: LOW GDP GROWTH

	FY85	FY86	FY87	FY88	FY89	FY90	FY91	FY92a/
GDP	3.3	4.3	4.2	2.9	2.5	6.6	3.6	3.9
Agriculture	1.0	3.3	0.4	-0.8	-1.1	7.7	2.7	2.0
Industry	3.1	2.7	8.1	5.3	4.8	6.4	4.3	7.0
Services	5.8	6.0	6.4	5.3	4.7	4.0	3.9	4.5

a/ Preliminary estimates.

Source: Bangladesh Bureau of Statistics

1.21 Value added in agriculture (38% of GDP) is estimated to have grown at around 2% in FY92. Growth in this sector was led by foodgrain production which rose from 18.94 million tons in FY91 to 19.32 million tons in FY92. Rice production increased from 17.86 million tons in FY91 to 18.25 million tons in FY92, with large increases in the Aman and Boro crops offsetting a decline in Aus production. Wheat production also grew by around 7% to reach 1.07 million tons in FY92. Jute production which increased from 4.64 million bales in FY90 to 5.3 million bales in FY91, is estimated to have declined slightly to 5.2 million bales in FY92. Tobacco output increased from 34 to 40 thousand metric tons. Output of oilseeds, potatoes, fruits and vegetables is estimated to have increased by 33%, 7.5%, 4.5% and 19%, respectively; while production of pulses and sugarcane are estimated to have declined by 3.8% and 3.0%, respectively. The use of irrigation equipment and fertilizers continued growing during FY92. The number of operating deep tubewells (DTs), shallow tubewells (STs) and low lift pumps (LLPs) increased by 15.7%, 7.5% and 16.3%, respectively. Fertilizer sales which had risen from 1.7 to 2.0 million metric tons between FY89 and FY90, increased again to 2.1 million metric tons in FY91.

1.22 Value added in industry, which includes manufacturing, construction, power, gas, water and mining (16% of GDP), is estimated to have grown by 7% in FY92. Construction grew by 4.3% and power by 3.9%. Production of manufacturing, which virtually stagnated in FY91, grew by 10.5% in FY92. The growth of manufactured output has been mainly due to the rise in the production of garments by 28%, of drugs and pharmaceuticals by 23%, of sugar by 31% and of leather products by 8.6%. Most other manufacturing subsectors registered declines in output. Output of basic metals fell by 15.7%, output of jute goods by 4%, output of tobacco products by 4.6%, and output of frozen fish and sea food by 5.7%.

1.23 Value added in services (46% of GDP) is estimated to have grown by 4.5% in FY92. This has been mainly due to the growth in public administration by 6.5%, reflecting the civil service pay increase which averaged 15%. Housing services grew at 3.4%. Transport and trade grew at 4.5% and 4.1% respectively.

1.24 The GDP growth rates observed since the mid-eighties are insufficient to bring about a significant reduction in poverty. The experience of the 1980s indicates that the poverty situation in Bangladesh does not exhibit any significant improvement when GDP growth averages 3-4%. A growth rate in excess of 5% is needed. According to the available BBS household expenditure surveys, the proportion of the population who could not afford a diet providing a daily intake of 2122 calories fell slowly from 52% in FY86 to 47% in FY89. More disturbingly, the proportion of the population living in extreme poverty, and unable to afford a daily intake of 1805 calories, rose from 22% in FY86 to 27% in FY89.

1.25 Some Reasons for Cautious Optimism. Very preliminary data for FY93 suggests that past trends are being reversed and that economic activity may be picking-up. The increase in imports (by 18% as compared to the same period in FY92) is an important indicator of higher activity levels. Imports financed by project aid were 26% higher during the first semester of FY93 than during the same period of FY92, which is an encouraging sign that the pace of public investment is rising. Agriculture is continuing to perform well. The Aman crop is estimated to be 10% higher than the previous year, and boro production is expected to increase by around 3%. The index of manufacturing production rose by an average of 4% during the first six months of FY93. The services sector is showing signs of recovery, particularly due to the development of trade in food grains and fertilizers. Data on bank loans indicates that private investment is not increasing yet. However, there seems to be a rise in foreign investment in FY93. During July-October 1992, the BOI registered 30 projects in which foreign investment is involved, for a total investment of Tk 1.8 billion, which is larger than total foreign investment registered during the twelve months of FY92.

1.26 If those encouraging trends continue, GDP growth in FY93 and especially in FY94 could exceed the 3-4% range. Growth in the short run will crucially depend on the level of public investment, while a rise in private investment is a pre-requisite for medium-term growth.

B. Recent Policy Initiatives and Priorities for Reform

1.27 Successful stabilization and increased levels of economic activity offer a unique opportunity to implement structural reforms, which are needed to move the economy to a higher growth path. GOB has developed a growth-oriented economic reform program. This policy agenda aims at: increasing efficient public investment, particularly in physical infrastructure and human resource development, and reforming public enterprises; enhancing external competitiveness; and getting the private sector moving. This strategy adequately addresses the need to raise public and private investment; promote export oriented industrialization while maintaining steady growth in agriculture; and, endowing people with the human assets necessary to participate productively in the development process. However, the implementation of those reforms should be accelerated in order to ensure a timely and adequate response from the private sector.

An Opportunity to Accelerate the Pace of Structural Reforms

1.28 The credibility of any reform program, and hence the private sector response to it, will crucially depend upon the speed with which it is implemented. A shock treatment of very rapid and pervasive reforms that are not socially and politically sustainable may set back the cause of reforms. However, an extremely slow and halting introduction of piecemeal reforms, as has been the case in Bangladesh during the 1980s, engenders little credibility, does not lead to the desired increase in private investment, and therefore will also be unsustainable. GOB needs to convince private entrepreneurs that it is serious about changing the incentive structure in the economy to favor private investment and exports. Accelerating the implementation of its policy agenda is one way of demonstrating its resolve and indicating that there would be no policy reversals.

1.29 GOB's remarkable success at achieving macroeconomic stability provides the basis for accelerating the structural reform process. Declines in the external deficit and the comfortable external reserves position can allow bolder action to be taken on import liberalization. Fiscal adjustment, in particular successful tax reform, has removed the previous shortage of taka resources that constrained full implementation of the ADP. Increasing VAT revenues provide an opportunity to reduce customs duties on imports, and to finance much needed public enterprise restructuring and labor retrenchment. The reduction in inflation provides a conducive environment for financial sector reforms.

1.30 Higher levels of economic activity also facilitate the introduction of structural reforms. Economic reforms often imply some short-run dislocations as firms need to restructure themselves in response to more intense competition, and as over-staffing is reduced. Those dislocations are easier to deal with in the context of a growing economy when firms face an increasing demand for their products and displaced workers face an expanding job market. Hence, if the encouraging signs of an economic recovery prove correct and economic activity continues to increase steadily, GOB will be in an excellent position to quickly implement its policy agenda.

1.31 Nevertheless, with limited institutional capacity, it is legitimate to ask what the priorities in the reform process should be. There are three key priorities: (i) increasing efficient public investment by improving ADP implementation and public enterprise reforms; (ii) enhancing external competitiveness through a continued commitment to flexible exchange rate management and labor market reforms; and (iii) getting the private sector moving by accelerating trade reforms, privatization and financial sector restructuring. For faster economic growth to be sustainable, it needs to be accompanied by human development and poverty alleviation. Hence, GOB should also redouble its efforts aimed at improving the quality and coverage of education and health services, and expand social safety nets that target the most vulnerable groups in society.

First Priority: Increasing Efficient Public Investment

1.32 The stagnation of investment and domestic savings has been a dominant cause for concern. With a gross investment-GDP ratio of 10% in FY92, Bangladesh is barely replacing its capital stock, let alone making the investments in physical and social infrastructure that are essential for economic growth and poverty alleviation. The highest priority therefore attaches to increasing investment to 17-19% of GDP, which is required for moving to a higher growth path.

1.33 Increased investment should come in the first instance from the public sector. The Three Year Rolling Investment Program (TYRIP) which attempts to match the investment program more closely with social priorities and available resources, provides a very good basis for progress in this area. Implementation of that program, which calls mainly for public investment in physical infrastructure and human development, would provide a key ingredient of an enabling environment for private investment, domestic and foreign. In the short term, it would also have the advantage of generating the stimulus necessary to get the economy moving at a faster pace.

1.34 Constraints on public investment are currently to be found, not in shortages of counterpart funds, as has previously been the case, but in weaknesses in public implementation capacity. This lends urgency to reforms aimed at improving project implementation and restructuring public enterprises, which are responsible for executing a large portion of the investment program.

1.35 Improving ADP Implementation. Performance of the FY92 ADP has been disappointing due to the weakness of implementing agencies as well as to cumbersome project approval and procurement procedures. To deal with those difficulties, GOB introduced a series of new measures in FY92 and FY93. Those measures include: introducing new procurement guidelines and guidelines for the recruitment of consultants; increasing the financial authority for approval and award of contracts; introducing a block allocation for land acquisition in the ADP; and steps to strengthen project management (see Chapter II.A).

1.36 Although not yet fully operational, recent reforms have had a positive effect. Total ADP expenditures during the first six months of FY93 are estimated to be 35.6% higher than during the same period in FY92. Moreover, project aid expenditures have increased by 25.4%, a particularly encouraging development. If this improvement continues during the second half of the fiscal year, actual ADP realization for FY93 could be of the order of Tk 75-78 billion, somewhat under GOB's operational target of Tk 80 billion, but roughly 25% higher than FY92's results.

1.37 This initial success is certainly encouraging, but more improvement is needed if the objective of a sharp increase in investment and growth is to be achieved. ADP expenditures during the first semester of FY93 represent 29.5% of the year's operational ADP, which compares very favorably to the 23% realization rate achieved in FY92. However, it is still below the 41% realization rate achieved during the first six months of FY91 and the 35% rate achieved during the same period of FY90.

1.38 GOB should act quickly to ensure that its newly introduced reforms are efficiently implemented. For example, the concept of a TYRIP has been introduced as a framework for prioritizing public investment, but it has not been integrated into the budget cycle which clearly limits its usefulness. Similarly, as late as October 1992 most project directors were not aware that the procurement guidelines had been changed, and an action plan aimed at training project personnel in the new procedures and at monitoring progress in accelerating procurement had not been acted upon.

1.39 <u>Public Enterprise Reform</u>. Public enterprises, whose losses represent around 19% of the realized ADP, are responsible for implementing a large portion of the public investment program. Therefore, reform programs to enhance their efficiency and eliminate their losses are being developed (see Chapter II.B). Four main reasons for poor public enterprise performance have been identified. These are: lack of autonomy; low prices; over-staffing; and revenue pilferage. GOB is proposing to act rapidly to resolve the issues of over-staffing and revenue pilferage. Its objectives for FY93 were to: (a) establish consistent policies regarding compensation of retrenched workers with a view to reducing excess public sector employment by 15-20% in FY93 and eliminating it fully over a three-year period; and (b) reduce the combined system losses of the two power companies and cut the Railways' overall financial loss by 50%.

1.40 Some progress on worker retrenchment is being achieved, but more needs to be done if the objective of eliminating over-staffing during a three-year period is to be reached. The Railways' target is to reduce staff by 15,000, of which 10,000 are to be separated and the remaining reduction of 5,000 is to be achieved by normal attrition. A voluntary separation package has been offered to employees in the Railways and by early December 1992 some 8,350 workers had already applied for this package. By February 1993, 4,000 of those workers had left the service of the Railways. GOB's objective is to reduce excess employment in the jute sector by around 20,000 workers. During the first six months of FY93 3,580 workers and staff of the Bangladesh Jute Mills Corporation (BJMC) voluntarily left BJMC's service after receiving separation packages. Over-staffing at the Bangladesh Agriculture Development Corporation (BADC) is estimated at around 6,000 workers. GOB offered BADC staff a voluntary separation package, and as of February 1993 3,100 staff applied for the package, but none had actually been separated.

1.41 Systems losses in the power sector remain at high levels, despite GOB efforts to reduce them, and the Railways' losses have been lowered, but it is too early to assess whether the GOB's objective will be fully met (see Chapter II.B). Faced with a grave situation in the power sector, GOB introduced institutional reforms aimed at strengthening the Bangladesh Power Development Board (BPDB) and the Dhaka Electric Supply Authority (DESA). Those reforms have led to positive results, as systems losses in the power sector fell from 42.8% in January 1992 to 36% in November of the same year. However, this reduction is still below GOB's stated targets. The Railways' net loss of Tk 1.5 billion in FY91 dropped to an estimated Tk 1.1 billion in FY92 as a result of better control over labor, fuel and maintenance costs and a 14% increase in fares. A Railway Recovery Program has been formulated, but its implementation has just started and it is difficult to assess its impact.

Second Priority: Enhancing External Competitiveness

1.42 GOB's high investment and high growth strategy will lead to an increase in import demand which must be offset by a more rapid expansion in exports. Bangladesh's external competitiveness will need to improve to allow for the required export growth. This would require that Bangladesh's real exchange rate--the exchange rate adjusted for differences in inflation rates between Bangladesh and other countries--be managed with a view to ensuring export competitiveness. Moreover, bold labor market reforms to link wage increases to productivity improvements are needed to ensure that domestic production costs are not out of line with those prevailing in competing countries.

1.43 Real Exchange Rate Management. GOB pursued a fairly flexible exchange rate policy since the mid-eighties aimed at achieving macro-equilibrium and maintaining a stable real exchange rate vis-a-vis its main trading partners. Indeed, Bangladesh's trade weighted real effective exchange rate depreciated by around 19% between 1985 and 1991 (Table 1.11). However, this depreciation was insufficient to maintain competitiveness vis-a-vis its neighbors and potential competitors in export markets who were pursuing more aggressive exchange rate policies.

Table 1.11: EVOLUTION OF THE TRADE WEIGHTED REAL EFFECTIVE EXCHANGE RATE (1980=100)

Year	Real Effective Exchange Rate
1985	97.3
1986	90.0
1987	89.3
1988	88.1
1989	93.6
1990	87.6
1991	85.3

Source: IFS and data provided by Bangladesh Bank

1.44 Table 1.12 shows that Bangladesh's bilateral purchasing power parity (PPP) real exchange rate has appreciated substantially vis-a-vis I____, Indonesia and Pakistan, and has depreciated slightly vis-a-vis Sri Lanka and Thailand. In analyzing the evolution of Bangladesh's competitiveness, the period 1985-92 could be divided into two sub-periods. Nominal exchange rate adjustments between 1985 and 1989 did not offset inflation differentials and movements in competitors' exchange rates. Thus, the PPP rate appreciated significantly in relation to the following countries: Indonesia (52%), Pakistan (29%), India (21%), Sri Lanka (14%) and Thailand (5%). Adjustments in the nominal exchange rate and the reduction in inflation after 1989 led to some depreciation of the PPP real exchange rate compared to Pakistan, Sri Lanka, Thailand and Indonesia, but not vis-a-vis India where there was a major devaluation in 1991. Even so, this only allowed Bangladesh to regain its competitive position in relation to Sri Lanka and Thailand. It is still less competitive today than it was seven years ago when compared to Pakistan, Indonesia and India.

Table 1.12: AN APPRECIATING REAL EXCHANGE RATE

	Pakistan	India	Sri Lanka	Thailand	Indonesia
1985	100	100	100	100	100
1986	103	96	98	97	111
1987	111	97	103	100	141
1988	112	102	104	101	143
1989	129	121	114	105	152
1990	126	121	105	100	149
1991	125	140	98	95	146
1992 a/	122	144	91	92	140

a/ Preliminary estimate

Source: IFS data

1.45 Loss of competitiveness vis-a-vis India, Pakistan and Indonesia has been due to exchange rate adjustments that were insufficient to offset inflation differentials. Inflation in Bangladesh averaged 8.8% per annum between 1985 and 1992. This is higher than average inflation in Pakistan and Indonesia (7.7% for both countries), but slightly below average inflation in India (9.4%). Between 1985 and 1992, Indonesia, India and Pakistan depreciated their currencies versus the dollar by 54.4%, 52.2% and 36.8%, respectively. The Taka's rate of depreciation was much lower, 28.2%, which explains Bangladesh's loss of competitiveness.

1.46 The comparison with India is particularly important. Bangladesh shares a long and porous border with its neighbor. Moreover, the two countries' exports of jute, leather goods and tea compete directly on world markets. The effect of Bangladesh's loss of competitiveness is being felt all across the economy. Illegal imports from India ranging from textiles to eggs are affecting local producers. The price differentials, caused by exchange rate adjustments favorable to India produce a high incentive to smuggling. Efforts at curbing informal trade through better policing at the border are very hard to make effective.

1.47 The effects of the loss of competitiveness vis-a-vis India are being particularly felt by jute exporters. The rupee's devaluation has permitted Indian producers of hessian to lower their dollar prices by 36% between January 1991 and June 1992. Bangladeshi prices fell by 15% during the same period. Thus, Bangladesh has lost the price advantage which it enjoyed during the 'eighties, and India has increased its share of the EEC market from 27% to 40%, and of the USA market from 35% to 60%, at the expense of Bangladesh.

1.48 Other exports are also hampered by lack of competitiveness. For example, Bangladesh's exports of leather products fell from US$179 million in FY90 to US$145 million in FY92, a 19% decline. Pakistan increased its exports of leather products from US$474 million to US$564 million, a 19% increase, during the same period. Garments exports have been rising rapidly. However, this sector is benefitting from the quota system in importing countries, and low cost labor which is not available to other exporters.

1.49 The present level of the real exchange rate reflects in part the high level of foreign reserves and the low black market premium. However, Bangladesh currently finds itself in an equilibrium characterized by low investment (paras. 1.16-1.19) and high tariffs. As the investment rate increases, trade is liberalized and as a greater proportion of investment is financed by domestic resources, the need for a change in real exchange rate policies--as part of an overall growth promoting package including a change in the composition of public expenditures favoring investment and export promotion through trade and labor market reforms--will become more apparent.

1.50 The change in the composition of government expenditures from consumption to investment, the first reform priority, will necessitate enhanced external competitiveness to be achieved through continued flexible exchange rate management and labor marker reforms. Government consumption consists mostly of nontradeables, wage payments and other services; while the share of tradeables in public investment expenditures, machines and foreign technical assistance, is relatively high. Thus, a shift of government spending patterns favoring investment will tend to raise the demand for traded goods, mainly imports, and lower the demand for nontraded goods. This would lead to larger current account deficits and, for a given level of foreign inflows, a decline in reserves. Adjustment to this change would imply an increase in exports and a fall in consumption goods imports that could only be achieved through enhanced competitiveness, a depreciation of the real exchange rate. The report titled "Selected Issues in External Competitiveness and Economic Efficiency" (No.10265-BD) presents some orders of magnitude for the impact of changes in the composition of public investment on the real exchange rate. It indicates that if the ADP were to increase by 3% of GDP, which is required to achieve Bangladesh's growth objective, a real exchange rate depreciation on the order of 10-15% would be required to maintain external equilibrium, with given foreign aid flows.

1.51 Cross country experience indicates that a depreciation of the real exchange rate is also required for successful trade liberalization. For example, Mexico depreciated its currency from 257 pesos/dollar in 1985 to 3,018 pesos/dollar in 1991 which contributed to the success of its liberalization policies. A reduction in tariffs lowers the price of foreign goods which leads to higher imports and a larger current account deficit. A real depreciation is needed to regain equilibrium. Such a depreciation will render exports more competitive and thus lead to their expansion, which is the key benefit from trade liberalization. Moreover, by raising the domestic cost of imported goods, it offsets some of the impact of the tariff reduction, reducing the pressure on import-substituting industries. Thus, the production of import substitutes contracts less than if the tariff reduction were not accompanied by a real exchange rate adjustment. Bangladesh has already reduced tariff protection and since more reductions are planned for the near future (paras 1.56-1.59), a real depreciation will be needed to make the consequences of trade liberalization more acceptable to affected import-substituting industries as well as to enhance export competitiveness.

1.52 Exchange rate policies must take account of labor market developments in order to ensure export competitiveness. Korea's experience in this area is particularly useful. Between 1980 and 1985, nominal wages in Korea increased by 84% while labor productivity in terms of output per worker rose by 71%. Thus, unit labor costs increased by 7% in domestic currency terms. However, this rise in unit labor costs was offset by the depreciation of the wons, that unit labor costs in dollar terms actually declined by 20%, and the Korean economy remained competitive. Wages in Bangladesh have increased at a faster rate than productivity over the past few years and there are pressures to increase them even further (para 1.53-1.54). Those rapid increases in wages, and the consequent rise in unit labor costs, will have to be taken into account when developing future exchange rate policies.

1.53 Labor Market Reforms. Increasing labor costs that do not reflect productivity gains and poor labor relations, are important constraints on industrial development and the expansion of exports. There is an urgent need for labor market reforms in Bangladesh. Increases in public sector wages, together with excess manpower in some parastatals, in addition to being an important drain on public resources, have led to a loss of private sector competitiveness as they lead to higher prices of goods produced and higher private wages. A reform of public wage policies that clearly links wage increases to improvements in productivity is therefore needed. Productivity is low due to excessive increases in the size of the labor force, poor management practices, an ageing capital stock, outdated technology and shortages in raw materials and spare parts. In addition, minimum wage legislation should be realistic and not lead to a loss of competitiveness vis-a-vis other exporters. It also seems that a reform of labor laws and the institutions responsible for applying them is needed in order to provide firms with enough flexibility to restructure themselves in response to changing market conditions, while protecting workers from abuses and avoiding unrest; and an effort needs to be made to de-politicize labor issues and to try to improve labor-management relations.

1.54 Labor unrest and the politicization of labor disputes are further compounding industry's problems. In FY92 GOB awarded a pay increase to civil servants, which set off demands for a similar increase for workers in public enterprises. Simultaneously, GOB gave in to union demands for instituting a national minimum wage to be applicable to all private enterprises. Hence, a "Wages and Productivity Commission" was created to advise on the wage awards for public enterprises and to suggest a minimum wage. Despite the commission's title, its work does not link wages to productivity (see Chapter III.D). In fact, if this were the case wage rates in most public enterprises would need to be lowered to reflect low productivity and high losses.

Third Priority: Getting the Private Sector Moving

1.55 In addition to the increase in public investment, private investment needs to rise to 9-10% of GDP, if Bangladesh's overall investment rate is to reach levels comparable to those of Pakistan and Nepal. To achieve the objectives of higher private investment, a rapid growth in labor-intensive manufacturing and an expansion of exports, GOB has decided to create an economic environment which is more conducive to private sector development. Therefore, it has decided to liberalize trade and deregulate industry and agriculture, accelerate its privatization program, and reform its financial system.

1.56 Trade Liberalization and Deregulation. In order to increase private investment and promote exports, GOB needs to phase down the present high protection for domestic markets in favor of the more neutral protection provided by the exchange rate; and to simplify the regulatory framework affecting investment. Effective protection is to be reduced by the removal of non-tariff barriers and the compression of most nominal tariff rates to the 10-50% range by FY94, including both a serious attack on user-defined concessions and exemptions and a shift from protective to consumption taxation of final goods. Trade liberalization must be accompanied by a private sector development program comprising a wide range of deregulatory and promotional actions, legal system reforms, and institution building to support them.

1.57 The trade liberalization process has been advanced significantly in FY93 (see Chapter III.A). The proportion of imported goods subject to quantitative restrictions fell from 32.7% in FY89 to 18.9% in FY92 and 10% in FY93. Import procedures have been streamlined. Tariff reform has commenced seriously in FY93 by the compression of customs duty (CD) rates into a range of 7.5-100% for most products, and the removal of many end-user defined distinctions. Thus, the average nominal protection rate which was 94% in FY89 fell to 59% in FY92 and 50% in FY93. Moreover, progress has been achieved in harmonizing protection rates. The standard deviation for nominal protection fell from 59% in FY89 to 40% in FY92 and 32% in FY93. GOB plans to further reduce quantitative restrictions and tariffs in FY94.

1.58 The most successful deregulation efforts have occurred in the areas of agriculture and food policy. Following the 1988 and 1989 floods, GOB liberalized the market for minor irrigation equipment. The private sector response was very encouraging as the number of shallow tubewells in operation increased by 63% between FY88 and FY92. Similarly, the private sector was allowed to participate in the marketing of urea in 1989, and other fertilizers in 1990. The liberalization effort was again very successful and fertilizer use rose by 40% between FY88 and FY91. In 1992, the GOB instituted major changes in food policy. It allowed, and even actively encouraged, private wheat imports, and the Ministry of Food has begun procuring some rice through open tender. If all foodgrain procurement were done through competitive tender it would reduce the Government's procurement cost by around Tk 1.6 billion every year (Chapter IV.C).

1.59 Deregulation of the industrial sector took ten years to put in place. In 1982, all private investment over US$0.5 million required government approval. Since then, GOB has been slowly deregulating and as of September 1992 there are virtually no investment sanctioning requirements for foreign or domestic investors, except for a very small list of reserved industries such as defence, railways and nuclear generation. However, this full deregulation is very recent, and despite public statements and policy changes the attitude of most government functionaries with whom the private sector has to deal on a day-to-day basis is still unresponsive. Moreover, the continued dominance of the public enterprises in many key sectors, and their uncommercial outlook and excessive wage policies, adversely affects private sector performance.

1.60 Privatization. At independence, Bangladesh opted for a controlled economy, which implied nationalizing most important industries and investing in new public enterprises. The privatization program started in the early 1980s and it brought down the proportion of industry in public ownership from over 90% a decade ago to 50% today. As the country has now clearly chosen to open up its economy to market forces and rely more heavily on private initiative, it seems opportune to reexamine the rationale for maintaining many of the existing enterprises in the public domain, especially since privatization (or closure if appropriate) is a very effective way of eliminating the budgetary impact of loss-making enterprises. A far-reaching privatization program is being developed. GOB has identified in early FY92 40 enterprises for privatization and announced that it would privatize a significant share of those units during FY93 and consider an accelerated pace of privatization for other public enterprises.

1.61 GOB has taken the policy decisions necessary to achieve its privatization objective for FY93. Of the enterprises that were identified for privatization by the Ministry of industry, the Executive Committee of the National Economic Council (ECNEC) has cleared the privatization of 26 units. It has also cleared 9 textile mills for privatization, and a GOB decision to transfer its minority shares in jute mills has been taken. If those decisions are effectively implemented, significant progress towards privatization would be achieved in FY93.

1.62 However, progress in implementing GOB's policy decisions has been slow and only four divestitures occurred as of February 1992 (see Chapter III.B). Cumbersome processes and the lack of widespread support are responsible for this slowness. Procedural problems were caused by the weak institutional structure for privatization. The Interministerial Committee on Privatization (ICOP) had no real authority. It was a coordinating body that made recommendations to ECNEC, and had no role in implementation. It did not have any staff of its own and lacked the mandate and autonomy to engage in transactions. Hence, the creation of ICOP in 1991 has done little to enhance the transparency and efficiency of the privatization process.

1.63 Faced with this situation, GOB has decided to create a "Privatization Commission" under the Ministry of Planning to replace ICOP. The aim is to rationalize the administrative framework for privatization and institute transparent procedures in order to expedite implementation. The success of the "Privatization Commission" will depend upon its staffing, its mandate and its access to key decision-makers. In addition to improving privatization procedures, GOB should consider setting up safety nets for workers who may lose their jobs as a result of privatization, and, where necessary, take steps to financially restructure firms prior to their privatization.

1.64 So far GOB has not considered closing some of the unviable industrial units. This issue is important as at least 21 out of 40 units to be divested by the Ministry of Industry and all of the 9 textile mills selected for privatization have a negative net worth. In those cases, privatization may not be feasible, and closure is probably the best alternative.

1.65 Financial Sector Reforms. A well functioning financial system that mobilizes savings and allocates it to efficient investment is a pre-requisite for the success of any private sector development strategy. GOB is cognizant of this fact and has undertaken a program of financial sector reforms whose objective is to restructure the financial system on a sound basis and make it more responsive to private sector requirements. Thus GOB carried out an initial recapitalization of the nationalized commercial banks (NCBs), took measures to improve loan collections, liberalized interest rate policies, replaced direct credit controls with indirect monetary instruments and took steps to strengthen banking supervision.

1.66 In spite of those efforts, the financial system in Bangladesh remains in a poor position and is unable to play its role in supporting a private-sector-led economic recovery (see Chapter III.C). The continued dominance of the system by the NCBs, and their uncommercial attitude and highly politicized unions, hurt the banking system and restrict competition. Despite the recapitalization of about Tk 17.3 million in 1989, the NCBs are again in need of new capital of about Tk 3.2 billion because of continued poor performance. Establishing credit discipline has proven to be very difficult. Although special loan courts have been created, inadequacies in the legal system have severely hampered the execution of court decrees and the liquidation of assets. More needs to be done to strengthen the regulatory framework and the legal system affecting banks, privatize the NCBs, and increase competition in the sector, develop the capital markets and further liberalize interest rates.

Emphasizing Human Development and Poverty Alleviation

1.67 An important area which requires an increase in the quantity and quality of public investment, the first reform priority, is human resource development. Measured in terms of basic indicators of literacy, education, health and nutrition, human resource development is extremely low in Bangladesh. The adult literacy rate is only around 35%, and the primary and secondary school enrollment rates are 70% and 17%, respectively. Life expectancy at birth is only 55 years, and 31% of all babies born suffer from a low birth weight. Child and adult malnutrition is widespread, and there is a high incidence of diseases that can be prevented through relatively simple interventions. Programs to improve the quality and coverage of basic services and reach disadvantaged groups such as women can have very important benefits in terms of social and economic development, and therefore must form an important part of any development strategy. Hence, GOB's policy agenda includes: increasing public expenditures on education and health and family planning, and expanding social safety net programs.

1.68 Restructuring Public Expenditures. Progress in expanding social services has been hampered by financial constraints as well as institutional weaknesses. Public expenditures for human resource development have remained constant at around 2.5% of GDP between FY81 and FY90, which is well below the amount required. Increases in funding have been provided by donor agencies, but this effort was not matched by GOB from its own resources, and institutional weaknesses slowed aid disbursements. Funding problems have often been exacerbated by decisions which directed resources into areas with relatively little impact on the expansion of primary services, such as increases in government stipends to cover the cost of teachers' salaries in secondary schools. Therefore, the GOB has decided to allocate an increasing share of its recurrent and development budgets to human development while improving the quality of those expenditure programs.

1.69 GOB has demonstrated a strong commitment to human development by increasing the share of public resources allocated to health and education since FY90, but more needs to be done to improve the management of those resources and enhance the quality of services (see Chapter IV.A and IV.B).

The share of total expenditures on education (recurrent plus development) in GOB's total expenditures in FY92 was 11.5%, which is the highest share that has ever been allocated to education in Bangladesh. Moreover, of total expenditures on education nearly 56% of recurrent expenditures and 74% of development expenditures were earmarked for primary education. GOB is also stressing the importance of female access to education. Between FY86 and FY93 the share of health and family planning (HFP) in total recurrent expenditures rose from 2.9% to 5.3%, and its share in the ADP rose from 4.9% to 7.4%.

1.70 The increase in resources allocated to the social sectors must be accompanied by an improvement in management. The quality of education in Bangladesh continues to be substandard. The number of teacher-pupil contact hours in first and second grade, 2 per day, is among the lowest in the world. Irregular attendance by teachers and students, shortage of teachers, poor quality of teacher training, failure of teachers to adhere to guidelines, lack of process-oriented teaching materials and unsatisfactory physical facilities are some of the problems that continue to plague the education system and need to be addressed urgently. Similarly, the health sector suffers from serious inefficiencies. The occupancy rates in Thana Health Complexes continue to be below 50% while District and Medical College Hospitals are overloaded; and health centers continue to suffer from a lack of adequate equipment, drugs and supplies.

1.71 Expanding Social Safety Net Programs. GOB is committed to protecting and expanding social safety net programs. The size of public programs targeted at the poor has increased substantially since the mid-eighties. By FY91 Food For Work (FFW) employed around 150 million person days, and the Vulnerable Group Development program (VGD) reached close to 500 thousand women and a total of 1.5 million beneficiaries. The level of food grain distributed solely for relief (excluding FFW and VGD) has been increasing by about 3% per annum over the past decade. Thus, it is now estimated that the triple efforts of relief, FFW and VGD reach about 5 million people every year. However, those efforts are not sufficient to deal with Bangladesh's serious poverty problem, and financial constraints could render future programs difficult to implement.

1.72 GOB has started to implement reforms in this area, but more needs to be done (see Chapter IV.C). Efforts have been made to improve the development impact of the VGD program by including credit and training components. GOB decided in FY92 to suspend the Palli (rural) Rationing program as a first step towards rationalizing the Public Food Distribution System (PFDS) and expanding social safety net programs that reach the truly needy. Leakage to the non-poor out of Palli Rationing amounted to 60% of total distribution and the cost of the ration subsidy was about US$60 million. However, the Statutory Rationing Channel (SRC) which mainly benefits government employees and is operating with an enormous system leakage of 70-95% has been increased from 7.3% of the total PFDS in FY90 to 10.6% in FY92. Similarly, the Essential Priorities (EP) channel which benefits the military and security forces was increased by 8% in the FY93 budget.

C. Medium-Term Prospects: The Need to Accelerate the Pace of Reforms

1.73 Unless GOB accelerates the implementation of its reform agenda, it will not succeed in convincing the private sector that the reforms are credible and irreversible. The needed increase in private investment will not be forthcoming, and the economy will continue growing at the historical rate of 3-4%. Structural reforms, particularly those affecting the level of public investment, labor markets and competitiveness, need to be implemented at an accelerated pace in order to move the economy to a higher growth path. If GOB succeeds in increasing the pace of implementation, it could be feasible over the medium-term to raise the investment rate to 17-19% and the GDP growth rate to 6-7%, which would imply a rapid reduction in poverty.

The Consequences of Slow Reform

1.74 If needed policy reforms are implemented slowly and mixed signals continue to be provided to the private sector, economic performance during the 1990s will not be any better than performance during the 1980s. Investment, exports and growth will remain low.

1.75 An increase in investment is the key to improving Bangladesh's growth prospects. In the simulations presented in Table 1.13, it is assumed that present efforts will improve the ADP's performance. Thus, ADP expenditures would rise from around 6.5% of GDP, its level since 1988, to 7.5%. While this would require the effective implementation of reforms in project approval procedures and procurement policies, it would not require a major improvement in the efficiency of the civil service, nor a major restructuring of public enterprises. Under this scenario, GOB will continue facing a credibility problem. The private sector will maintain its impression that it is business as usual. Some increase in private investment to its level in the 1980s may be expected, but no dramatic rise in private activities would occur. Thus, this scenario assumes a domestic investment rate of around 12%.

Table 1.13: THE IMPACT OF SLOW REFORM

	1993	1994	1995	1996	1997	1998	1999	2000
Growth Rates								
GDP	3.8	3.8	3.8	3.8	3.8	4.0	4.0	4.0
Exports	3.6	3.6	3.7	4.6	5.6	6.5	6.8	7.2
Imports	5.9	3.7	3.7	4.5	5.3	6.0	6.3	6.7
Ratio to GDP								
Investment	12.0	11.6	11.6	12.0	12.0	12.0	12.0	12.0
Consumption	94.2	94.4	94.5	94.6	94.5	94.4	94.2	94.1
Exports	10.0	10.0	10.0	10.1	10.3	10.5	10.7	11.0
Imports	16.5	16.3	16.4	16.4	16.4	16.4	16.4	16.4
Current Account	-2.3	-2.0	-2.7	-2.8	-3.1	-3.3	-3.4	-3.4

Source: Staff Projections

1.76 As a result of the low investment level, GDP and export growth would remain low, imports would rise slowly; and the current account deficit would be in the range of 2.5-3.5%, indicating a reduction in aid requirements. In this simulation exercise GDP continues growing at around 4%, implying an ICOR of 3. Thus, per capita income rises at 2% and there is a slow reduction in poverty. Since the required real exchange rate depreciation does not occur, and the problems of labor competitiveness are not resolved, exports rise slowly from 9% of GDP in 1992 to 11% in the year 2000. The growth in exports would come from existing industries such as garments, frozen food and leather. Sluggish investment and growth would lead to a slow growth in imports (the implied import elasticity is one) that would remain at around 16.5% of GDP. External stability is thus maintained and the current account deficit remains at, more or less, its present level relative to GDP.

The Impact of an Accelerated Pace of Reform

1.77 The outcome of the above simulations is unacceptable as it would imply insufficient progress towards poverty alleviation. GOB must consider accelerating the implementation of its policy agenda with the aim of raising the investment rate to 17-19% and achieving a 6-7% growth rate while raising exports to 13.5% of GDP in order to maintain external equilibrium (Table 1.14). The difference between this high growth scenario and the preceding simulation illustrates the costs of slow adjustment. The high growth scenario also implies higher imports and larger current account deficits, and aid inflows.

1.78 High growth can be achieved only through more investment. Initially, the rise in investment will have to come initially from the public sector. This scenario assumes that in addition to ongoing procedural reforms, a significant improvement in "governance" and civil service efficiency would occur so that a dramatic rise in implementation capacity could be achieved. In addition, continued efforts at increasing domestic resource mobilization and containing government consumption, in particular the wage bill, would lead to an increase in public savings and an improved capacity to finance the rise in the ADP. Thus, public investment could exceed its level in the 1980s reaching 9% of GDP by 1995 and remaining at that level.

1.79 GOB's rapid actions to resolve the labor problem, deregulate industry, liberalize trade, restructure the financial system and depreciate the real exchange would enhance the credibility of its reform agenda. Moreover, the rise in public investment would relieve some of the bottlenecks faced by the private sector due to weak physical and human infrastructure. Therefore, it is expected that the private sector would abandon its wait and see attitude, and gradually increase its investment levels. A time lag between effective GOB action and the private sector response to it, is to be expected. After this lag, private investment could be expected to also rise to 9-10% of GDP, which is not an ambitious target by international standards.

Table 1.14: THE IMPACT OF ACCELERATING STRUCTURAL REFORMS

	1993	1994	1995	1996	1997	1998	1999	2000
Growth Rates								
GDP	3.8	4.3	4.8	5.2	5.7	6.2	6.7	6.8
Exports	3.6	7.9	8.1	12.3	12.6	12.9	13.1	13.3
Imports	5.9	15.3	9.0	6.5	6.9	7.4	7.9	8.0
Ratio to GDP								
Investment	12.0	15.0	16.5	17.0	17.5	18.0	18.5	19.0
Consumption	94.0	92.6	91.6	90.8	90.0	89.2	88.4	87.6
Exports	10.0	10.3	10.5	11.1	11.7	12.2	12.8	13.4
Imports	16.5	18.1	18.8	19.0	19.2	19.4	19.5	19.7
Current Account	-2.3	-4.2	-4.8	-4.9	-4.8	-4.8	-4.7	-4.6

Source: Staff Projections

1.80 The rise in investment would bring about an acceleration in GDP growth which could reach nearly 7% by the year 2000. Investment and growth would be mostly in manufactured exports. Thus, the export growth rate could be as high as 13% and the ratio of exports to GDP could rise by 3.5 percentage points. Import demand would rise reflecting the increase in investment and the higher economic activity. The depreciation of the real exchange rate would offset some of the effects of higher activity. Nevertheless, under this simulation the ratio of imports to GDP rise from 16.5 to 19.7% and the current account deficit rises to over 4.5% of GDP, reflecting the need for more foreign inflows in the form of direct foreign investment as well as official assistance.

1.81 This high growth scenario was developed under the assumption that GOB will continue policy reforms in agriculture, and accelerate its efforts at developing the manufacturing sector while increasing its export orientation. The growth in agricultural value added was in the range of 2.3-2.8% per annum since the mid-seventies (Table 1.15). Recent growth in agriculture was achieved, despite the land constraint, through policy changes which removed barriers to private imports and trade in agricultural inputs. Thus, fertilizer use rose by 73% between FY87 and FY92, and minor irrigation increased by 48% between FY87 and FY91. There is scope for even faster growth in agriculture through further increasing the area under minor irrigation, raising yields, intensifying cropping patterns and shifting to high-value products. Hence, this scenario assumes that the sector's growth rate will increase, reaching around 3% per annum by the year 2000, which is roughly one half of a percentage point higher than average growth achieved over the last 15 years.

Table 1.15: HISTORICAL AND PROJECTED REAL SECTORAL GROWTH RATES (AVERAGE ANNUAL GROWTH RATE)

	1978-1982	1982-1987	1987-1992	1992-1996	1996-2000
Agriculture	2.3	2.8	2.3	2.6	3.0
Manufacturing	1.9	3.6	4.0	6.6	10.2
Other Industry	8.5	8.2	7.8	8.0	8.0
Services	6.7	5.6	3.5	5.0	7.3
GDP	4.2	4.9	3.3	4.6	6.4

Source: BBS and staff projections.

1.82 Given the projected growth rate for agriculture, growth in manufacturing--which was 4% between 1987 and 1992--will need to rise to around 6.5% upto 1996 and accelerate to 10% between 1996 and the year 2000, in order to achieve a target GDP growth rate of 6-7% and a significant reduction in poverty. Achieving this high growth in manufacturing will critically depend upon the timely implementation of policy reforms, and the private sector's response to them. Growth could occur mainly in export-oriented industries such as garments, textiles that link with garments production, leather products, frozen fish and shrimp, and other agro-based industrial exports.

1.83 The rest of the industrial sector--which includes mining, construction, power, gas and water and sanitary services--grew at around 8% per annum during the past decade, and it is assumed that this growth rate will be maintained over the medium-term. This would require that GOB succeed in increasing public investment in infrastructure, and reform public enterprises in the power, gas and water sectors.

1.84 Growth in services is expected to respond to the higher demand from agriculture and industry, as well as to GOB's policy of trade liberalization. Thus, this sector whose growth rate ranged between 3.5% and 6.7% during the past 15 years is projected to grow at 5% upto 1996 and 7.3% afterwards, reflecting developments in the other sectors.

Table 1.16: SECTORAL SHARES OF GDP

	1978	1982	1987	1992	1996	2000
Agriculture	54.2	39.8	40.1	35.1	32.6	28.7
Manufacturing	9.9	10.7	8.8	9.1	9.8	11.3
Other Industry	4.5	6.5	6.7	7.5	8.4	8.9
Services	31.4	43.0	44.4	48.3	49.6	51.7
GDP	100.0	100.0	100.0	100.0	100.0	100.0

Source: BBS and Staff Projections

1.85 This high-growth scenario presents a vision of a changing structure of Bangladesh's economy (Table 1.16). Agriculture's share in GDP, which fell from 54.2% in 1978 to 35.1% in 1992, would fall further to 32.6% in 1996 and 28.7% in the year 2000. Manufacturing's share of GDP has been stagnant ranging between 8.8% and 10.7% during 1978-92. Under the high growth scenario this share will rise to 9.8% in 1996 and 11.3% in the year 2000. Other industries' share in GDP has grown steadily from 4.5% in 1978 to 7.5% in 1992, and it is projected that this trend would continue so that their share would reach 8.9% by the year 2000. Similarly, the share of services in GDP, which grew from 31.4% in 1978 to 48.3% in 1992, is projected to reach 51.7% by the year 2000.

D. Projected Aid Disbursements

1.86 Aid disbursements have declined in FY92, and future aid requirements will depend upon the speed of implementation of policy reforms. Under the rapid-reform, high-growth scenario described above, net foreign exchange requirements increase rapidly from US$0.85 billion in FY93 to an average of US$1.7 billion between FY94 and the year 2000. Net foreign exchange requirements are on average US$0.5 billion lower in the low growth scenario.

Capital Account Developments in FY92

1.87 After falling by 4% in FY91, aid disbursements in FY92 declined again by 7%. All categories of foreign disbursements fell significantly. Disbursements of project aid fell from US$1,056 million to US$984 million, commodity aid disbursements fell from US$408 million to US$386 million and food aid disbursements fell from US$268 million to US$241 million. The decline in food aid disbursements in FY92 relative to FY91 reflects the fact that FY91 was a year when special relief needs increased tremendously as a result of the disastrous cyclone. On the other hand, the fall in project and commodity aid disbursements, despite a large opening pipeline and a significant increase in new commitments, is a reflection of the disappointing implementation of the ADP and the economic slowdown.

1.88 Bangladesh's total external debt in FY92 stood at around US$12.3 billion (55% of GDP), of which US$7.3 billion is owed to multilateral agencies, US$4.9 billion is owed to bilaterals and the remainder is owed to private creditors. The debt includes a very high grant element as it is characterized by an average maturity of more than 35 years and an average interest rate of around 1.5%. The debt service ratio in FY92 was around 24%, but is expected to decline to around 20% by 1995. Amortization on concessional debt rose from US$197 million in FY91 to US$210 million in FY92. Together with the decline in gross disbursements, this implied that net aid disbursements have declined from US$1.5 billion in FY91 to US$1.4 billion in FY92.

1.89 In spite of the decline in aid flows, net capital inflows exceeded the current account deficit in FY92; and the balance of payments showed a positive overall balance of US$585 million. Thus, foreign exchange reserves increased from US$880 million at the end of FY91 to US$1.6 billion at the end of FY92. This reserve level represents 5.5 months of FY92 imports (US$3.5 billion). Bangladesh continues to accumulate international reserves. By end-October 1992 gross reserves stood at US$1.8 billion, or 6.2 months of FY92 imports. It is expected that the reserve level by end-FY93 would exceed US$2.0 billion (7 months of imports).

Aid Disbursements in FY94

1.90 Table 1.17 presents projections for aid disbursements in FY94. The projections are based on the assumption that the pace of project and policy implementation will continue to improve, leading to a current account deficit of around US$1.15 billion in FY94. Debt repayments in that year are estimated at US$270 million. Given the country's currently comfortable reserves position, there will be no need, barring unforeseen exogenous shocks, for further large accumulations of reserves, which are projected to rise by only US$180 million. Hence, gross foreign exchange requirements are estimated at around US$1.6 billion.

Table 1.17: EXTERNAL FINANCING REQUIREMENTS AND SOURCES
(US$ million)

	Actual FY92	Estimated FY93	Projected FY94
Requirements	1,454	1,485	1,600
Current Account Deficit	516	850	1,150
Loan Amortization	210	235	270
Increase in Reserves	728	400	180
Sources	1,454	1,485	1,600
Aid Disbursements	1,611	1,700	1,800
Project Aid	984	1,100	1,300
Commodity Aid	386	430	320
Food Aid	241	170	180
Other Capital Flows	-157	-215	-200
Commitments	1,774	1,310	--
Project Aid	972	834	--
Commodity Aid	576	331	--
Food Aid	226	145	--

Source: Data provided by ERD and Staff Estimates

1.91 Preliminary indications available at mid-year on the pace of ADP implementation, reviewed more fully in Chapter II, suggest that project aid utilization in FY93 is likely to be around Tk 35-38 billion. This figure is arrived at by using preliminary estimates of project aid expenditures during the period July-December 1992 and allowing for an acceleration in the second half of FY93 broadly comparable to that observed in FY92. On the assumption that the local currency allocation of Tk 40 billion is likely to be spent, this yields an estimate of the FY93 ADP of the order of Tk 75-78 billion. Such an outcome would represent a roughly 25% nominal increase over the FY92 ADP realization of Tk 60.2 billion. On this basis, the size of the FY94 ADP can be projected to be of the order of Tk 95 billion. This ADP level would require project aid disbursements of around US$1.3 billion.

1.92 Bangladesh's success at stabilizing its economy makes it less dependent on general balance of payments support in the form of commodity aid. Hence, commodity aid disbursements are expected to decline to US$320 million in FY94. Food aid disbursements are projected to remain broadly unchanged at around US$180 million.

1.93 Aid commitments for FY94 will need to be related to the Government's demonstrated ability to strengthen its implementation performance. GOB should focus its efforts on accelerating implementation of the ADP and improving aid disbursements. The level and composition of new commitments by donors should be set so as to support the expected flow of those disbursements.

PART II: THE REFORM AGENDA

CHAPTER II

IMPROVING PROJECT IMPLEMENTATION AND REFORMING PUBLIC ENTERPRISES

2.1 Improving project execution and reforming public enterprises are prerequisites for the rapid expansion of efficient public investment in infrastructure and human development, which is GOB's first reform priority. GOB efforts at streamlining project approval and execution procedures and strengthening project management are starting to yield positive results, as Annual Development Program (ADP) implementation improved significantly during the first semester of FY93. However, this improvement is still not sufficient to bring about the desired sharp increase in public investment, and GOB should ensure that reforms in this area are implemented efficiently and in a timely manner.

2.2 In the area of public enterprise reforms, programs for improving the performance of the power companies and Bangladesh Railways are starting to yield positive results. However, the implementation of those reforms needs to be accelerated. GOB has developed a strategy to restructure the Bangladesh Agricultural Development Corporation (BADC). Although this strategy is based, in part, on a study completed in 1988, no significant action in this area has been taken upto February 1992. The Bangladesh Water Development Board (BWDB) is another public entity suffering from serious inefficiencies that require GOB's prompt attention.

A. Improving ADP Implementation and Aid Utilization

2.3 GOB's success at ensuring adequate financing for its ADP proved insufficient to bring about the desired increase in public investment. Weak project execution capacity has emerged as a binding constraint. Because of slow project implementation, the realized ADP in FY92 was only 80% of the original target. A review of a sample of projects revealed that slow project implementation could be attributed to several factors including cumbersome procurement procedures, land acquisition problems and weak project management. GOB started introducing reforms in FY92 and FY93 aimed at improving its absorptive capacity. Data for the first semester of FY93 indicate that those reforms, although not yet fully implemented, are yielding good results and that ADP execution has increased by more than 35% as compared to the first six months of FY92. This initial success should encourage GOB to redouble its reform efforts in this area so that the goal of a sharp increase in public investment in FY94 and beyond could be achieved. In particular, attaining the performance of FY90 and FY91, when a proportionately larger share of the ADP was executed in the first six months, is an important objective.

2.4 GOB has been considering some civil service reforms based on the Public Administration Efficiency study. In the long run, this should help enhance the performance of the ADP. Many of the obstacles to improved project implementation are deep-seated and cannot be corrected by fiat. Major changes in the functioning of the bureaucracy, and its relationship with political decision makers, are required to ensure that decisions are taken at the right level, that decisions that could be taken by a single person are not passed on to a committee, and that officers are encouraged to take greater initiative. This type of civil service reform will require time to develop and implement. In the meantime, procedural reforms such as those aimed at expediting procurement and land acquisition, strengthening project management, and speeding up the release of local funds to projects, could improve Bangladesh's absorptive capacity.

ADP Implementation in FY92 and FY93

2.5 A Disappointing ADP Outcome in FY92. The realized size of the FY92 ADP is estimated at Tk 60.2 billion--project aid Tk 33.9 billion and local currency spending Tk 26.3 billion. This represents a 20% shortfall compared to the original target, the shortfall in project aid utilization being 31%, while the Taka spending target was met. Table 2.1 shows the evolution of ADP realizations over the last five years. It indicates that the realized ADP in FY92 was 14.2% higher than the FY91 realization. However, FY91 was not a good year for project implementation, and the realized ADP in FY92 was 7.5% below what was achieved in FY90, in real terms. The failure to achieve FY90 implementation levels, in real terms, despite GOB's plans for exceeding it and the availability of resources, explains the sense of disappointment with the ADP outcome for FY92.

Table 2.1: TRENDS IN ADP REALIZATION
(Taka billion)

	FY88	FY99	FY90	FY91	FY92
In Current Takas	41.5	46.2	57.2	52.7	60.2
In Constant 1988 Takas	41.5	42.9	50.6	42.6	46.8
Nominal Growth		11.3%	23.8%	-7.9%	14.2%
Real Growth		3.4%	17.9%	-15.8%	9.8%

Source: Implementation Monitoring and Evaluation Division

2.6 The overall size of the FY92 ADP was initially set at Tk 75 billion, or 42% above the actual ADP for FY91. However, the slow pace of implementation during the first half of the fiscal year necessitated a scaling down of the ADP to Tk 71.5 billion. This reduction in the size of the ADP was achieved through a cut in the project aid utilization target by Tk 7 billion, which was partly offset by an increase in local currency funding by Tk 3.5 billion. However, towards the end of the fiscal year it became clear that the revised ADP, issued in March, would need further adjustment. Taka funding was raised for faster moving projects, mostly non-aided.

Table 2.2: TRENDS IN SECTORAL ADP REALIZATIONS

	FY90 Share of ADP	FY90 Actual as % of ADP	FY91 Share of ADP	FY91 Actual as % of ADP	FY92 Share of ADP	FY92 Actual as % of ADP
Agriculture	8.4	66.4	8.4	64.3	6.6	85.1
Rural Develop.	4.6	67.0	4.2	94.0	4.6	93.0
Water	12.8	131.4	11.5	104.2	10.9	65.6
Industry	7.0	105.1	3.5	48.0	1.5	100.6
Power	12.1	92.1	11.2	57.6	9.9	99.9
Oil, Gas & NR	4.0	150.9	3.5	192.0	7.6	57.0
Transport	10.8	126.9	8.4	131.6	9.0	124.5
Communication	2.2	130.5	1.7	114.7	1.6	136.4
PPLHWS	4.7	106.0	3.6	114.6	3.8	109.0
Education	5.9	65.4	7.8	39.5	8.5	46.7
Population	5.2	72.6	5.5	100.1	4.5	80.5
Health	2.7	63.2	3.6	69.1	3.1	59.7
Other Sectors	2.4	42.4	2.8	46.2	1.5	66.8
Sub-Total	82.3	98.7	75.8	86.7	73.1	83.1
TA	2.5	63.0	3.3	58.8	3.1	72.0
SF	5.9	138.9	14.8	144.6	9.7	126.4
Block	9.2	80.3	6.2	109.0	14.1	36.1
Total ADP	100.0	98.5	100.0	95.8	100.0	80.3

Source: Implementation, Monitoring and Evaluation Division

2.7 Table 2.2 shows the sectoral composition of the FY90, FY91 and FY92 ADPs and the implementation performance of each sector. It indicates that there has been a structural shift in the public investment program. Allocations to sectors where the rate of return on public investment is lower but where project implementation has been relatively fast were decreased, while those to sectors where the rate of return on public investment is higher, but which have traditionally faced more difficult implementation problems, have increased. The share of agriculture, water, industry, power and transport in the total ADP fell from 8.4%, 12.8%, 7%, 12.1% and 10.3%, respectively, in FY90 to 6.6%, 10.9%, 1.6%, 9.9% and 9% in FY92. Allocations to education increased from 5.9% of the total ADP in FY90 to 8.5% in FY92, and the allocation for health rose from 2.7% to 3.1%.

2.8 However, the decline in the overall rate of ADP realization from 98.5% in FY90 to 80.3% in FY92 cannot be simply explained by a change in its sectoral composition. As shown in Table 2.2, the ADP realization rates for some key sectors have declined significantly. The water sector which spent 131% of its ADP allocation in FY90 had a realization rate of only 66% in FY92. The ADP realization rate in the Oil, Gas and Natural Resources sector fell from 151% in FY90 to 57% in FY92. ADP utilization in health and education has been traditionally low, and declined even further; from 65% to 47% for education and from 63% to 60% for health. Low ADP utilization rates have been due to problems with project implementation as well as to the setting of artificially high ADP targets.

Table 2.3: TRENDS IN PROJECT AID DISBURSEMENTS a/
(US$ million)

	FY88	FY89	FY90	FY91	FY92
Disbursements	831	904	1,165	1,056	984
Opening Pipeline	4,390	4,699	4,601	5,239	4,847
Disbursement Ratio	18.9%	19.2%	25.3%	20.1%	20.3%

a/ Project aid disbursement figures provided here by ERD differ from the project aid expenditure data, provided by Implementation, Monitoring & Evaluation Division (IMED) and used elsewhere in this report due to different definitions for "disbursements" and "expenditures".

Source: Economic Relations Division

2.9 The shortfall in the realization of the FY92 ADP occurred as a result of slow project aid (PA) disbursements, while taka expenditures were more or less on target. Total PA disbursements in FY92 are estimated at US$984 million down from US$1,056 million in FY91 and US$1,165 million in FY90 (Table 2.3). The disbursement ratio is estimated at 20.3%, which is more or less the same as that achieved in FY91, but much lower than that achieved in FY90, 25.3%. Moreover, it should be noted that one reason for the stable disbursement ratio has been the decline in the opening pipeline. Disbursements in FY92 were only 18.8% of FY91's opening pipeline. The fact that the opening pipeline declined in FY92 may itself reflect poor disbursement performance, which leads donors to scale back their new commitments (in spite of higher pledges) and cancel undisbursed balances. The fall in project aid disbursements occurred although project aid has continued to finance a high share of local expenditures in the form of reimbursable project aid (RPA), and some donors introduced special facilities in the form of advance deposits in foreign currency to meet local currency costs (SAFE/CONTASA and IMPREST accounts).

2.10 Most of the shortfall in PA disbursements was due to a low disbursements rate for projects financed by a few large donors. Disbursements for IDA-financed projects in FY92, US$238 million or 15% of pipeline, were considerably below the US$350 million initially estimated by IDA based on disbursement profiles for the projects in its portfolio, and the US$277 million achieved in FY91. Disbursements for projects financed by Japanese aid fell dramatically from US$221 million in FY90 to US$149 million in FY91 and US$40 million in FY92. Disbursements for ADB-financed projects during FY92 were US$250 million, which is above the US$228 million achieved in FY91 but below ADB's target based on project implementation and disbursement schedules.

2.11 A Slow Start in FY92. Project implementation was affected by the political transition in early FY92 as well as the transition to the new system of project approval introduced in FY91. The transition to the new democratic government naturally led to changes in key decision making positions. The personnel changes, and uncertainties related to the gradual establishment of a new system of government, led to delays in project start-up. This was further complicated by the application of a new system of project approval, which implied that a large number of projects were awaiting ECNEC's decisions. Under this system, project concept papers (PCPs) must first be approved by ECNEC. Based on ECNEC's decision the line Ministry prepares and approves detailed project proformas (PPs). PCPs of over 300 projects included in the FY92 ADP were approved during the year, many of them in the second half, which seriously delayed project start-up. The problem was further compounded by long delays in the preparation and approval of PPs by line Ministries. While a norm of one month has been allowed between PCP approval by ECNEC and PP preparation and approval by the line Ministry, in practice the time lag has been considerably higher. This reflects partly the institutional weakness of some Ministries, and partly delays in the transmission of the PCP approval decisions, together with suggested modifications, to the Ministries. Moreover, due to delays in meeting donor conditions, some aided projects only became effective late, or even not at all, within the fiscal year.

2.12 Those difficulties led to a very slow pace of implementation in the first quarter of FY92 (Table 2.4). By the end of September 1991, ADP expenditures were only Tk 4.9 billion, 7% of the annual target, as compared to Tk 13.0 billion, or 23% of target, achieved in the first quarter of FY91. The GOB took action to remedy the situation. ECNEC held marathon sessions to clear the backlog of projects awaiting approval. High-level meetings to review project implementation were held and funds were reallocated from slow to faster moving projects. This led to an acceleration of ADP utilization especially in the fourth quarter. Expenditures in the fourth quarter were nearly Tk 29.0 billion, 48% of total realization, as compared to Tk 21.5 billion, 40% of total realization in FY91. However, this acceleration in ADP implementation was too late and the overall shortfall in realization was 20% as compared to 4% a year earlier.

Table 2.4: TRENDS IN QUARTERLY ADP EXPENDITURES
(In percentage)

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
1) As a Share of Actual Realization					
FY90	13%	22%	22%	43%	100%
FY91	24%	18%	18%	40%	100%
FY92	8%	21%	23%	48%	100%
2) As a Share of the Original ADP					
FY90	13%	22%	22%	42%	99%
FY91	23%	18%	17%	38%	96%
FY92	7%	16%	19%	38%	80%

Source: Implementation Monitoring and Evaluation Division

2.13 The Slow Start Led to a Decline in the Quality of the ADP. In its effort to accelerate ADP expenditures in the last two quarters of FY92, to offset the slow start in implementation, the GOB transferred taka resources from slow moving, mainly higher-priority, aided projects to faster moving, mainly lower-priority, non-aided projects. The social sectors were the main losers from this reallocation of resources. At the time of the first revision of the ADP, most of the cuts in the PA target were made in education, health, water resources, power and oil and gas. Taka funding for non-aided projects was raised mostly for upazila infrastructure, transport, self-financed projects and municipal corporations. As a result, local resources spent on aided projects in the FY92 ADP are estimated at Tk 1682 crores, representing 64% of total taka funding (Tk 2,632 crore), compared to an original target of 75% of total taka funding (1,952 crores).

2.14 The shortfall in PA utilization, as compared to the original ADP target, in some key sectors was particularly worrying. A sectoral review of implementation performance, based on an analysis of a sample of 132 projects included in the FY92 ADP with a PA allocation of at least Tk 5 crores, was carried out (Annex - Table 1). It indicates that the largest shortfalls in PA utilization were in education (-70%); in health (-66%); in water resources (-48%); in oil gas and natural resources (-49%); in agriculture (-47%); and, in population (-24%). Part of this shortfall may be due to unrealistically high spending targets being set in the ADP, particularly in education and health, which reflects poorly on the credibility of the planning and budgeting process. GOB's decision to redirect resources to faster moving projects was a pragmatic response aimed at ensuring that all of the taka resources available for the ADP are actually spent. However, allowing investment expenditures in education and health to decline while increasing funding for lower-priority upazila infrastructure and municipal corporations, weakens the ADP's impact on Bangladesh's basic long-term developmental needs. Alternatively, GOB could have used the excess local funds to finance expenditures associated with the much needed restructuring of the jute and financial sectors.

2.15 Improved ADP Performance in FY93. Preliminary data for the first six months of FY93 indicate a significant improvement over last year's ADP performance (Table 2.5). Total ADP expenditures during July-December 1992 are estimated at Tk 2,363 crores as compared to Tk 1,742 crores a year earlier, a 35.6% nominal improvement. Local expenditures are estimated at Tk 1077 crores, 50.2% higher than during the same period in FY92, and PA expenditures are estimated at Tk 1286 crores, 25.5% higher than for the same period in FY92.

Table 2.5: ADP EXPENDITURES DURING JULY-DECEMBER

	FY92	FY93 a/
1) In Crores of Taka		
Total Expenditures	1742	2363
Taka Expenditures	717	1077
PA Expenditures	1025	1286
2) In Percentage of Original ADP		
Total Expenditures	23%	27%
Taka Expenditures	28%	27%
PA Expenditures	21%	28%

a/ Preliminary estimates

Source: Implementation Monitoring and Evaluation Division

2.16 However, FY92 was a particularly disappointing year for ADP implementation, and therefore a poor basis for comparison. ADP expenditures during the first half of FY93 represent 27% of the year's original target, Tk 86.5 billion. This compares favorably with the 23% realization rate achieved during the first half of FY92, but is still below the 41% rate achieved during the first half of FY91 and the 35% rate achieved during the first half of FY90. GOB is now working on the basis of an operational ADP of Tk 80 billion.

Even when using this more realistic target, the realization rate for the first six months of FY93, 29.5%, is still below the rates achieved in FY91 and FY90.

2.17 The overall improvement in ADP implementation is reflected in the performance of key sectors, where implementation was particularly weak in FY92. Table 2.6 compares ADP expenditures in 5 key sectors during the first semesters of FY91, FY92 and FY93. Public investment on education, which fell far short of target in FY92, seems to be picking up in FY93 with first semester expenditures at TK 169 crores as compared to Tk 55 and 54 crores during the same periods of FY91 and FY92. Investment in health, at Tk 72 crores during the first half of FY93, is some 30% higher than its level during the same period of FY92. Similarly, ADP expenditures in the water and oil, gas and natural resources sectors increased significantly during the first half of FY93. Public investment in agriculture did not rise relative to the same period a year earlier.

Table 2.6: FIRST SEMESTER ADP EXPENDITURES IN SELECTED SECTORS
(Crores of Taka)

	1st Sem FY91	1st Sem FY92	1st Sem FY93
Education	55	54	169
Health	51	56	72
Water	227	161	254
Agriculture	91	129	129
Oil, Gas & NR	142	118	225

Source: Implementation, Monitoring and Evaluation Division

The Causes of Slow ADP Implementation in FY92

2.18 A review of a sample of 90 projects experiencing implementation difficulties was carried out to determine the main problems delaying their execution (Annex - Table 2). Those 90 projects are a subset of the 132 large aided-projects in the FY92 ADP, and the sample choice was based upon the availability of detailed information on project implementation. This review indicates that the disappointing outcome of the FY92 ADP was due to several factors, including: delays in the procurement of goods and services; delays in land acquisition; management weaknesses; slow release of funds; delays in project approval and processing; and lack of forward planning. The review carried out here also indicates that there are problems with the planning process and the links between programming and budgeting, which reduce the credibility of the ADP.

2.19 Delays in the Procurement of Goods and Services. Delays in procurement and contract award are the most serious problem which has contributed to the slowdown in the pace of project implementation. Around 34 of the sample of 90 projects picked for scrutiny were delayed, at least partly, as a result of problems relating to the procurement of goods or the appointment of consultants. A detailed review of the time required to procure goods (Annex - Table 3) indicated that the average time taken between floating of tender and issuance of work order has been 13 months for procurement undertaken by the Bangladesh Telephone & Telegraph Board (BTTB); 21 months for the Bangladesh Power Development Board (BPDB); 8 months for the Rural Electrification Board (REB); 19 months for Petrobangla; 36 months for the Bangladesh Petroleum Corporation (BPC); 20 months for the Bangladesh Water Development Board (BWDB); 7 months for the Roads and Highways Department (RHD); 10 months for Bangladesh Railways (BR); and 4 months for Dhaka Water and Sewerage Authority (DWASA).

2.20 In the case of the BPDB and Petrobangla, the two agencies which account for the largest share of external procurement, much of the delay has occurred between tendering and bid evaluation, the average time taken at this stage being 9-11 months. The time taken between evaluation by executing agency and clearance of contract award by the Ministry has averaged 3-3.5 months and final approval by the Council Committee has taken an additional 2.5-3 months. The delay has been compounded in the case of BPDB by the considerable time, averaging 6 months, taken for issuance of work orders. In the case of procurement by the BTTB, the time taken between evaluation by executing agency and clearance by the Ministry has averaged 6 months, or half the total time for procurement. Processing of one large procurement by the BPC took three years to be completed, with significant delays at both the tendering/evaluation stage (20 months) and approval of contract award (15 months). In the case of large procurement by the RHD, much of the delay has been at the tendering/evaluation stage, the average time taken for this being about 4 months. Delays in procurement undertaken by BR have taken place also at the tendering/evaluation stage (average time over 3.5 months).

2.21 Smaller projects where local competitive bidding (LCB) is used also faced delays due to procurement problems. A review of a sample of such projects indicates that the time taken from the receipt of bids to contract awards ranged between 93 and 197 days for projects in the water sector as compared to a target range of 34 to 61 days; it ranged between 74 and 297 days for education projects as compared to a target range of 34 to 89 days; and, it was 130 days for one fisheries project as compared to a target of 70 days.

2.22 Delays in procurement often lead to increased economic costs. This could be demonstrated by the example of the procurement of Ashuganj NGL Processing Facilities where delays led to a 23% increase in costs. The tender for this procurement was floated in July 1990 and financial evaluation completed more than a year later, in August 1991. The price offered by the lowest bidder was US$35 million. Petrobangla and the Ministry approved the financial offer and submitted it to the Council Committee on Purchase for approval in October 1991. Due to delays in approving the revised PP by ECNEC, the Council Committee approved the original offer in December. By this time, the lowest and second lowest bidders declined GOB's offer, and the GOB had to invite new bids. Revised financial offers were received in May 1992, and the Council Committee approved the award of contract to the lowest bidder. The value of this contract was now US$43 million, 23% higher than the original bid. Moreover, as of January 1993, the work order for this contract had not been issued.

2.23 Delays in Land Acquisition. Delays in land acquisition, due to cumbersome procedures and the lack of a satisfactory resettlement policy, have affected the implementation of 20 projects in the sample. This problem particularly affects the water and roads sectors. Trends in land acquisition by BWDB (Table 2.7) show the large gap between project land requirements and actual acquisition.

Table 2.7: LAND ACQUISITION BY THE WATER DEVELOPMENT BOARD

	Proposal Submitted to DC's Office (Hectares)	Possession of land (Hectares)	Percentage Acquired
FY89	5840	1476	25%
FY90	5010	1157	24%
FY91	4442	728	16%
FY92	4577	1445	31%

Source: Bangladesh Water Development Board

2.24 Delays are caused by complicated and time-consuming administrative procedures for land acquisition, and the limited delegation of approval authority. Currently, the Deputy Commissioner (DC) can approve land acquisition of only up to 3.33 acres; any acquisition in excess of this limit has to be cleared by the Land Ministry and approved by the Prime Minister's Secretariat. Consequently, because of the large number of steps involved in approval, actual time taken for land acquisition has varied between 185 and 410 days.

2.25 Land acquisition poses a special problem for important projects requiring significant amounts of land and leading to the resettlement of large numbers of people. The GOB does not have a clear resettlement policy which ensures that the objective of at least restoring the economic base of those relocated is achieved. The surest way to guarantee that displaced people maintain their standard of living is to provide them with land of equivalent potential. However, given the scarcity of land in Bangladesh this may not always be an option. Simple cash compensation is usually not an acceptable option either, because when projects are large it is very hard to predict what land prices will be after all the land needed for the project is taken out of use, and because creditors may demand full repayment of old loans on the grounds that the displaced person no longer has a source of income to service the loan. In either case displaced people are unable to obtain replacement land of equal value to their old land. The problem is further aggravated by the fact that the recorded value of land as determined by Bangladesh resettlement laws almost always substantially understates the actual market value. Moreover, the GOB has no policy to adequately compensate displaced squatters. The GOB and the donors are concerned about the welfare of those displaced by public investments. Hence, unless satisfactory resettlement plans are developed and implemented in a timely fashion, the implementation of several important development projects could be delayed further.

2.26 Management Weaknesses. Management weaknesses delayed the implementation of 18 out of the sample of 90 projects that were analyzed. Most of the problems relate to personnel policy: the choice of project staff, particularly Project Directors (PDs), delays in recruitment and frequent staff transfers. The lack of PDs with appropriate technical background, adequate management experience and motivation has been a major cause of implementation delays. Many experienced civil servants avoid PD positions as it could imply a break in their careers and adversely affect their seniority and future promotions. Moreover, some PDs are functioning on a part-time basis which severely limits their effectiveness.

2.27 Delays in the recruitment of project staff and their frequent transfer also caused implementation delays. For example, considerable delays were encountered in appointing PDs for 5 of the 32 health projects under the Fourth Population and Health Project. Subsequently, those 5 PDs were appointed but 2 of them are still refusing to accept their new assignment. Moreover, the problem is not limited to recruitment at the director level. For example, about 33 Assistant Engineers who were supposed to be appointed under the GEP by the PD in early FY92 were still in the process of being recruited in December of 1992. After going through lengthy recruitment procedures, project staff are often transferred following a very short tenure. This was a problem for three projects in the gas sector: Appraisal and Development of Gas Fields; North-South Gas Pipeline; and Brahmmaputra Basin Gas Supply and Distribution. In the case of one of the above projects, 4 PDs were appointed over a period of 6-7 years.

2.28 Slow Release of Funds. Despite the improved budgetary situation, 14 of the projects in the sample picked for analysis were delayed due to a slow release of local funds. The main problem concerns the release of RPA. GOB's fund release policy does not normally allow RPA financing for projects with SAFE/CONTASA/IMPREST facilities, which is based on a presumption that these funds are adequate to meet annual project aid expenditure targets. However, in practice there is often a need to supplement donors' special financing arrangements by GOB's bridge financing for three reasons: (i) seasonality and bunching of spending on civil works towards the latter part of the fiscal year; (ii) project sites are numerous and scattered all over the country; and (iii) these advance deposits have been generally equivalent to 3-6 months' expenditure which is sometimes insufficient. Donors' special facilities were intended to ease GOB's taka funding constraint and not necessarily substitute entirely for any GOB bridge financing in the form of RPA. The current system of release based only on these advance deposits cannot always be expected to be able to fine-tune releases according to requirements, especially when civil-works-type expenditures are seasonal and bunched towards the end of the fiscal year and scattered in distant locations all over the country. Moreover, delays in release and inadequacy of funds at the field level are being reported as a problem for some projects located in remote areas. Given the limited financial capacity of small local contractors, they always prefer to be assured of placement of funds at the local level before starting to mobilize construction materials, for fear of long delays in payment.

2.29 <u>Delays in Project Approval and Processing</u>. Long delays in project approval have affected the pace of ADP implementation for quite some time, and 12 out of the 90 projects picked for scrutiny reported it as one of the causes of delayed implementation. The GOB revised project approval procedures in FY91 to reduce delays and delegate greater authority to the sectoral Ministries. The revised project approval procedures had three basic objectives. First, GOB commitment to a project should be confirmed at an early stage of the project cycle rather than as the final step in project processing when the scope and content of the project have been largely settled. For this purpose a simplified PCP was introduced, with the intention that it be approved prior to loan negotiations. Second, once the GOB's commitment to a project has been obtained on the basis of the PCP, the responsibility for completing the preparation of the project would be delegated to the sector Ministry which would approve the final PP, containing the project's detailed implementation plan. Third, the Planning Commission would increasingly focus its activities on macro-level investment programming concerns, such as assisting Ministries to develop sectoral investment strategies, advising the GOB on the priority of particular investment projects, and ensuring that the allocation of funds within the ADP is directed towards the highest priority projects.

2.30 Although the large backlog of unapproved projects during the first half of FY92 was mainly due to problems related to the political transition, this experience also indicated that the current project approval procedures are not functioning in the manner originally intended. Many projects continue to be approved very late in the project preparation cycle. Line Ministries complain that the current format of the PCP is still overly detailed, and that its preparation involves a considerable effort comparable to that required for preparing a full PP, especially in the presentation of cost estimates and project inputs. Moreover, the preparation and approval of PPs is often delayed because the current PP format is too complicated (many PPs are in excess of 100 pages), and because of the long time taken for the preparation and issuance of the minutes of ECNEC meetings which are critical inputs for PP preparation. Low project approval limits have implied that decisions on relatively small projects, that could have been taken at a lower level, have to be taken by ECNEC, which increases the number of projects that ECNEC has to study and therefore slows down the approval process for all projects.

2.31 Even after projects are approved, their effectiveness is often delayed due to the failure to fulfill donor conditionality. Out of the sample of 90 projects, 5 reported problems due to late project effectiveness. This problem particularly affects ADB and IDA financed projects. The time lag between project agreement and effectiveness for those two agencies has been considerably higher than the established norm of 90 days. In the case of ADB-financed projects the time required for effectiveness has increased to about 11 months, which is almost three times the average for ADB member countries. For IDA projects, the average time between agreement and project effectiveness has been around 6 months.

2.32 Lack of Forward Planning. Weak management and lack of strong monitoring has led to a lack of forward planning and has delayed the execution of 9 projects out of the sample picked for analysis. The considerable time taken for all preparatory work, such as administrative approvals and paperwork necessary for commencement of project implementation--release of funds, formulation and approval of work programs and tendering--during much of the first quarter of the fiscal year has been contributing to the "lean season" effect on implementation in the first half of the fiscal year, which is particularly pronounced for the first quarter. One technical consideration which is usually cited for a deferred preparatory work schedule, including tendering for instance, for civil works is the seasonality argument. While certain types of civil works, such as earthwork, compaction for road construction and large-scale casting, undoubtedly have to be undertaken in the dry season, much of the building construction, e.g. in the social sectors, can be undertaken almost throughout the year.

2.33 There is considerable scope for preparatory work for projects which are expected to become effective later in the fiscal year or even in the next fiscal year, and the initiation of this preparatory work does not have to await project effectiveness or announcement of ADP allocations. The Fourth Population and Health Project is an example of a project where the potential for preparatory work--such as selection of consultants and pre-bid activities--if exploited could have allowed for some implementation in the fourth quarter of FY92, and for an enhanced level of implementation in FY93. Moreover, delays in setting up institutional arrangements for project implementation, such as a Project Implementation Unit (PIU), are a frequent problem, which has led to considerable delay in project start-ups.

2.34 An Unrealistic ADP. The shortfall in project implementation when compared to ADP targets is often due to the fact that the ADP targets are themselves unrealistic. The FY92 ADP envisaged project aid disbursements of Tk 4,898 crores, or around 25% of the opening pipeline, which was over-optimistic. The aid disbursement targets for specific projects in the ADP often did not take account of real factors affecting the pace of implementation and ignored spending targets in the project PPs. For example, Tk 1,300 million of PA were allocated to the Condom Industry, although the project's feasibility study was not even completed. Similarly, a large PA amount of Tk 3,005 million was allocated to the GEP in the FY92 ADP, although the agreed disbursement schedule had a figure of Tk 1,743.3 million. Setting ADP targets that are clearly unattainable will obviously lead to implementation shortfalls, which then lead to a reallocation of resources at the time of the revision of the ADP and a decline in the quality of the public investment program. The problem of an unrealistic ADP is continuing in FY93 as evidenced by the fact that the GOB is already working on the basis of an "operational" ADP which is 7.5% below its original target.

2.35 Improved ADP prioritization and the preparation of a Three Year Rolling Investment Program (TYRIP) were supposed to resolve this problem. However, the three year rolling investment program is prepared at a different time from the budget and seems disconnected from budgetary and project implementation realities, which limits its usefulness. For example, the draft three year rolling plan produced in November, 1992 continues to show an FY93 ADP of Tk 86.5 billion, although it indicates that an operational ADP of Tk 80 billion is visualized. As a result, it recommends an FY94 ADP of Tk 105.4 billion. Thus, according to the plan, public investment in FY94 will be 75% higher than the FY92 realization, which is clearly unrealistic given the existing constraints on project implementation. Thus, unless corrective action is taken, the problem of over-programming, and the consequent decline in the quality of the realized ADP, observed in FY92 and FY93 will continue in FY94.

Recent GOB Initiatives to Improve ADP Implementation

2.36 The GOB places high priority on improving the realization of its ADP. This was demonstrated by a series of new measures introduced in FY92 to deal with some of the problems described in the preceding section. The GOB introduced new procurement guidelines and new guidelines for the recruitment of consultants; increased the financial authority for approval and award of contracts financed under project aid; introduced a block allocation for land acquisition in the FY93 ADP and is experimenting with new procedures for land purchase; took steps to improve project management; allowed for a more liberal use of RPA to supplement donor special facilities; and has taken steps to further improve project approval procedures. Those measures, although not yet fully implemented, are starting to bear fruit as evidenced by improved ADP performance during the first six months of FY93.

2.37 Introducing New Guidelines for Procuring Goods and Services. The GOB is aware of the seriousness of the delays caused by slow procurement, and has issued new procurement guidelines and new guidelines for the recruitment of consultants in May 1992. The new procurement procedures are simpler and clearer than the old ones. Moreover, they set guidelines on processing time for procurement of goods and works. The total suggested time from bid invitation to the signing of an agreement for international competitive bidding (ICB) is 144 days or a little less than five months. If those guidelines are actually followed the time required for procurement would be shortened considerably.

2.38 The new guidelines are not yet fully operational and improvements in the speed of procurement are occurring only gradually. Procurement delays have continued to exceed the norms set in the new guidelines. This can be demonstrated by some examples. Two contracts were awarded by BTTB in FY93.

The work order for the procurement of Digital Multi-Exchange Equipment was issued in October 1992, 6 months after approval (April 1992) by the Ministry. In the case of the Chittagong Microwave Tower, the Ministry's clearance was obtained in July 1992, 2 months after tender evaluation, and the work order was issued after another 2 months, in September 1992. In the power sector, one large contract relating to the 90 MW Sylhet Combined Cycle Power Plant was approved by the Council Committee in September 1992, 21 months after clearance (December 1990) by the Ministry. Moreover, the work order had not been issued up to January 1993, although the target deadline for this action is only 15 days. In the case of a contract (procurement of 80 meter-gauge bogies) in the railways sector, the work order was issued in July 1992, 3 months after clearance by the Ministry.

2.39 Increasing Financial Authority Limits. In an effort to expedite procurement and increase the pace of project implementation, the new procurement guidelines also include an increase in the financial authority for approval and award of contracts financed under project aid. However, the GOB places a high priority on eliminating corruption and worries that financial authority limits that are "too high" may raise the scope for rent seeking. As a result, the increase that was ultimately decided still leaves most financial authority limits lower in real terms than their 1985 levels. Moreover, the revised financial authority guidelines are not fully implemented.

2.40 Except for those of the boards of directors of small corporations and autonomous bodies, all financial authority levels are now lower, in real terms, than their 1985 levels. The limit on the financial authority of the board of directors of large corporations and autonomous bodies was set at Tk 5 crores in 1985. This was raised to Tk 7.5 crores in 1992, which translates into Tk 4.5 crores in constant 1985 takas, using the GDP deflator. The limit on the financial authority of the board of directors of small corporations, autonomous bodies and executing agencies was set at Tk 2.5 crores in 1985, and was raised to Tk 5 crores in 1992, which translates into Tk 3 crores in constant 1985 terms. The limit on a Minister's financial authority was raised from Tk 15 crores in 1985 to Tk 20 crores in 1992, which translates into Tk 12 crores in constant 1985 terms.

2.41 Those low financial authority limits are often not implemented in practice. Although aware of the new guidelines, the Heads of Directorates that are executing agencies are not exercising their authority and contract award proposals are being sent to Ministries for approval. Examples of this could be found in the health, population and fisheries sectors. Moreover, financial delegation below the level of Heads of agencies--for Project Directors, Chief Engineers, Superintending Engineers, and Executive Engineers --have remained unchanged. These low financial limits imply that even relatively small-size procurements continue to be time consuming.

2.42 Introducing a Block Allocation for Land Acquisition and Experimenting with Direct Purchase. In order to avoid delays in land acquisition caused by lack of funding, the GOB has introduced a special block allocation in the FY93 ADP to finance the acquisition of land for development projects. This is certainly a useful step. However, delays caused by cumbersome land acquisition procedures continue to be a serious problem. To deal with those types of delays in cases where the area of land required is relatively small, the GOB is experimenting with direct cash purchase of land at market prices from willing owners as recommended by one of the studies carried out for the Flood Action Plan (FAP-15). This experiment initially covers projects in the water sector and is to last for six months. Direct purchases will be normal market transactions based upon an agreement between the executing agency and land owners which does not involve using the right of eminent domain. Thus, they avoid the need for applying more difficult land acquisition procedures.

2.43 Improving Project Management. Aware of the importance of good project management, the Minister for Planning wrote, in March of 1992, to all ministries advising them that the appointment of PDs and key project staff should be completed promptly, that staff should, as much as possible, remain in a project throughout its execution, and that the practice of appointing part-time project directors in charge of multiple projects should be discontinued, except for relatively minor projects. The Secretaries of the concerned ministries were instructed to monitor changes in project directors and key project personnel closely to ensure efficient project implementation. However, those directives are only gradually coming into full operation.

2.44 More Liberal Use of RPA. Faced with the problem of slow release of funds in FY92, the GOB decided to relax its policies and release RPA to complement donor special facilities. This permitted higher implementation than would have otherwise been possible. GOB released RPA taka funding to supplement SAFE funding for some components of the Third Population and Health Project and the fisheries component of the Second Agricultural Research Project which enabled the implementation targets to be met. Similarly, if RPA funds had not been released by GOB for the Third Fisheries project and the Third Rural Electrification project in anticipation of CONTASA, which became operational late in the fiscal year, no implementation would have been possible under the two projects.

2.45 Steps to Improve Project Approval Procedures. In order to expedite project approval, a decision was taken to delegate the authority for approving projects costing up to Tk 6 crores, which are mainly non-aided projects, to the Minister of Planning. Those projects no longer require ECNEC clearance, which frees up ECNEC's agenda to review larger investments. Moreover, a committee, chaired by the Member (Programming) of the Planning Commission, has been formed to review existing procedures and recommend improvements. GOB has also issued new guidelines for the processing and approval of TA projects.

The Need for Further Action

2.46 The policy measures adopted so far are starting to yield good results. This should encourage GOB to further intensify its efforts aimed at improving ADP implementation to ensure that the objective of a rapid increase in efficient public investment in FY94 and beyond is achieved. The GOB will need to: fully implement its new procurement guidelines; further increase the limits of financial delegation of authority; simplify the procedures for land acquisition while developing and implementing a resettlement policy; further improve personnel policies affecting project implementation; increasingly use RPA to supplement advance project aid; issue revised guidelines for project approval; and set up a system of monitoring project implementation to ensure that problems of start-up delays and lack of forward planning are dealt with quickly and adequately. Simultaneously, the preparation of the three year rolling investment program should be better integrated in the budget cycle with the aim of reducing over-programming, to ensure the quality of the investment program and to have a more realistic yardstick against which project performance could be compared.

2.47 Implementing the New Procurement Guidelines. Sustainable improvements in procurement and contract award will require the institutionalization and effective enforcement of the policies and procedures adopted in the new GOB procurement guidelines. As a first step, those guidelines need to be widely disseminated. As of October 1992, many directorates, autonomous bodies and project offices had not been provided with the guidelines and many officials in those agencies were not aware of their existence. A wider distribution occurred in November, five months after the guidelines were issued. The GOB has developed an action plan for implementing the new guidelines, including training and procurement monitoring. However, as of February 1993 little had been done to implement the action plan.

2.48 Strengthening the capacity of agencies to process procurement expeditiously can be achieved through intensive procurement training and ensuring the availability of qualified staff. The basic objectives of the training program should be: (a) to familiarize functionaries with the important elements of the GOB's and donors' procurement guidelines--including the time limits set for each stage of the procurement cycle, and financial delegation for approval of contract award--and their practical implications for processing of procurement; (b) to explain how they might apply these policies and procedures in practice and meet the time limits; and, (c) to clarify their obligations relating to reporting on progress of procurement to the IMED and line Ministries. The training program should also focus on the specific measures required to deal with the causes of delay at each stage of the procurement cycle. For example, an early start of pre-bid activities, such as formulation of technical specifications and preparation of tender documents, in parallel with project processing, can bring the tendering schedule forward considerably.

2.49 The GOB planned to start the training program early in FY93, so that the effective application of the new guidelines could begin as early in the fiscal year as possible. Unfortunately, this time-table was delayed, and IMED replaced it with a plan to organize a few one-day procurement workshops in January, to be followed by training courses. In view of the unsatisfactory application of the new guidelines, it is important that the training program commence as soon as possible, and that its coverage of officials dealing with procurement under aided projects be as wide as possible. However, it should be noted that whereas proper training could lead to some improvements in this area, procurement problems go much deeper. More fundamental change in the attitudes and practices of the public administration, both politicians and civil servants, will be needed before decisions are taken at the appropriate level by a single person, and before officers feel that they can take more initiatives.

2.50 Monitoring of progress in procurement, relative to the procurement plan, on a monthly basis, by both IMED and Ministries/executing agencies, is critical for the effective enforcement of the procurement guidelines, particularly to ensure that the time limits set for each stage of the procurement cycle are met. For such monitoring to be effective, agencies should be required to provide procurement plans up front. IMED should prepare monthly reports on the status of procurement, based on the information which it has started receiving in a revised format, by the middle of each month, and distribute these to the Prime Minister's Secretariat and all Ministries/Divisions. A mechanism should be institutionalized for reviewing those reports and ensuring prompt interventions for cases where there are deviations from time schedules. The use of international agencies to handle procurement, as is already done through UNFPA and others, should also be encouraged.

2.51 Further Increasing Financial Authority. Increasing financial authority limits could help expedite procurement. The recent increase in the financial authorities of Heads of agencies and Ministers is clearly insufficient, and further revisions to bring them, at least, to their 1985 levels, in real terms, are needed. Moreover, financial authorities at the lower levels--Project Director, Chief Engineer, Superintending Engineer--need to be reviewed and enhanced adequately in order to speed up implementation.

2.52 Simplifying Land Acquisition Procedures and Dealing with Resettlement Issues. The GOB should continue its efforts aimed at streamlining land acquisition procedures and developing satisfactory resettlement policies. A speeding up of the land acquisition process will entail some changes in legislation and major changes in the present administrative procedures, including: a decentralization of land acquisition authority, setting of time limits for various administrative steps, a review of the composition and roles of the central and district land acquisition committees, and a reduction in unnecessary details in various forms used in the land acquisition process. Moreover, a mechanism that ensures greater participation of local people at various stages of the land acquisition process needs to be developed.

2.53 Preparation and implementation of satisfactory resettlement policies is a complex task. Donors are increasingly focusing on the need for the incomes of displaces to be sustained. Projects with resettlement components occur in a range of different Ministries, and a Task Force might usefully be established to examine whether the management of resettlement issues might more efficiently and effectively be assigned to a central body rather than being duplicated in each line Ministry. The Task Force could also, in consultation with relevant donors, establish the methodology for assessing the value of displaced peoples' land and determine the institutional structure and processes needed for land acquisition and resettlement. Experiences of other countries indicate that Land Purchase Committees, particularly when they have the active participation of mature local NGOs, are useful institutions that can play an important role both in determining the value of displaced people's land, including squatters, and finding land of equal value. Every effort must be made to find suitable land for the majority of people displaced, especially for those displaced in rural areas. In cases where Land Purchase Committees cannot find sufficient land, or where people are displaced from nonagricultural land, assistance will be needed for finding a new homestead and for finding reliable sources of employment or self-employment that would provide an income stream at least equal to each person's income stream prior to resettlement. Assistance will also be needed to provide basic services such as water and sanitation, to cover relocation expenses and to facilitate the relocation itself.

2.54 Improving Personnel Policies Affecting Project Implementation. The Planning Minister's directives regarding project staffing should be fully implemented. PDs should be appointed on a timely basis by initiating the identification and selection process well in advance of the expected project effectiveness date. Normally, the prospective PD should participate in project preparation and negotiations. Special attention should be paid to the choice of PDs to ensure that persons with the required technical and managerial skills are recruited. The issue of continuity of PDs is also important and a system should be developed for guaranteeing the tenure of PDs, ideally for the full period of implementation of the project, but not less than 3 years. This would imply allowing for the promotion of PDs without requiring that they be transferred. A revised personnel policy is therefore needed to ensure that experienced officers are recruited as PDs and that they stay in their positions for a sufficiently long period without adversely affecting their career prospects. Moreover, the practice of part-time PD appointment should be avoided.

2.55 It is important that senior management of agencies executing a sizeable project portfolio have the appropriate background, and are given a clear mandate to improve performance and sufficient tenure to implement new policies. Frequent transfers of senior officials should be avoided and the practice of appointing to key posts officials who are on the verge of retiring should be discontinued. Officials with appropriate background when given a sufficient tenure could be made accountable for institutionalizing improvements in the agencies' project implementation capacity.

2.56 Increasingly Use RPA to Supplement Advance Project Aid. Ensuring the timely availability of required local financing at project locations is critical for speeding up the pace of implementation. To achieve this, the GOB should increasingly use RPA as bridge financing to supplement advance project aid financing. The proposal for RPA bridge financing was accepted, on an exceptional basis, for some projects in FY92, and resulted in much faster implementation than would have otherwise been the case. Therefore, it seems desirable that this be introduced as a more generalized procedure. Moreover, the experience of FY92 indicates that much greater attention should be paid to ensuring prompt release of GOB funding, RPA and SAFE/IMPREST funds at appropriate spending units when those units are in remote field locations.

2.57 Further Simplifying Project Processing and Approval Procedures. The current project processing and approval procedures could be improved in five areas. First, to achieve the objective of projects being approved at an early stage of the project cycle, the guidelines need to be revised to state clearly that the PCP should be approved prior to negotiations at the latest. The time limits allowed for various stages in the project approval cycle will need to be adjusted to meet this objective. Second, the PCP and PP formats should be reviewed for further simplification. The PCP should act as a structured project proposal or summary statement of the basic concept of the project rather than as a summary of the PP. Similarly, the PP format should be revised to focus more specifically on essential information required to support project implementation, and greater flexibility should be given to sector Ministries in the choice of format in which this information is to be presented--e.g., excerpts from donor appraisal reports should normally be acceptable. Third, there is a need to set a time limit for the preparation and circulation of minutes of ECNEC meetings to enable the line Ministries to initiate the preparation of PPs as expeditiously as possible. Fourth, the revised guidelines should require the sector Ministries to involve Planning Commission staff at an earlier stage of the discussion of project proposals, and provide for differences of opinion regarding the project concept or scope should be raised for ECNEC's consideration only if they cannot be resolved at the working level.

2.58 The fifth area in which the present guidelines could be improved concerns project approval limits. The requirement for ECNEC's review and approval should be limited to very large investments. A review of projects listed in the TYRIP indicates that projects fall, more or less, into three categories. The first category includes projects costing up to Tk 10 crore. These are mostly small discrete investments financed entirely from GOB resources. The sector Ministries should have the authority to approve those projects. However, such an approval should not oblige the Planning Commission to include them in the ADP, a decision which needs to be based on funding availability and sectoral priorities. The second category includes projects costing Tk 10-30 crore. Projects in this category represent moderate-size investments generally involving a single agency and financed by one bilateral donor. The Planning Commission is the appropriate authority to approve those projects. The third category includes projects costing more than Tk 30 crore. These represent large investments, often involving multiple donors, with important economy-wide implications. ECNEC should increasingly focus its efforts those important projects.

2.59 Improving the Monitoring of Project Implementation. IMED is setting up a system for monitoring the implementation of large projects and reporting progress to ECNEC on a quarterly basis. This system should be institutionalized and made operational as soon as possible, because the experience of FY92 indicates that high-level monitoring could lead to an acceleration of project implementation. Once the signals provided by the ADP expenditure data compiled by IMED revealed a major shortfall during the first half of FY92, periodic high-level interventions, such as the ADP implementation review meetings chaired by the Finance Minister, served a useful purpose by urging agencies to step up their efforts, and this undoubtedly contributed to the reversal of the slowdown in implementation in the second half of the fiscal year.

2.60 By making implementing agencies accountable for shortfalls in quarterly performance, such monitoring could lead them to plan their activities more carefully to avoid the "lean season effect" in the first-quarter of the fiscal year. The objective is to ensure that all administrative processing necessary for project execution be initiated very early in the fiscal year to enable timely execution of projects. In particular, efforts should be made to complete all necessary paperwork to ensure that: (i) the first-quarter release of funds takes place by end-July; (ii) the work program be finalized, including its authorization, if required, by mid-July; and (iii) tenders be floated as early in the fiscal year as possible. Delays in setting up the institutional arrangements for project implementation could also be avoided with forward planning and timely actions, particularly the appointment of PDs, consultants and project staff, and this can lead to a much earlier project start-up than has been possible so far. The process of establishing the PIU, including staffing and logistical support, should be initiated sufficiently in advance of the expected date of project effectiveness, so that the PIU can function smoothly once the project becomes effective.

2.61 Integrating the TYRIP into the Budget Cycle. Unless the GOB takes steps to ensure that its future ADPs are realistic, actual implementation will continue to deviate significantly from original targets, and it would increasingly lose control on the allocation of its investment resources and the quality of the realized investment program. Therefore, there is an urgent need to reconsider the timetable for preparing the three year rolling investment program. The practice of producing a draft three year rolling investment program around October/November could be continued. However, the rolling program should be finalized at the time of revising the first year's ADP. Thus, it would reflect available information on project implementation and decisions to reallocate resources within the ADP. ADP targets for the second and third years of the rolling program would be more realistic if actual implementation experience in the first year were taken into account, at least partially, and the ADP actually adopted for the second year of the program matched those targets as closely as possible.

B. Public Enterprise Reform

2.62 Public enterprises are responsible for executing a large portion of the ADP. Hence, public enterprise reform is a necessary component of any program aimed at expanding public investment and enhancing its efficiency. A review of the performance of four public enterprises indicates that the GOB's reform efforts seem to be moving on schedule in only one case, Bangladesh Railways (BR). No significant action has been taken to implement the restructuring plan for BADC, although the need for restructuring has been obvious for some time. In the case of the power companies, progress has been slow and the GOB's targets for improved performance are not being met. BWDB has a weak management structure, inadequate financial controls and an organizational structure that leads it to ignore vital operations and maintenance needs. Yet, reform programs for BWDB are not being implemented on schedule. In all four cases, the GOB has developed appropriate policies and restructuring plans. The problem lies with the implementation of GOB's announced strategies.

Bangladesh Railways (BR)

2.63 Improving Performance. Bangladesh Railway's net loss of Tk 1.5 billion in FY91 dropped to an estimated Tk 1.1 billion in FY92, which continues to rank third among the losses of public sector enterprises in Bangladesh. The reduction occurred as a result of better control over labor, fuel and maintenance costs and because of a tariff increase of about 14% on passenger and freight services. As part of its macroeconomic adjustment strategy, the Government is committed to eliminating BR's deficit and towards this end has formulated a Railway Recovery Program (RRP) with donor assistance. The ADB is expected to support the RRP by a US$75 million Railway Recovery Program Loan (RRPL) in FY93.

2.64 The Government's RRP contains a broad set of actions aimed at restoring financial viability (i.e. achieving deficit-free operations within a reasonable time frame) and creating a corporate environment which will allow BR to successfully compete with other modes of transport in terms of cost and quality of service. The RRP focusses on five key elements of reform: (i) deficit reduction through tariff adjustments, curbing ticketless traffic, controlling costs and selling surplus assets; (ii) termination of open-ended subsidies and the introduction of a public service obligation (PSO) policy for socially desirable but unremunerative services; (iii) labor rationalization to reduce costs and align staffing with BR's envisaged operational and commercial roles; (iv) reform of BR's organizational structure; and (v) adoption of a rational investment program.

2.65 Reduction in Staffing. The reduction of redundant staff at BR is a principal element of the Government's reform program. The labor reduction effort, which is now underway, entails a total freeze on recruitment, voluntary separation accompanied by an adequate compensation scheme, natural attrition and vocational training for affected workers. The staff strength of BR was about 55,000 in October, 1992, and the GOB plans to reduce it to 40,000 employees by FY95. New recruitment has been halted since FY90. Voluntary separation of between 8,000 and 10,000 staff is anticipated by the Government in addition to a reduction of 5000 staff by natural attrition. The total cost of the separation program, based on average payments of about Tk 270,000 per worker, is estimated at Tk 2.7 billion (US$ 68 million). The option of voluntary retirement and eligibility for a "one time" financial-benefits package for staff below age 52 and with at least 10 years of service was formally announced to BR employees by the Government in late September, 1992. To cover the initial costs of the BR separation program, the Government allocated Tk 1.0 billion in the FY93 Revenue Budget. As of December 1992, BR had received about 8,350 applications for voluntary retirement. About 4,175 staff were separated by early February 1993, and the remaining opters are expected to separate by May 1993. A second phase of voluntary retirement has started with an option to retire by December 1993. Initial impressions are that the voluntary separation program is going well and that implementation is consistent with the realistic goal of achieving a reduction of 15,000 staff by the end of FY97. The compensation program seems to be sufficiently attractive and there may be no need to resort to involuntary separation. Moreover, the distribution of staff who applied for the separation package between departments is fairly balanced, implying that there is little risk of disruption of BR operations.

2.66 Other Reforms. The GOB has approved a Government notification for a PSO. Under the scheme, the Government would have a contractual obligation to pay for the costs of uneconomic services provided as a public service by BR, on the understanding that the size of this obligation would be reduced over time. The arrangement would provide for the identification of unprofitable rail lines and services and a payment mechanism to effect timely reimbursement to BR. The concept is similar to the one adopted by the European Economic Community for railways in its member countries. GOB has allocated Tk 580 million in the FY93 revenue budget for this purpose, and has decided to reduce PSO by 15% in real terms every year by a combination of increasing fares, reducing money losing passenger trains, closing branch lines, controlling ticketless travel and improving operational efficiency. As part of BR's effort to reduce uneconomic activities, the number of passenger trains has been reduced from 323 per day in FY90 to 282 at the beginning of FY93, and two branch lines have been closed.

2.67 Measures now being implemented to reduce ticketless travel include surprise checks of passengers, an increase in the number of mobile courts and assistance of advisory committees (including local MPs). Leasing to the private sector of ticket sales and collections on some of the money-losing lines is also under consideration. After the proposed reorganization of the Railway it is expected that it would need to have the power to increase fares within stipulated limits, without reference to the Ministry of Finance.

2.68 In support of much needed institutional and organization reforms within BR, the Government has approved a technical assistance project for which financial assistance is anticipated from UNDP/JSF/ADB (US$2.7 million). The objective of the assistance, which is expected to commence around the third quarter of FY93, is to transform BR into a commercially oriented organization through the development and implementation of a corporate plan. The corporate plan will include an overall business strategy, a five-year financial plan and specific commercial objectives for each of the main business units, freight, inter-city passenger, PSO services and parcel services. Introduction of new organization structures, clear position descriptions and appropriate accounting procedures will enable BR to match costs and benefits within each business unit and generate greater financial accountability. It will permit market and pricing strategies based on cost and market considerations. In the meantime, BR has already taken steps to improve and rationalize institutional performance including, the transfer to the private sector of some marginal activities such as redundant sawmills and carpentry shops, freight forwarding and commercial functions on a few passenger trains, and sale of scrap and surplus materials and redundant land assets. With these changes and the full and proper implementation of a sound corporate plan, BR can be transformed into an autonomous, market-responsive organization which is fully accountable to the public and no longer a drain on budgetary resources.

Bangladesh Agricultural Development Corporation (BADC)

2.69 Initial Success Followed by Increasing Inefficiency. BADC is the post-independence successor to the East Pakistan Agricultural Development Corporation which was created by Government Ordinance on October 16, 1961. It was created on the recommendation of an Agricultural Commission established in 1958 to determine how Government could modernize an unproductive agricultural sector through efforts to procure, store, and distribute modern agricultural supplies, equipment and related technical services. Of the 25 or so functions in the Ordinance two stood out: (i) to make arrangements, on a commercial basis, for the procurement, transport, storage and distribution of essential supplies such as seed, fertilizer, plant protection equipment, pesticides, and agricultural machines and equipment; and, (ii) to promote the development of cooperatives with a view to handing over to them its supply function in a phased program.

2.70 BADC had initial great success in carrying out the physical element of its mandate to arrange for the supply of the main inputs needed to modernize agriculture. Irrigation was greatly expanded through supplies of low lift pumps (LLP), deep tubewells (DTW), and shallow tubewells (STW). This was the prerequisite for the introduction of the green revolution technical package which BADC facilitated through establishment of a national fertilizer distribution network and development of a seed production and distribution chain.

2.71 In contrast to this physical success, BADC never approached putting these input supply functions onto a commercial footing. On the contrary, as the programs grew in size, BADC developed into an enormous bureaucracy with over 20,000 staff. With a virtual monopoly over the supply of the key inputs, there were no incentives for efficiency and indeed BADC became very inefficient and a costly burden on the exchequer.

2.72 Increased Reliance on the Private Sector. Reflecting these inefficiencies, in the late 1970s Government adopted a policy to increasingly privatize input supply and irrigation equipment ownership (the equipment having initially been rented to users). In a sense this was nothing more than a re-articulation of part of BADC's original mandate which called for BADC to pioneer input supply activities and then to hand them over to cooperatives which ostensibly were part of the private sector. This policy shift has been most successful in fertilizer which is now predominantly handled by the private sector. Significant success has also been achieved in irrigation, with sales of LLPs and STWs now being mainly in the private sector, with much of the older rental equipment having been sold, and with moves currently afoot to involve the private sector in the supply of DTWs. Little progress has yet been made to privatize the seed sector though Government has adopted a comprehensive seed policy which is expected to accomplish this.

2.73 Restructuring Plans for BADC. With the pioneering work of developing supply systems for the main inputs having been done, with the policy shift of the late 1970s, and with BADC having become both costly and in large measure redundant, it was obvious that restructuring of BADC was called for. A 1988 study of BADC confirmed the original mandate saying that BADC should get out of activities that could be handled by the private sector and that a downsized BADC should focus on pioneering new technologies. The restructuring issue has also been addressed in the context of the work that the International Fertilizer Development Center has been doing in the fertilizer sector under a USAID financed project. Since there was little merit in presenting proposals just to restructure BADC's Fertilizer Wing to reflect privatization, several proposals were developed for the restructuring and downsizing of the whole Corporation.

2.74 In order to allow for a shift in responsibility, the various studies and plans indicate that BADC would need to modernize its central administration and program support system, human resources management, financial management and market information gathering and dissemination. In principle, the GOB has agreed to: (a) deemphasize BADC's role in commercial activities and emphasize its role in quality enhancement; (b) prepare an inventory of BADC's personnel, and the skill mix required under its new function; (c) adopt a retirement plan for BADC irrigation mechanics and redeploy all unnecessary staff; (e) write off all DTWs which are determined not suitable for repair and sell the remaining wells; (f) sell or otherwise dispose of BADC's entire stock of shallow tube wells and low-lift pumps; and, (g) restrict the marketing of BADC seeds to wholesaling to private dealers.

2.75 Little Action. Unfortunately, though an obvious need for over a decade, actual restructuring of BADC is yet to be done. To date, the results of the various studies and restructuring plans have not been acted upon due to strong opposition by BADC staff. The most recent event is that the Ministry of Agriculture appointed a committee of three to examine BADC and recommend how it should be restructured. Their report is due in the near future. A voluntary separation package was offered to BADC staff and around 3,100 of them applied for the package, but none has been separated. BADC has been much studied. It fulfilled the key part of its original mandate most successfully. But times have changed. There is now an active private sector capable of handling much of BADC's original role. BADC in its present form is costly and inefficient. It should be restructured and downsized as a matter of urgency. The urgency stems not only from the cost but, more importantly, from the fact that the underemployed staff of BADC is a source of pressure against the privatization policy.

The Power Utilities

2.76 Past Performance. The power sector has played an important role in the country's development in the past decade. Electricity generation grew at about 11% p.a. during FY81-92, compared with average annual GDP growth of about 4% p.a. To support higher economic growth, provision of adequate electricity supply is essential and remains a major concern of the Government and the donor community.

2.77 However, the commercial performance of the Bangladesh Power Development Board (BPDB) and the Dhaka Electric Supply Authority (DESA, which started operations on October 1, 1991), the two main utilities involved in the sector, has been consistently poor, with their combined system losses often exceeding 40% and their collections often less than 80% of current billings. Consequently, these utilities have been realizing cash income equal to only about half of the sales value of the power generated. BPDB, which is by far the largest public sector enterprise in terms of capital employed, is the second largest money loser. The revenues of the recently created DESA do not cover its operating expenses. Some key indicators showing the poor performance of BPDB (and BPDB/DESA combined in FY92) over the past five years are shown in Table 2.8.

Table 2.8: KEY PERFORMANCE INDICATORS - BPDB AND BPDP/DESA IN FY92

Year	System Loss (%)	Collections (%)	Collection/Generation Ratio (%)
FY88	42.3	87.2	52.1
FY89	34.0	79.0	53.4
FY90	39.2	92.2	57.3
FY91	41.1	79.8	47.8
FY92	41.3	89.4	53.5

Source: BPDB and DESA

2.78 This poor performance has been due to deficiencies in the Government's sector management, the weak institutional capabilities of the entities and pervasive corruption. GOB's excessive involvement in organizational and operational matters has undermined the accountability of the managements of the two entities. This has been further compounded by the dominance of labor unions affiliated with political parties and lack of a firm commitment by GOB to restore staff discipline, which rendered top management ineffective. These factors have perpetuated a situation in which discipline and accountability among staff as well as managers have broken down, resulting in pervasive corruption in meter reading/billing, and thus theft of power. Financial management has also been very weak, the accounting systems grossly deficient, and audits invariably delayed and unsatisfactory. In spite of poor performance, employees continued to receive yearly bonuses and until recently very little efforts were made to bring discipline to the sector.

2.79 The failure of the sector to improve its performance prompted IDA and ADB to inform the Government in November, 1990 that new loans in the sector would not be considered until performance improved and a financial management technical assistance (TA) package aimed at a complete reform of the financial management and accounting system is initiated for the sector. Further, in September 1991, IDA suspended disbursements under the Power

Distribution (16 Towns) Project because of lack of progress at BPDB in implementing reforms to improve performance. Other major donors involved in the sector supported the position taken by IDA and ADB.

2.80 Recent Developments. Under donor as well as public pressure, starting in April 1992, the top management of BPDB/DESA, encouraged by GOB's firm support and commitment, have undertaken a number of steps to address the sectors' performance problems, focusing on measures intended to establish staff discipline and accountability, particularly in the distribution function. These include: (a) setting monthly distribution loss/collection targets down to the lowest distribution units; (b) introduction of incentive/penalty schemes based on the units' actual performance against targets; (c) implementation of improved commercial operation procedures to separate meter reading and billing, and establish first line supervision of meter reading, billing, ledger maintenance and related activities; (d) DESA's implementation of reorganized field office structure with associated staff transfer and redeployment, and (e) Cabinet approval to amend the 1910 Electricity Act to provide for recourse against corrupt employees as well as consumers.

2.81 As a result of the above efforts, there have been some improvements in BPDB's/DESA's performance. Based on the audited results, BPDB's/DESA's combined collection/generation ratio has averaged 53% during July-November 1992 and reached 58% in November, compared with the corresponding average of 48% in 1991; system losses over the same period averaged 38% compared with 42% in 1991.

2.82 While the reform of commercial operation procedures/practices to establish staff discipline and accountability is an important first step to reverse the sector's poor performance, further reforms to address the fundamental deficiencies underlying the sector's performance will be required to bring about sustainable and accelerated performance improvements in the sector and enable it to contribute effectively to Bangladesh's overall economic development. Recently, the Government has established an interministerial committee to look into the ways to promote private participation in power generation. While this move is encouraging, future reforms would also need to address the issues pertaining to the establishment of an appropriate regulatory framework for the sector, structural reforms of existing public sector entities and their commercialization, and private participation in power distribution.

Bangladesh Water Development Board (BWDB)

2.83 The Institution. BWDB was established in 1972, when the former East Pakistan Water and Power Development Authority (EPWAPDA) was reorganized into two separate agencies, the BWDB and BPDB. Falling under Ministry of Irrigation, Water Development and Flood Control (MIWDFC), BWDB's mandate is to plan, construct, operate and maintain national projects for surface water irrigation, flood control, and drainage, including town protection and river training. Its planning mandate is currently shared by the Flood Plan Coordinating Organization (FPCO) which was established in 1990 for the preparation of Flood Action Plan (FAP) project feasibility studies and pilot projects. The Water Resources Planning Organization (WARPO), established in 1991, is responsible for updating the National Water Plan and providing support to BWDB and other agencies in the area of water resources development. BWDB is responsible for operating and maintaining about 467 completed projects and schemes ranging in size from small single-structure schemes to large multi-purpose flood control, drainage, and irrigation projects. An additional 49 separate schemes are currently under construction.

2.84 BWDB's main sources of funding are: (a) ADP allocations for the construction of new projects and rehabilitation of a large number of existing schemes; (b) the Revenue Budget for O&M of completed projects (including an allocation for debt service, taxes and arrears); and (c) the Food for Work Program (FFW) with an allocation of wheat utilized for the repair and maintenance of existing projects, and for the construction of new schemes. A summary statement of the funding of BWDB expenditures for the period FY82-FY92 in constant 1992 prices is given in Table 2.9. It indicates that donor aid sources comprised about 59% of actual expenditures under the Development Budget and 55 percent of the Revenue Budget. FFW aid, which totalled 1.4 million tons of wheat valued at US$236 million (estimated US$170 per ton in 1992), is not accounted for in Table 2.9. BWDB's share of the ADP rose from about US$125 million in FY82 to about US$185 million in FY89 with a current level of over US$160 million. Actual expenditures rose from US$48 million in FY82 to a peak of US$138 million in FY90 and are currently about US$100 million.

Table 2.9: BWDB EXPENDITURES IN FY82-FY92
(US$ million in 1992 prices)

Source of Funds	Revenue Budget	Development Budget	Total
Donor Aid	233.4	583.5	816.9
Government	192.2	411.7	603.9
TOTAL	**425.6**	**995.2**	**1420.3**

2.85 According to development budget accounts, BWDB spent about US$995 million (in constant 1992 prices) during 1981-1992, but an unspecified and large portion of that was for rehabilitation, and a smaller portion for maintenance. GOB provided about 47% of these outlays. However, allowing for projects in existence prior to 1981, the replacement value of all infrastructure constructed by EPWAPDA and BWDB is estimated to be about US$1.4 billion equivalent (in constant 1992 prices).

2.86 <u>Weak Management</u>. BWDB is managed by a six-member Board comprising a Chairman, and five Members for Planning, Implementation, Operation and Maintenance, Administration and Finance. The headquarters organization is primarily responsible for administration, finance, planning and design while construction and O&M are the responsibility of the field organization. The field organization consists of 8 zonal offices, each headed by a Chief Engineer. The Zones are further subdivided into 25 Circle offices, each headed by a Superintending Engineer. Each Circle is further subdivided into Divisions headed by Executive Engineers. Thus the total organization has about 250 separate field divisions. BWDB has about 18,000 sanctioned staff positions against a total employment of about 15,537 in 1990. Of these, 933 were engineers and 254 were other professionals; the remaining are non-technical staff.

2.87 Selection of Board members is based mainly on seniority and Chairmen generally serve for less than two years prior to retirement. Thus, the Chairman has little influence in reforming the organization, as he has not much time to carry out an assigned mandate. Change is difficult to introduce because of rigid civil service procedures and unionism. The introduction of an outside non-engineer as Chairman in 1991 was vigorously resisted by the agency's engineers. Management shortcomings are reflected in BWDB's unsatisfactory performance in the construction of new projects and O&M of existing schemes. It would seem that management improvement may be achieved if GOB could select suitable Chairmen from a national list of potential candidates (preferably with an engineering background), not confined to the seniority list of BWDB only. The typical tenure of such incumbents should be 3-5 years in order to have a salutary impact on management and institutional performance.

2.88 <u>Unsatisfactory Financial Controls</u>. The present anachronistic and unsatisfactory system of financial controls and accounting practices was developed several decades ago to meet the accounting needs of building small structures by a provincial administration. It is based on single-entry accounting for recording of cash flows which is not compatible with an annual budget in excess of US$100 million and complex projects. The basic accounting unit is a BWDB division (of which there are about 220) headed by an Executive Engineer under whom accounting records are kept on how divisional fund allocations are disbursed. The Executive Engineers have the authority to pay contractors' invoices, and they usually do not apply accounting controls specified in departmental codes, which themselves are outdated. The divisional accountants merely record transactions and transmit periodic statements to Dhaka HQ where they are normally consolidated into BWDB's central accounts. Thus, within BWDB, there are about 1500 separate bank accounts managed by HQ engineers. Cash management is therefore inefficient since, at any time, several tens of millions of dollars are lying idle in these individual accounts.

2.89 Given the lack of a double entry accounting system, and of standardization in the numbers and definition of individual line items, it is not possible to distinguish between investment and current expenditures with sufficient clarity. Thus, the accuracy of the consolidation of divisional accounts remains in doubt and the number of audit objections is significant.

2.90 Efforts to introduce improved control, budgeting and costing procedures to serve as a management information system have not been successful. During 1990-1991 CIDA-funded consultants prepared a Master Plan for the Modernization of Accounts and Financial Management System--based on the introduction of Regional Accounting Centers--to overcome the present deficiencies and gradually introduce a financial reporting system that meets the needs of BWDB, GOB and donors. A similar system has already been introduced in BADC and BPDB. The Master Plan principles were originally accepted by BWDB and MIWDFC in 1991 and some accountants were trained in the use of modern procedures. However, BWDB resisted the implementation of the Master Plan's financial control recommendations, which caused CIDA to withdraw further support.

2.91 Neglect of Operations and Maintenance (O&M). BWDB O&M expenditures are difficult to determine since current budgets include foreign debt servicing and some rehabilitation works which should more appropriately appear under the development budget. On the other hand, some O&M is accounted for under the development budget. The total resources allocated annually for maintenance is about US$19 million, of which only about US$1.5 million is for actual maintenance: the rest was spent on power and fuel, establishment costs, foreign debt service and arrears. This budget is inadequate. For example, BWDB's own estimate for FY89 was a requirement of about US$38 million in current budget terms. This estimate assumed that a large amount of simple earthwork maintenance would be accomplished through the FFW program equivalent to about US$17 million: i.e. the total need was about US$55 million. The budget approved for the year amounted to a little more than a third of the request. O&M budgets are submitted annually by field staff and reviewed by successively higher levels of management. However, at no point are these separate requests combined into one document showing total O&M costs for all BWDB schemes, and which is used in macro level discussions held with the Ministry of Finance and the FFW Program. It is not clear by what criteria the resulting annual allocation is then divided among field offices.

2.92 It is claimed that about one third of BWDB's personnel are engaged in O&M activities. However, one of the principal shortcomings of the organizational structure is that BWDB does not have a mechanism to segregate O&M activities from construction in the field units. Although all divisions are functionally designated as O&M divisions, in reality they are mostly engaged in construction. A much needed organizational reform would be the establishment of separate divisions, whose sole function would be to construct project infrastructure and to hand it over to O&M divisions upon completion. Thus, O&M divisions would not be involved in construction and could focus on realizing the potential benefits for which scarce resources were invested. This basic reform is apparently resisted in BWDB's engineering culture which is traditionally oriented to construction, and not to the mundane routine and unrewarding nature of O&M activities. Plans to improve BWDB's performance, especially in the area of O&M, are being implemented very slowly. The GOB has decided to increase allocations for O&M not financed under the ADP by 10% per year in real terms until such time when all O&M needs are fully financed. However, this decision is not being implemented. The FY93 O&M allocation is Tk 305 million as compared to Tk 345 million which should have been allocated if the GOB's decision were fully implemented. Earlier proposals for an O&M cost cell are also being revised. Implementation of this initiative could improve budgetary discipline for O&M.

2.93 Reform Efforts. In addition to the above mentioned areas, where BWDB should improve, there are several other reforms which are needed to make this organization deliver its mandate. These are: improving quality control in project implementation; upgrading contract management practices to international standards; monitoring and evaluation of BWDB's various development programs; accepting private sector and NGO roles in the construction and management of small schemes; and changing the organization's priority from construction to O&M and sustainability considerations and from supply driven to beneficiary participation in the planning, implementation, rehabilitation and O&M of all its development projects. Efforts by various donors to introduce reforms in BWDB have only been partly successful. Some of the areas, where some successes have been achieved are the following: (a) irrigation cost recovery rules and procedures have been finalized; (b) an awareness amongst the engineers and planners for beneficiary participation has been created; (c) a national committee on updating of the Schedule of Rates has been established on a regular basis; (d) the role of consultants on contract management has been enhanced; and (e) adherence to the codal rules in construction practices has improved. These developments give reasons for optimism that BWDB, which has a large cadre of highly qualified technical staff, could perform as an efficient water development organization, provided it be given effective leadership and properly planned donor assistance.

2.94 Further to the intensive systems improvement work that is being undertaken in BWDB, an overall institutional review has been initiated as part of the Flood Action Plan (FAP). At the request of MIWDFC, a working group of FAPs Panel of Experts has begun a needs-assessment program for the likely future public and private sector institutional roles and requirements in the water development sector. This work will examine project identification, planning, implementation and operation and maintenance responsibilities and recommend actions which would improve the sector's institutional framework and the allocation of work between the public and private sectors. The recommendations from this study should become a basis for reorganizing BWDB and revising its mandate.

CHAPTER III

GETTING THE PRIVATE SECTOR MOVING

3.1 Although public investment in social and physical infrastructure is important in creating an enabling environment, higher growth rates can be sustained only through increased investment led by a more vibrant and dynamic private sector. A survey of private manufacturing enterprises (see Report No. 10265-BD) indicated that the main impediments to their expansion and enhanced efficiency are: poor infrastructure; the unavailability and prohibitive cost of raw materials; limited access to credit; and lack of skilled labor. The GOB's policy agenda addresses those problems. Efforts at increasing public investment should improve the quality of infrastructure. Recent measures to liberalize trade and deregulate industry should increase the availability of raw materials and lower their costs, while rendering domestic industry more export-oriented and competitive. Privatization of public sector companies is designed to increase efficiency and create an environment conducive to private investment. Financial sector reforms are important for savings mobilization and the allocation of resources to efficient uses. Labor market reforms are necessary to ensure the availability of skilled manpower at competitive costs.

3.2 The GOB took notable initial steps in FY93 in the area of trade liberalization and industrial deregulation. Those efforts must be continued and be complemented by an active privatization program, financial sector reforms and reforms of labor markets. Progress at implementing reforms in those three areas has been lagging, and GOB action to redress the situation is needed.

A. Recent Progress in Trade Liberalization and Industrial Deregulation

3.3 Liberal trade policies are a common feature of many of the more successful developing countries in Latin America and East Asia. Those countries have eliminated quantitative restrictions on imports and reduced their tariffs towards very low levels, 15-30%. Liberalizing trade, with a view to expanding exports, has been a GOB objective since 1981. However, reforms were implemented slowly, and upto 1990 Bangladesh's trade regime has been restrictive compared to other Asian countries with the exception of India. The measures of an economy's openness, such as the ratio of exports and imports to GDP, presented in Table 3.1 indicate that Bangladesh's trade regime has been one of the more restrictive regimes in Asia. Among comparator countries, only India had a less open economy. Countries, such as Sri Lanka and Indonesia, which removed quantitative restrictions on imports and lowered tariffs experienced a growth rate of manufacturing ranging between 6% and 12.5% during the 1980s. India's large domestic market sustained a growth rate of manufacturing of 7.1% during the 1980s, despite a very restrictive trade regime. However, Bangladesh has a limited domestic market. Thus, restrictive trade policies, which discouraged exports, were at least partly responsible for the low growth in manufacturing of 2.8%.

Table 3.1: COMPARATIVE TRADE STATISTICS (% OF GDP)

	Total Exports (1990)	Imports (1990)	Manuf. Exports (1990)	Manuf. Growth a/ (1980-90)
Bangladesh	8%	17%	6%	2.8%
India	8%	10%	5%	7.1%
Pakistan	16%	21%	11%	7.7%
Sri Lanka	30%	40%	14%	6.3%
Thailand	38%	54%	24%	8.9%
Malaysia	79%	79%	35%	8.8%
Indonesia	24%	20%	9%	12.5%

a/ Average annual growth rate of the manufacturing sector

Source: World Development Report, 1992.

3.4 In addition to import controls, Bangladesh had a complicated system of industrial regulations that discouraged private sector expansion. However, the situation started changing significantly in FY93 as the GOB launched a potentially wide-ranging program of trade liberalization and industrial deregulation. It is still too early to evaluate the success of this program; especially since the private sector remains skeptical about the GOB's resolve in pursuing and fully implementing its new policies.

Trade and Industrial Policies upto FY92

3.5 Upto FY92, the policy framework was characterized by excessive import restrictions, insufficient export incentives and a wide array of regulations affecting private investment. The continued proliferation of import controls and investment regulations and the weak incentives provided to exporters highlight the difficulties of implementing the GOB's industrialization strategy, featuring privatization and liberalization, which was initiated by the New Industrial Policy of 1981 and improved by the Revised Industrial Policy of 1986. As a result, export performance, except for garments, was weak and private investment extremely low.

3.6 Non-tariff measures have been widely used to control imports, and import bans or restrictions have applied to a considerable range of products. Import passbooks have been used not only to manage the restrictions but also to control all industrial imports. The administration of this very complex set of controls was extremely difficult, and rent-seeking activities were rampant.

3.7 A wide range of import duties, with levels ranging from zero to 350% and a complex structure have led to distortions and discouraged the expansion of exports. A large number of concessions and exemptions have been granted, often on an ad hoc basis, resulting in a fairly low average collection rate of around 23% while yielding very high rates of protection to some activities and none to others. In 1989, the rate of nominal protection ranged between a low of 2.5% and a high of 508.5%. Although some improvement in the structure occurred with the removal of the development surcharge and regulatory duty on imports at the beginning of FY92, the tariff regime continued to discriminate strongly against export production and arbitrarily among import-substitution activities. The average nominal protection rate was 58.9%, and nominal protection varied between a low of 2.5% and a high of 352.5%.

3.8 The GOB has always placed considerable importance on export incentives, and has had legal provisions for several schemes aimed at relieving export producers of the cost of tax and duty on imported inputs. Unfortunately, many of those schemes have suffered from poor design and/or administration. One exception has been the special bonded warehousing facility, under which most imported inputs can be financed by back-to-back letters of credit: it has been a major factor in the spectacular growth of garments exports. This scheme was however not available to other exporters until FY93.

3.9 Traditionally, there has been strong Government control of private investment in Bangladesh. Despite some relaxation in 1986, BOI approval has been required for projects of over Tk 300 million which utilize funding from public financial institutions. BOI approval was also required for access to the privileged import regime reserved for industrial importers, and for various types of exchange control related transactions. Moreover, many activities were reserved exclusively for public investment.

3.10 Given the weak policy framework, and ineffective implementation of announced policies, it is not surprising that during the past two decades the country's small manufacturing sector has grown very slowly and evolved a structure weakly correlated to the country's comparative advantage. It still accounts for a little less than 10% of GDP. The public-sector enterprises faced serious problems. Moreover, many private firms have performed poorly and few have attempted serious restructuring programs. Poor private-sector performers were protected by the GOB's misguided paternalistic attitude and its continuous efforts to support "sick industries" through the injection of credit from NCBs--as of December 1992 the GOB has identified 1,555 "sick" industrial units. Thus, the manufacturing sector in Bangladesh has failed to transform itself into a competitive export-oriented sector that could help generate productive employment for the country's vast labor force. The garments industry, which faced little Government regulations, is a notable exception to this.

An Accelerating Pace of Reforms in FY93

3.11 The liberalization process has been advanced significantly during FY93, and the GOB has moved towards removing the anti-export and anti-private sector bias in the policy framework. Good progress has been achieved in: removing non-tariff restrictions on trade; rationalizing tariff rates; improving export incentives; opening new sectors to private initiatives; deregulating private investment; relaxing exchange controls; and preparing reforms of business laws.

3.12 Removing Non-Tariff Restrictions. The range of products subject to import ban or restriction for trade reasons (i.e., excluding religious and public safety restrictions) has been reduced over the past few years. Those on the "control list" now fall within fewer than 50 four digit headings of the Harmonized System, compared with about 150 headings in the previous year and 200 in FY91, while some unlisted restrictions also have been removed and the remainder are expected to be codified shortly. Most if not all of the remaining controls for protection purposes are slated for removal at the beginning of FY94.

Table 3.2: PROGRESSIVE REMOVAL OF IMPORT CONTROLS

	Number of Controlled Items (HS-8 level)	Share of Controlled Items In Total
FY88	2,306	39.5%
FY89	1,907	32.7%
FY90	1,525	26.1%
FY91	1,257	21.5%
FY92	1,103	18.9%
FY93	584	10.0%

Source: Calculated from data provided by the Ministry of Commerce and National Board of Revenue.

3.13 Table 3.2 shows the progress that the GOB has been making in reducing import restrictions since FY88, measured at the eight-digit level. The balance of items subject to control declined at an average annual rate of 24% between FY88 and FY92, falling from 2,306 items (39.5% of the total number of imported items) in FY88 to 1,103 items (18.9% of the total) in FY92. The process has been accelerated in FY93, when the number of controlled items is being halved to 584 items (10% of the total). About half of this balance comprise restrictions which could be retained for religious and public safety reasons in FY94, although the Government has indicated that it may wish to retain a few protective restrictions as well. It would be regrettable if significant imports (such as vegetable oil) were to remain controlled.

3.14 Import procedures are also being streamlined. While the range of controlled imports has been declining over the past few years, all other products have remained subject to unnecessarily complex import procedures. Now these procedures are being liberalized, mainly with respect to the "passbook" system. By 1992 passbooks had ceased to contain details of uncontrolled imports but retained an overall value within which industrial enterprises could import directly, often at favorable duty and/or tax rates which discriminated against commercial imports for small industries. In FY93 the use of passbooks and hence such discrimination is being discontinued except to manage the remaining controlled imports. Meanwhile the L/C authorization and import permit system has become automatic and should be removed altogether in FY94.

3.15 Rationalizing Tariff Rates. Tariff reform has been accelerated significantly in FY93 by the compression of customs duty (CD) rates into a range of 7.5-100% for most products, accompanied by the removal of many end-user defined distinctions. This follows the FY92 abolition of the development surcharge and regulatory duty and replacement of the import sales tax by trade neutral VAT, leaving only the 2.5 percent import permit fee to be removed to make CD the only protective instrument.

3.16 Table 3.3 shows the gradual reduction that has occurred in the unweighted average level of nominal protection rates, and in their dispersion, over the past five years. The sharpest reduction occurred in FY92, due mainly to the introduction of value added tax (VAT) which is trade neutral when it is also collected on import-competing domestic production. This enabled the mean protection rate for the economy to be reduced by one-third to 59% of import value, while total import taxation had to decline by only one-tenth to 82%. Further tariff adjustments in FY93 have reduced the economy-wide averages to 50% protection within 72% import tax, with some increase in VAT and supplementary duty coverage to offset the reduced base for calculating VAT caused by the lower protective duties. Within the overall averages and dispersions for the five year period, the largest changes have occurred in agriculture, although the declines have also been substantial in manufacturing which is more significant for international trade. Between FY89 and FY93 the mean protection rates for the agriculture, manufacturing and mining sectors fell from 105% to 49%, from 94% to 50%, and from 54% to 33% respectively, while their standard deviations (measuring dispersion) declined from 77 to 31, from 59 to 32, and from 30 to 26.

3.17 Despite those efforts, the CD structure still remains high and also distorted by: (i) the recently expanded use of prescribed "tariff values" which may not reflect actual world prices in many cases, and (ii) various inconsistencies in rates for output and input goods which, perhaps inadvertently, yield low or negative rates of effective protection for some industrial processes. The proposed introduction of a pre-shipment inspection and assessment (PSIA) scheme, if comprehensive and implemented on schedule, should address the first problem by the beginning of FY94 by replacing tariff values with independently validated invoice values. The second problem is being addressed as the Government strengthens its analytical capacity for tariff rate setting through the National Tariff Commission (NTC). This was established in November 1992 and its immediate task is to facilitate another stage of compression of tariff rates to achieve a normal maximum rate of 50% in FY94.

Table 3.3: THE CHANGING STRUCTURE OF IMPORT TAXATION AND PROTECTION (In Percentage of Import Value, Unweighted)

Fiscal Year	Measure	Agriculture Mean	Agriculture S/Dev	Mining Mean	Mining S/Dev	Manufacturing Mean	Manufacturing S/Dev	Economywide Mean	Economywide S/Dev
1988/89	Total[a/]	105	77	54	30	94	58	94	59
1989/90	Total	97	69	53	31	93	57	92	57
1990/91	Total	92	59	56	30	91	53	90	53
1991/92	NPR	61	42	32	25	59	40	59	40
	Cn.Tax[b/]	4		19		26[c/]		23	
	Total	65		51		85		82	
1992/93	NPR	49	31	33	26	50	32	50	32
	Cn.Tax	3		19		23		22	
	Total	51		52		73		72	

a/ Until FY91 total import taxation comprised customs duty (CD), import sales tax (ST), regulatory duty, development surcharge (DS), and L/C-cum-permit fee (LF). These together yield an unweighted mean nominal protection rate (NPR) which is somewhat overstated as allowance is not made for domestic excise duty which was then imposed on some products. Protection may have been much higher for some activities due to non-tariff import controls - see Table 3.2 - but lower for others due to widespread smuggling encouraged by the controls and/or high tariffs. Another import levy, advance income tax (AIT) is not counted here as it is theoretically credited on tax returns.

b/ The NPR is calculated on the basis of only for CD and LF from FY92, when the DS was discontinued and the ST and most excises were replaced by trade-neutral VAT and supplementary duty. Among these consumption taxes (Cn.Tax), the flat 15% VAT rate is adjusted here to the import value base.

c/ Textiles comprised a notable exception to trade neutrality in FY92, being subject to VAT only on imports. The Government intends to remove this distortion, and has done so partially in FY93 through the reimposition of a 2.5% excise on domestic product. If allowance were made for this exception, the table's mean NPR for manufacturing would be significantly higher in FY92 and somewhat so in the current year.

Note: All mean rates shown in the table are unweighted by imports or domestic production. The economywide means are averaged across about 9000 tariff lines.

Source: Calculated from data provided by the National Board of Revenue.

3.18 The Government has recognized the need to refocus manufacturing from domestic to export markets and it is expected that, from FY94, tariff rates above 50 percent will be used only to provide temporary protection to industries that pledge to adjust to lower rates within a few years. The NTC has been charged with the complex analysis needed to facilitate both the proper management of such temporary exceptions to the norm, and the further reduction and rationalization of tariffs within the 7.5 - 50% range. With its help, subsequent reform of the CD schedule (the only instrument for nominal protection from FY94) is expected to result in limiting the anti-export bias within an effective protection ceiling comparable with internationally competitive developing countries by FY97. Provided that ceiling is set now at, say, 30 percent and is credibly publicized, it should immediately encourage private investment and restructuring decisions to be made in favor of export activities. This is critical if the urgently needed recovery and growth of manufacturing is to be consistent with the export strategy.

3.19 The FY94 and subsequent stages of the tariff reform should be facilitated by reduced reliance on high tariff rates for revenue purposes. This will occur through: (i) expansion of the domestic VAT base and more active use of the supplementary duty instrument for sumptuary taxation of domestic production and imports alike, (ii) containment of CD losses through the combination of offshore assessment under the PSIA scheme with more sophisticated monitoring of imports and duty collections by the National Board of Revenue (NBR) and Bangladesh Bank, and (iii) higher levels of recorded imports as economic activity increases and lower tariff rates remove present incentives for smuggling.

3.20 Improving Export Incentives. Encouragement for existing industries to enter export markets and for new export producers to arise is also being provided through improved free-trade status facilities. First, the Bangladesh Export Promotion Zone Authority (BEPZA) at Chittagong is functioning well in spite of considerable cyclone damage in 1991. Second, the special bonded warehouse (SBW) scheme is being expanded and liberalized to admit industries other than garments, by allowing up to four months' supply of bonded inputs to be financed other than through back-to-back L/Cs, relieving duty and removing "sponsoring" agencies' involvement in machinery import, and relaxing the value addition restriction for high value products. Third, the Duty Exemption and Drawback Office (DEDO) has now established "flat rates" for over 400 products and can turn applications around within a week for flat-rated exports and within a month for others.

3.21 To spur and coordinate export development over the medium term, the Government has adopted the "Bangladesh Export Development Strategy, 1992-2000" (BEDS) which emphasizes increased public-sector responsiveness to private-sector concerns, removal of regulatory and procedural bottlenecks including delegation of certification responsibilities to export organizations, greater coverage and efficiency of duty and tax relief on inputs through rebate or bonded import and special economic zones, stronger technical and data support through the strengthening of the Export Promotion Bureau (EPB), matching grants for product and market development activities, improved infrastructure, and foreign trade training. An action plan to help implement the strategy is now being developed.

3.22 Opening New Sectors to Private Initiatives. With only a few exceptions--rail and air transport, defence equipment, nuclear energy and security printing--all sectors of the economy are now open to private investment, including foreign equity without limit. The most recent changes in this regard occurred in October 1992, when remaining restrictions on investment in the power and telecommunications sectors were removed. This could be significant for industrial development, which has been constrained by poor power supply from the public monopoly. Further relaxation is under consideration, especially with respect to civil aviation which could facilitate regional industry and agro-processing.

3.23 Deregulating Private Investment. In a spirit of deregulation, the last vestige of "investment sanctioning" has been abolished and the Board of Investment (BOI) is adjusting its organization and activities to work under a fresh mandate emphasizing promotion and facilitation rather than industrial regulation. Registration of new enterprises is now a formality, and no "sponsoring agencies" can influence private firms' entry, production, purchasing or marketing decisions. The only exceptions to this are for the purposes of (i) providing the incentives or services available from the BOI, BEPZA, or the Bangladesh Small and Cottage Industries Corporation (BSCIC); or (ii) administering industrial regulations based on concerns for environmental protection or public safety, such as controls over pharmaceutical production and, prospectively, pricing of privatized utilities and other monopolies. To further ensure that this policy is implemented, the Ministry of Industry (MOI) and other agencies are commencing a study of such regulations with a view to ensuring their transparency, suitability for local conditions, and fair administration.

3.24 Relaxing Exchange Controls. A program of liberalizing the exchange control regime has commenced with (i) provision for exporters to retain 10% of gross proceeds (5% for low-value-added garments) in foreign exchange in local banks; (ii) the issuance of transparent guidelines that include proportions of sales within which transactions to contract or service equity, debt, technology transfer and training abroad no longer require prior permission from the Central Bank, with provision for swift BOI approval of exceptional cases; and (iii) the continuation of flexible exchange rate management with an explicit commitment to ensure export competitiveness and support import liberalization.

3.25 Reforming Business Laws. A start has been made on improving the legal framework for trade and industry. New courts have been established to help resolve the commercial banks' problems with defaulting borrowers, the Companies Act is being revised, and a new regime is being designed to modernize the legislation and legal process affecting bankruptcy (which now presents a severe barrier to firms' exit or financial reorganization). Further improvements in both statutory and administrative law, as well as in judicial expertise and process, are expected to occur under a business law reform program which is now being developed.

The Need for Further Actions

3.26 Despite the good reform steps taken so far, the private sector remains uncertain about the future policy environment and is taking a wait and see attitude. Therefore, the beneficial effects of liberalization and deregulation are not being felt and decisions on private investment are being postponed. In order to reassure private entrepreneurs and reap the benefits of the recent policy reforms, the GOB will need to: clearly articulate its trade strategy for the medium-term; confirm its commitment to a flexible exchange rate; and accelerate legal reforms.

3.27 A Clear Articulation of Trade Policies. The expected FY94 changes in trade policy need to occur thoroughly and the medium term program for further reform needs to be promulgated convincingly, with a view to sending a clear signal to foreign and domestic investors. In order to make long-term investments, the private sector needs to have a clear view of the GOB's vision of the trade and industrial policy regime that will prevail over the coming years. Having adopted the appropriate policy and articulated its vision for the future, the main challenge for the GOB would be to ensure that it is implemented efficiently by a public administration that has been accustomed to managing a highly controlled system.

3.28 A Continued Commitment to a Flexible Exchange Rate Policy. A competitive real exchange rate is necessary to achieve the desired structural change in Bangladesh's economy favoring manufactured exports. This is demonstrated by the experience of other reforming countries such as Mexico (para. 1.51). The commitment to flexible exchange rate management to ensure export competitiveness and support import liberalization needs to be reinforced by strategic analysis. Thus, for example, the implications for the exchange rate of proposed tariff reductions or of competitor countries' policy changes should be evaluated carefully. Unless it is clear that the GOB will not allow Bangladesh to lose competitiveness versus its neighbors, the increase in private investment will not be forthcoming, and foreign direct investment will continue to avoid Bangladesh.

3.29 More Rapid Legal Reforms. The recent initiatives notwithstanding, legal reform remains an essential element of private sector development which has yet to attract the necessary degree of Government commitment. Rapid industrialization based on foreign investment and international trade requires radical modernization of Bangladesh's legal system, covering judicial process as much as law reform. Hence, an acceleration of reforms in this area is needed to gain private sector confidence.

B. Accelerating The Privatization Process

3.30 Privatization, properly structured, can yield substantial and enduring benefits, including higher productivity and growth of output and employment. This explains why privatization is on the rise all over the world: more than 8,500 state owned enterprises in over 80 countries have been privatized in the past 12 years. The GOB is aware of the potential benefits from privatization, and efforts at reducing the role of public enterprises, especially in the manufacturing sector, have been ongoing since 1973. However, international experience indicates that privatization programs are particularly difficult to implement in poorer countries with a small entrepreneurial class, and Bangladesh is no exception. The GOB's privatization program is hampered by lack of widespread support, a weak institutional structure and cumbersome procedures. Action to resolve those problems must be taken now to ensure the timely implementation of GOB's policies in this area.

Earlier Privatization Experience

3.31 The Nationalizations of the Early Seventies. After independence the Government appropriated all abandoned foreign properties and nationalized large manufacturing enterprises owned by Bangladeshi citizens, including all jute and textile mills, and sugar factories. As a result, the Government owned over 800 public manufacturing enterprises (PME) and increased its share in the total assets of the modern manufacturing sector from 34% in 1970 to 92% in 1973. All jute mills were organized and operated under the Bangladesh Jute Mills Corporation (BJMC). Similarly, all textile mills were placed under the Bangladesh Textile Mills Corporation (BTMC). Other enterprises were operated under large sector corporations, and small enterprises were operated under separate Management Boards consisting of five persons representing Government, management, labor and a banking institution. The private sector was excluded completely from the jute, textile, and sugar industries. In addition, all banks were nationalized and reconstituted into six NCBs.

3.32 The Privatization Programs. It quickly became evident that the public sector could not successfully manage all of those nationalized industries, and, therefore, the GOB's privatization efforts started as early as 1973. These privatization efforts could be divided into four periods; 1973-81, 1982-86, 1987-90, and 1991-to-present. The GOB's privatization policies were articulated in the New Industrial Policy (1982), the Revised Industrial Policy (1986), and the Industrial Policy (1991). Upto 1981, 389 units, mainly smaller ones run by management boards were divested. During 1982-86, 94 industrial units were divested. In addition, 35 of the 66 jute mills (representing about 35% of the total capacity) and 27 of the 68 textile mills (representing about 40% of the total capacity) were returned to their previous Bangladeshi owners. In 1985, the Government also de-nationalized two commercial banks: Pubali and Uttara. During 1986-90 an additional 22 units were privatized.

3.33 Prior to 1982, only smaller units, most of which were previously owned by non-Bangladeshis were divested. The nationalization of those units at the time of independence was not a deliberate policy, but was a result of the circumstances prevailing at the time, mainly the departure of large numbers of Pakistani entrepreneurs. Moreover, the majority of those units were operated under Management Boards and were poorly run with rampant rent-seeking, leakage and pilferage of resources and assets. Hence, the GOB sold the units to the private sector as soon as the economic and political situation permitted.

3.34 The de-nationalization of Jute and Textile Mills originally owned by Bangladeshi citizens was the main feature of the 1982-86 program. The conditions for de-nationalization were fairly uniform. The price of the shares were the same as originally paid to the owners in compensation when the units were nationalized in 1972. The new owners assumed all liabilities accumulated under public ownership and took over all employees on the existing terms and conditions, none of whom could be retrenched for a year from the date of de-nationalization. The sale agreements stated that if the private owners defaulted on their contractual obligations, or did not operate the units for any reason, the Government would have the right to intervene in the affairs of the unit.

3.35 The 1986-90 effort aimed at encouraging wider participation of small investors and strengthening the capital market. Therefore, it included a program whereby 49% of the shares of some profitable PMEs under the Ministry of Industries were sold to the private sector, with 34% allotted to the general public and 15% to the employees of the PMEs concerned. However, this program of partial privatization was not very successful. Only 13 PMEs were partially privatized. Ten more were listed in 1990, but their outstanding shares are still under-subscribed.

3.36 Results of the Privatization Programs. The privatization of smaller units seems to have achieved the objectives of reducing the drain on the budget and improving the allocation of resources, but the de-nationalization of large jute and textile mills and two commercial banks was less successful. The argument that the privatization of smaller units has achieved its objectives may be surprising, since 49.2% of the divested units have closed down. However, it should be noted that the figure of 49.2% overstates the extent of closures as it refers to the number of units and not the value of assets. Moreover, those units were very poorly run under public ownership, and the assets of closed firms have been put to other, often more productive, uses. Out of a total 497 divested industrial units, excluding the jute and cotton mills, 245 have closed down. Those 245 units were very small, employing less than 60 workers each, and 196 of them were divested before 1981. They were mostly rice, flour and edible oil mills or producing other food products, and were run by management boards. Although in theory those boards consisted of five members, in practice, only two, representing management and labor, ran the unit. There is a large amount of anecdotal evidence indicating that those units were mismanaged and that corruption was rampant. Thus, they were turned over to the private sector with a depleted asset base and high liabilities. Closure of the units does not mean loss of assets. A survey of 24 divested units that closed down in the Tejgaon Industrial Area, indicated that 18 of them continue to operate, but in a different line of business: 3 have turned into garment factories, 1 is a fabrics factory, 2 are chemicals factories, 2 are printing presses, 1 assembles rickshaws, 2 are car service stations, 3 provide warehouse facilities, 2 are engaged in commercial activities and 2 are in the process of being redesigned for other production activities.

3.37 The results of the de-nationalization program in the jute, cotton textiles and financial sectors fell short of expectations. The private jute and textiles mills continued recording large annual losses since privatization, although they performed better than the public mills, and the two de-nationalized banks are in a very weak financial position. This is mainly because privatization was not accompanied by improvements in the policy environment. After de-nationalization, the Government maintained its control on input/output prices, employment and wages, continued financing the jute mills with directed credit from the NCBs regardless of their financial performance, and imposed restrictions on mill closures and retrenchment to protect employment. As a result, the de-nationalized mills, particularly in the jute industry, continued operating like public enterprises. Similarly, the two de-nationalized banks had to direct their credit to "priority sectors", faced administratively determined interest rates and inherited a large, highly politicized, labor force that they could not retrench. Moreover, all de-nationalized units inherited huge liabilities built up under public sector management and a very weak financial structure.

Ongoing Privatization Efforts

3.38 The earlier de-nationalization/privatization programs reduced the number of PMEs to some 160 large enterprises. They are organized under six corporations. The Bangladesh Jute Mills Corporations (BJMC, 33 jute mills) is under the Ministry of Jute; the Bangladesh Textile Corporation (BTMC, 43 textile mills) is under the Ministry of Textiles; the Bangladesh Chemical Industries Corporation (BCIC, 23 enterprises), the Bangladesh Steel and Engineering Corporation (BSEC, 21 enterprises), and the Bangladesh Sugar and Food Industries Corporation (BSFIC, 25 enterprises) are under the Ministry of Industries. The Bangladesh Forest Industries Development Corporation (BFIDC), under the Ministry of Agriculture, is the smallest of the six with 14 enterprises accounting for only 5% of total PME output. These enterprises own about 40% of the total fixed assets in the manufacturing sector and account for about 20% of sectoral employment. The Government has a monopoly over the production of refined sugar, fertilizers, basic steel (excluding rolling) and cement. In view of the poor performance of those units and the emphasis on private sector development articulated in the Industrial Policy (1991), the Government has initiated new privatization programs in the last two years under the Ministries of Industries, Textiles, and Jute.

3.39 Ministry of Industries. In October 1991, the Government identified 40 PMEs operating under the Ministry of Industries for privatization, and decided to complete the privatization of a significant share of these PMEs in FY93. These enterprises are classified into three groups. The first group of 8 enterprises were partially privatized in 1987-89. They produce iron and steel pipes, ceiling fans, glass, cosmetics and sugar. The program aims at selling the remaining 51% of the shares to the public. The second group of 26 enterprises in a variety of sub-sectors including steel, chemical, and food industries are to be sold in their entirety to the private sector by open tender. The third group of 6 enterprises will only be partially privatized with 34% of their shares to be sold to the public and 15% to the employees. They are in the cement, pulp and paper, insulators and sanitary wares, fertilizer and electrical equipment industries.

3.40 Progress has been very slow. Out of the 40 PMEs identified for privatization, only 15 enterprises were offered for sale. Upto December 1992, 4 have been sold. Tender for 4 units await sale approval, and tender for 5 enterprises will be opened in March 1993. Four enterprises were removed from the list. One enterprise was offered for direct sale to two Government-owned financial institutions. The Government's minority shares in 6 foreign companies have been sold to a wholly Government-owned financial institution (ICB). However, the sale of Government shares to another government entity can hardly be considered privatization.

3.41 Ministry of Textiles. Recently the Ministry of Textiles identified 10 mills operating under BTMC for privatization. However, a recent review revealed that these mills are among the worst performing of the 39 mills operating under BTMC and that they all have large negative net-worth. It is believed that unless the debts of these mills are assumed by the Government, they are not saleable. It would be preferable if mills identified for privatization were also to include the better performing units, so as to send a clear signal regarding the authorities' commitment to the privatization process.

3.42 Ministry of Jute. The Ministry of Jute has three privatization programs. First, in January 1991, the Government offered its minority shares in 33 mills to the private majority share holders at the book value of Tk 10 per share. Twenty-one out of the 33 private mills accepted the offer. Five out of the 21 have already completed the transfer and fully paid for the shares. Sixteen are in various stages of the process of taking up the offer while 12 have not responded to Government's invitation. If the offer is not taken up by the majority share holders, the Government intends to offer its shares in the remaining mills to third parties. The slow progress in this program is due to the transfer conditions set by the Government which many private owners hesitate to accept. One of these conditions requires the majority share holders to assume all outstanding liabilities. Another states that if the private owner does not operate the mill for any reason, the Government will have the right to intervene in the affairs of the mill. Second, the Government has decided to close the Bangladesh Jute Corporation (BJC). The liquidation process is already in place, and the Government intends to put up all godowns and press houses of BJC for sale on a priority basis in the current fiscal year. However, the sale of properties has been very slow since some of them are encumbered or subject to legal action. Third, the Government is planning to privatize 17-18 jute mills operating under BJMC as a part of a comprehensive jute sector reform program. This would reduce the public sector's share in the industry's total capacity from the present 64% to at most 20%.

Process of Privatization

3.43 Current Practice in Bangladesh. The privatization process in Bangladesh is initiated by line ministries who select the enterprises to be privatized. They then submit their list to the Inter-ministerial Committee on Privatization (ICOP) which approves it and forwards it to ECNEC for a final decision. The list is then sent back to the line ministries for valuation, pricing, and preparation of tender documents. The technical preparatory work of the line ministries (enterprise profile) is done partly by local consultants, chartered accountants and lawyers. The line ministries send the enterprise profile back to ICOP for review. ICOP sets the reserve price and, if satisfied with the sale proposal, instructs the line ministries to proceed with sale. The line ministries issue the tender documents, receive bids and submit the bid results to ICOP for sale decision. ECNEC approves the final sale on the recommendation of ICOP and instructs the line ministries to execute it.

3.44 The main privatization method used in Bangladesh is public tender. This method has the advantage of transparency and simplicity, as it allows the market to establish the value of the enterprise. Buyers are expected to deposit earnest money at the time of submission of the bids, 5% of the price offered or Tk 100,000, whichever is higher. Down payment, on acceptance of the offer, payable within one month from the issue of the letter of intent is 25% of the offered price. The balance 75% of the offered price is to be paid over 5 years in 10 equal installments.

3.45 Enterprise valuation is based on the book value of fixed and current assets and liabilities. All long-term liabilities are assumed by the buyers, who have to make appropriate arrangements with the financial institutions for debt repayment. The short-term liabilities to the commercial banks are paid by the buyers out of current assets. If the value of current assets is more than short-term liabilities, the difference is paid to the Government, whereas if the value is less than short-term liabilities the Government assumes the burden. Under the sale agreements, the buyers are obliged to continue employing existing workers under the same terms and conditions and are not allowed to lay off workers for one year.

3.46 The Main Weaknesses in the Process of Privatization. The present institutional setup for privatization was not given a strong mandate to plan and carry out privatization programs. ECNEC, the highest decision making body in the privatization process has a crowded agenda in which privatization does not feature high. ICOP, which was created recently to oversee the privatization programs, does not have any full-time staff and legal authority to implement those programs. Only the Ministry of Industries has a specialized unit in this area, the Disinvestment Board. However, this unit is not adequately staffed. Privatization in the Ministry of Textiles is presently handled by BTMC, but the Ministry is considering setting up its own privatization unit. Other ministries have ad hoc arrangements for privatization. Moreover, the roles and responsibilities of various entities in the present structure are not clear. In some cases ECNEC approves a sale but requires that the sale documents be reviewed by it prior to finalization. As a result, proposals move between various entities with little tangible results. In the present multi-layered structure, it takes about 4 months between the line ministry's tender offers and ECNEC's first decision for sale.

3.47 The decisions to privatize PMEs--including selection and valuation of enterprises, preparation of tender documents, negotiations with buyers and execution of sales--are left entirely to the line ministries who sometimes view privatization as a curtailment of their power, and do not have the expertise to plan and implement privatization programs. There are no clear selection criteria for enterprises to be privatized. For example, the worst mills were offered for privatization by the Textiles Ministry and at least 21 out of the 40 units selected by the Ministry of Industry have a negative net worth. Moreover, the valuation of enterprises is done on the basis of deficient financial accounts and the book value of assets, which usually does not reflect a fair market value. Thus, the tender documents do not provide adequate information and it is up to bidders to check out the enterprise, which is difficult as the workers do not usually allow prospective buyers to enter the premises.

3.48 The payment policy requires buyers to assume all outstanding debt. In most cases, enterprises are unlikely to be able to fully repay their debts. Experience in other countries and Bangladesh indicates that private buyers do not want to take on large debts even when the sale price is appropriately discounted, because they seek an immediate positive cash flow to reduce their risk and help finance new expenditures. The recent reviews of on-going privatization programs show that the slow progress in these programs is due partly to the insistence of the Government on privatizing enterprises with large debts on their balance sheets. The transfer of a PME with a large unsustainable debt would lead to either the liquidation of the enterprise or to default. If the intended result is liquidation, it should be done under the Government ownership. However, if the objective is to restore the commercial viability of the enterprise and strengthen the private sector in the economy, the outstanding debt should either be assumed by the Government or restructured.

The Need for Further Action

3.49 The slow pace of privatization has shed doubts on the GOB's commitment to it. Therefore there is a need to reconfirm this commitment and clarify the program's objectives. The experience with de-nationalization in the 1980s indicates that: (i) the benefits from privatization, in terms of greater efficiency, will not be achieved unless the GOB ensures that the PMEs would operate in a market-friendly environment once they are privatized; and (ii) labor retrenchment and financial restructuring of firms should be carried out before their privatization. Moreover, in order to ensure the success of its privatization program and expedite its implementation, the GOB will need to streamline its administration and institute transparent privatization procedures. Swift action must be taken in FY93 and FY94 to assure private entrepreneurs that the GOB is determined to implement its stated policies.

3.50 Clear Objectives and a Firm Commitment. The first step in any privatization program is to set clear objectives. In Bangladesh, the privatization program should aim at: promoting competition and efficiency; expanding the private sector's participation in the economy; and, freeing the Government's financial and managerial resources. These objectives should be translated into a time-bound action plan. Experience from other countries shows that an ad-hoc approach to privatization, without a well-designed plan, would tend to strengthen resistance. A well-designed plan should include the main objectives and priorities, a list of enterprises to be privatized, transparent guidelines and procedures to conduct privatization, and a time-table for implementation. A consensus should then be reached on these objectives and the action plan among all concerned parties, including labor unions. In some countries, the Government issued Policy Papers on privatization. These papers typically contain a clear statement of the objectives and describe the agreed action plans, guidelines on the process and procedures, and the organizational framework for privatization. In many cases, the policy statements were in the form of formal executive decrees to demonstrate the commitment to privatization. In Pakistan, for example, privatization was clearly stated as the center piece of the Government's economic program. The Government established an efficient privatization machinery to implement the program and demonstrated an unequivocal commitment to it. In 14 months, 56 of the 115 enterprises identified for privatization were successfully divested. International experience also suggests that the lack of clear objectives and a matching commitment can have the opposite consequences. The divestiture program in Taiwan, China, has been in trouble since the early 1990s. Several share offerings of state-owned enterprises have not been fully subscribed in the securities markets. A key weakness of the program has been a perceived lack of political commitment that would drive the privatization effort. In addition, no powerful central agency has been organizing the sales, with each ministry itself handling the companies under its control.

3.51 Creating a Market-Friendly Environment. It must not be assumed that once privatized the enterprises will automatically be transformed from failure into success. Past experience, particularly in the jute industry, clearly demonstrates that unless the enabling policy environment is improved, the expected benefits of privatization would not materialize. If privatization is to succeed, it should be considered in the context of an overall private sector development program. Accordingly, it should be supported with reforms in industrial and financial policies, labor relations, exchange rate management, trade and tariff policies, investment incentives, input pricing and distribution, and regulatory and legal framework, as well as a stable macroeconomic framework. Creating a market-friendly environment is a pre-condition for reaping the efficiency gains from privatization. This has been demonstrated by the experience of countries such as Chile, Mexico, New Zealand and the United Kingdom where privatization was accompanied by reforms to open markets, remove price and exchange rate distortions, and encourage the development of the private sector through free entry. At the same time, enterprises which remain in the public sector must be subject to strict budgetary discipline and be allowed managerial autonomy from political interference (see paras. 2.62-2.94).

3.52 Financial Restructuring and Labor Shedding Before Privatization. Most of the PMEs in Bangladesh have large debts and excess employment. In many cases, particularly in jute mills, a significant proportion of these debts are not recoverable. Unless their debts are restructured and/or assumed by the Government and their employment is substantially reduced, the Government is unlikely to fund any buyers for these enterprises.

3.53 Debt restructuring is standard practice in many privatization programs. The extent of the write-off varies from case to case, but in principle the aim should be to leave the new owners with immediate positive cash flow to reduce their risk and help finance new expenditures. The Governments of Argentina and Venezuela assumed debts of US$930 million and US$471 million, respectively, prior to sale of their telephone companies. In the former German Democratic Republic, the government assumed 70% of the old debts of the companies sold.

3.54 Private investors are usually not willing to deal with politically sensitive labor issues, and retrenchment is thus best done by the Government before the enterprise is put on the market. Moreover, the Government is better able to design measures to alleviate the social costs of retrenchment. The GOB must pay special attention to developing a social safety net. In many countries--most recently in Eastern Europe and Central Asia--employee ownership schemes, unemployment benefits, and retraining-redeployment programs have been developed to ease the social cost of privatization.

3.55 So far the GOB has not considered closing some of the unviable industrial units. This issue is important as at least 21 out of 40 units to be divested by the Ministry of Industry and all of the textile mills selected for privatization have a negative net worth. In some cases, the units cannot be made viable even after debt restructuring and labor retrenchment. Hence, privatization may not be feasible, and closure is probably the only option.

3.56 Streamlining the Administration. Successful implementation requires an effective administration. The experience of other countries indicates that an efficient administrative structure should contain three main elements: a Privatization Commission, an Implementation Unit, and outside professional assistance. The Commission would be a central policy making body. It would prepare the strategy, set guidelines, and make the final decisions on selection of enterprises and sales. It should have a clear mandate, sufficient autonomy, legal authority at a level higher than the line ministries, quality staff, and ready access to top decision-makers. The Implementation Unit would be a technical unit consisting of financial analysts, chartered accountants and lawyers. With the help of independent consultants, this unit would do the technical work to prepare the enterprises for sale including valuation and preparation of tender documents, and executing sales. The roles and responsibilities of these entities, which must be independent of line ministries, should be clearly defined to minimize bureaucracy and ensure transparency, consistency and speedy processing. Such arrangements have been set up in Mexico, the Philippines, and Pakistan.

3.57 GOB is starting to implement reforms aimed at streamlining the administration responsible for privatization. It has decided to create a "Privatization Board" under the Ministry of Planning to replace ICOP. The success of this Board will crucially depend upon its staffing, its mandate and its access to key decision makers.

3.58 Instituting Transparent Procedures. To ensure the success of the privatization program, clear and transparent guidelines and procedures need to be developed. These include, among other things, development of criteria to select enterprises for divestiture, methods of privatization, selection criteria for evaluating bids, clearly defined competitive bidding procedures, disclosure of purchase price and buyer, terms and conditions for payments, well-defined institutional responsibilities, and clear implementation principles. It is also necessary to define standard tender documents that reflect the true position of enterprises identified for sale, and establish a time limit for evaluation, award of tenders, and transfer of assets. Transparent guidelines are essential to avoid abuse, on the one hand, and minimize inaction, on the other. Because the objective of privatization is to improve competitiveness and efficiency and increase the participation of the private sector in the economy, the Government should initially select those enterprises that could be made profitable quickly so that the program can gain momentum.

3.59 Avoiding Further Delays in FY93 and FY94. The Government should set a realistic agenda for implementing its on-going privatization program in FY93 and FY94, taking into account the capacity of the market to absorb the sales as well as the civil service's ability to effectively implement privatization policies. While work on improving the process of privatization, along the lines discussed above, should be initiated as soon as possible, the GOB should avoid further delays in completing ongoing programs in the jute, textile, and other industries; in order to achieve early success and create confidence in its privatization program.

C. Towards Developing An Efficient Financial System

3.60 Bangladesh's financial system is still underdeveloped: it has a fragile banking sector, an inadequate regulatory framework, and a nascent capital market. The weakness of the financial system precludes it from playing its essential role in supporting private sector growth and investment. Recognizing the need to modernize this important sector, the GOB has embarked on a financial sector reform program (FSRP) which includes: interest rate liberalization; the introduction of new monetary instruments; the discontinuation of directed credit and subsidized refinancing facilities; the imposition of more stringent bad debt and interest accrual accounting regulations; and, the establishment of financial loan courts and a Credit Information Bureau. While gradual progress is being made in implementing the FSRP, the financial sector is still in transition. The effects of the reforms are yet to be fully felt, and new challenges are emerging requiring rapid corrective actions.

A Fragile Banking Sector

3.61 The commercial banks form the mainstream of Bangladesh's financial system. The commercial banking industry is segmented by ownership patterns and business activity. The four NCBs (3 are 100% government owned, and one with 80% government ownership) dominate the banking system. They have 3,589 branches (63% of the system's branch network), hold 60% of deposits and are owed more than 50% of all outstanding loans. The NCBs are inefficient and their actions are often not based on commercial considerations; political interference is considerable. The 11 private domestic banks (PDBs) are a mixed bag of efficient commercially oriented banks and two relatively large de-nationalized banks (Pubali and Uttara), which operate almost like NCBs. The third group of commercial banks comprises the six foreign banks which concentrate their business on external trade, commodity financing, and donor transactions. In addition to the commercial banks, the banking sector also includes three 100% government owned specialized banks.

3.62 The banking system in Bangladesh is not competitive, and lack of competition has resulted in a loss of efficiency. The NCBs have been, to a large extent, shielded from market forces which is an important factor impeding their efficiency. Nationalized commercial bankers have little feel for risk management and do not consider themselves wholly accountable for the quality of their assets. The key issues shackling the development of the banking sector are: capital inadequacy, a high level of non-performing loans due to weak managerial and operational practices, and poorly performing NCBs.

3.63 Capital Inadequacy. Many banks in Bangladesh have an inadequate capital base. Under the Banking Companies Act (BCA), 1991, capital adequacy is defined as having a paid-up capital and reserves of not less than 6% of total current and time liabilities. Thus defined, the capital base of most Bangladeshi commercial banks, particularly the NCBs, is inadequate. To restore the health of the NCBs, the GOB decided to inject fresh capital in these banks as part of the FSRP. Consequently, at the end of 1989 the government issued interest bearing bonds amounting to Tk 17.29 billion. However, the NCBs now require additional capital to meet the legal requirement of capital adequacy; this is expected to be accomplished later this year. The domestic and foreign private banks also need additional capital to meet the required capital adequacy standards, though large inter-bank differences exist.

3.64 Non-Performing Loans. The new loan classification procedure introduced by Bangladesh Bank (BB) in 1990 has unmasked the extent and gravity of the loan default problem. The pervasive nature of the loan default situation is currently one of the most serious threats to the stability and growth of Bangladesh's financial sector. Loan portfolios of almost every NCB, and the two de-nationalized banks, are seriously infected by the poor lending practices of the past. The magnitude of the problem can be gauged by the fact that as of June 30, 1991 around 25% of loan portfolios of banks was classified as non-performing. This does not, however, include the massive non-performing jute debts nor the substantial unclassified agricultural loans.

3.65 There are at least five reasons behind the loan default problem. These are: (i) the past practice of directed lending for "priority sectors"; (ii) an inadequate legal framework for loan recovery and contract enforcement assured borrowers that in case of default their personal assets would not be expropriated; (iii) frequent loan forgiveness/waiver packages which eroded credit discipline; (iv) lending indiscriminately to immature and inexperienced entrepreneurs many of whom preferred to gain immediate benefits by diverting credit funds, instead of reaping long-term benefits from an established industry; and, (v) formula lending with fixed debt equity ratios (80:20) which greatly reduced the entrepreneurs' personal stake in the enterprise.

3.66 The poor quality of the banks' loan portfolios is one of the main causes of low bank profitability and capital inadequacy. Moreover, the high loan default rate results in the following costs: (i) the banks' risk-averse behavior and resultant high collateral requirements 'crowd out' the dynamic and labor-intensive small scale enterprises; (ii) the high levels of non-performing assets prevent circulation of credit to other economic activities, and block the exit of resources from uneconomic firms; and (iii) the high level of non-performing loans, by providing capital at zero cost, has benefitted the borrowers most of whom come from the wealthier segment of society, and penalized--through reduced deposit rates--the 18 million depositors (over 90% of whom are small depositors); and (iv) very high real rates of lending (10-12%) which may be inhibiting private investment.

3.67 The GOB is aware of the gravity of the loan default problem and has taken some actions to address it. Four initiatives have been taken in this area. First, the GOB has empowered DFIs to foreclose on the assets of defaulting enterprises without court process. However, this measure has proved to be ineffective since potential bidders are prevented by debtors from even inspecting the properties. To date there is not a single known case of a real asset being realized by a Bangladeshi bank. Second, it published a list of the largest defaulters and excluded them from further credit. In hindsight this action seems to have also proved less effective as it pre-empted a middle course which could have ensured partial recovery of credit against the threat of "eventually going public". The third action was the enactment of the Financial Loan Courts Act, 1991, to expedite loan recovery suits. This measure has had some positive effects, and around 18,000 decrees have been passed involving Tk 254 crores. In addition, a large number of borrowers have reportedly settled out of court under threat of the Loan Courts issuing decrees promptly. However, the loan appeals process remains problematic, delaying ultimate implementation of decrees by several years. Fourth, the GOB has targeted the largest defaulters to net-in large amounts and economize on recovery efforts. The fact that banks are now focussing on a loan recovery strategy augurs well; however, actual loan recoveries have been less than anticipated.

3.68 Low Profitability. As stated earlier, the high proportion of bad debt is one of the causes for the low bank profitability. In 1991, the NCBs made Tk 361 crore of losses, 0.19% of their average assets. A review of a sample of four domestic private banks indicates that their profits were 1.2% of average assets. The low bank profitability can be traced mainly to the low rate of interest collected, 8.5% for the NCBs and 9.9% for the PDBs, which reflects the magnitude of the bad portfolio problem. On average, the PDBs paid a higher rate to depositors (8.1% of average assets) than the NCBs (7.2%). Operating costs were around 2.5% of average assets for both groups of banks, with overstaffing at the NCBs being offset by lower salaries. However, since the PDBs provide a higher quality service, they were able to cover most of their operating costs by fees and commissions. The PDBs' noninterest income was around 2% of average assets as compared to 0.7% for the NCBs.

3.69 The FSRP reforms introduced by the GOB are helping improve the NCBs' profitability by enabling them to earn a better margin. Thus, their losses fell from Tk 1,512 crore in 1989 to Tk 545 crore in 1990 and Tk 361 crore in 1991. This was mainly due to an increase in interest received which rose from 7.3% of average assets in 1989 to 8.5% in 1991. Average interest paid to depositors has remained virtually unchanged. It was 7% of average assets in 1989 and 7.2% in 1991. Other cost items have also remained more or less constant relative to average assets. The improvements in profitability have been mainly achieved by keeping lending rates high which could be hurting private-sector investment. Profitability needs to be improved through a more profound reform of the NCBs which would enable reduction of the real lending rates while increasing the return on bank assets.

An Inadequate Regulatory Framework

3.70 The distressed state of Bangladesh's banks is also an indication of regulatory and institutional weaknesses. The liberalization of the financial market requires an efficient regulatory environment, which can ensure the safety, soundness, and efficiency of the entire financial sector, particularly the banking system. The GOB recognizes the key weaknesses of bank regulations and has taken action under the FSRP to improve them while undertaking a program of technical assistance to strengthen Bangladesh Bank (BB).

3.71 Financial Regulations. The GOB has recently improved the financial sector regulatory framework by amending the Banking Companies Act (BCA), 1991, Bangladesh Bank Order, 1972, and Financial Loan Courts Act, 1991. The major changes were in the BCA, including: more stringent capital adequacy standards; further restricting exposure limits in case of advances to loan defaulters and bank directors; and limiting lending to a single borrower to 15% of the bank's capital for unsecured borrowings and 25% of capital for fully secured borrowings. Moreover, the GOB is currently considering additional noteworthy modifications to the BCA, including: (i) doubling the minimum capital requirement for new banks to Taka 200 million in a bid to discourage speculative bank applicants; (ii) authorizing BB to commission a special external audit as and when deemed necessary; (iii) enhancing BB's penal powers and restricting the defaulting bank to pay within 14 days; (iv) taking measures to further prevent conflict of interest in lending to bank directors and their family members; and (v) revising the prudential exposure limits for individual borrowers.

3.72 Bangladesh Bank. While measures introduced under the FSRP to strengthen the regulatory functions of BB are expected to improve performance in key areas, some of the institutional weaknesses will continue to impede its overall effectiveness. Over the last two decades, BB has grown into a huge but weak organization. At present it has 22 departments and 35 general managers. Some of the Departments are no longer relevant, as they were created in the past to meet specific needs arising from donor supported directed credit programs. There has been a phenomenal growth in the number of personnel; support staff represent almost half the complement. More worrisome, however, has been the declining staff productivity and quality owing to both the policy of promotion through clerical ranks, and imposition of civil service salary structures.

3.73 BB's Banking Inspection and Banking Control Departments were separated in order to strengthen its banking inspection function. However, the technical quality and capacity of BB's Inspection Department remains deficient: information systems are rudimentary--the computerization of data is well behind: staff need to be trained further, and the task is considered to be enormous given the 6000 commercial bank branches. Consequently, a greater reliance has to be placed on the effectiveness of off-site surveillance which has so far been weak and irregular. The poor accounting and reporting procedures in the commercial banks further reduce the effectiveness of off-site surveillance.

3.74 The law governing BB provides it with some measure of autonomy, but in practice the institution's effectiveness is circumscribed by the Ministry of Finance. Even in traditional areas of a central bank's purview, such as prescribing the statutory liquidity ratios, maintenance of cash reserves and prescribing the Bank rate, the Ministry's role is accepted and practiced. This state of affairs does not allow for a formulation of an independent monetary policy and does not enhance staff morale at BB.

An Underdeveloped Capital Market

3.75 Bangladesh's two main capital market institutions are the Dhaka Stock Exchange (DSE) and the Investment Corporation of Bangladesh (ICB). The securities market is almost non-existent. A 91-day BB bill was introduced under the FSRP in early 1990, but a secondary market for this bill is still to develop. The GOB is also planning to float a three-year National Bond with either fixed or floating rate of interest. Capital market instruments, almost exclusively stocks, are traded through the DSE which is a privately owned, self-regulated, non-profit member organization. The DSE has 195 members, of whom only 25-30 are actively involved in trading securities. The Exchange itself is still small with 136 companies listed as of September 1991, and a market capitalization of Tk 10.3 billion (US$257 million, equivalent). The publicly owned ICB is the main financial institution in the securities market. It manages seven mutual funds, some 40,000 investor accounts and 300 underwriting commitments.

3.76 The stock exchange is a marginal source of capital for the fledgling entrepreneurial class. While several factors are curbing capital market development, the more important constraints are: (i) the absence of an appropriate regulatory framework; (ii) the lack of tax incentives; (iii) competing government-sponsored saving instruments; and (iv) lack of institutional capacity. The GOB is actively considering the finalization of a comprehensive Securities and Exchange Commission Law to regulate and promote capital market development in addition to other policy and institutional reform measures.

3.77 All the ongoing initiatives notwithstanding, a major impediment to capital market development is the unhealthy competition from the various government-sponsored National Savings schemes. In a perverse investment/risk relationship, the virtually risk-free national savings investments offer the highest after-tax returns of all the financial investment options in Bangladesh, while common stocks offer the lowest return and the highest risk. It is little wonder then that investors should choose National Saving Deposit (NSD) certificates rather than common stocks. In fact, proceeds from fourteen months sales of NSD certificates in 1991 exceeded the combined paid-up capital of the 131 companies listed on the DSE. In 1991, NSD certificates attracted term savings at the rate of Tk 15 million per day, which is thirty times the average daily turnover on the DSE in 1991.

Liberalization Policies that are yet to Achieve their Objectives

3.78 A major objective of the FSRP was to liberalize interest rates. The process began in 1990 when the fixed interest rate structure administered by Bangladesh Bank (BB) was replaced by a matrix of interest-rate bands for all the deposit and lending categories. As the banks got accustomed to setting their own interest rates, the government decontrolled interest rates further. Thus, in March 1992, it abolished the bands on most lending categories, and lifted the ceiling on deposit rates. At present, BB specifies the lending rate bands for only three investment categories, namely agriculture, exports and small scale industries. There are also floors for savings and fixed deposits rates. In addition, the scheme operated by BB to refinance directed credits by the commercial banks has been replaced by the regular rediscount window through which banks can borrow at the normal Bank rate.

3.79 While theoretically the new interest rate regime provides considerable freedom to the banks, in practice the dominance of the NCBs in the market curbs interest rate flexibility. The oligopolistic nature of the banking industry not only permits its dominant players (NCBs) to influence the market interest rates, but the relatively high cost structure of NCBs influences high real lending rates. The smaller and relatively more efficient private-sector commercial banks generally follow the NCB rates and are able to earn some profits by confining their lending to the less risky and more profitable, trade and working capital financing.

3.80 It is still too early to assess the overall impact of the recent interest-rate liberalization on deposit mobilization and investment financing, but so far interest rate changes have failed to stimulate credit demand; in fact since 1989 credit has stagnated in real terms. In June 1992, BB reduced its bank rate from 9.7% to 8.5% which prompted NCBs to marginally lower their lending rates, but with no noticeable impact on the overall level of investment credit. This is understandable, given depressed aggregate demand, weak business confidence, and the expected time lag in adjusting to the recent trade liberalization and industrial deregulation measures. The Bank rate was further reduced to 7% in February 1993. While a substantial reduction in lending rates, through a reduction in bank spreads, could help stimulate investment demand, such a reduction in spreads is not a feasible option given the current poor state of Bangladesh's banking sector. The rapid decline in interest income from non-performing loans, and the huge provision requirements prevent the dominant NCBs from reducing lending rates without also reducing deposit rates.

3.81 The stagnation in bank credit over the last 2 years has also been for reasons other than high lending rates. These are: (i) some 3000 small and medium scale "sick industries" have become uncreditworthy and fresh lending has been denied to these enterprises; (ii) lending to the generally unviable public-sector corporations has shrunk drastically; (iii) agricultural lending has declined to a trickle following the government's recent loan forgiveness scheme; and most banks are either denying new credit or linking it to at least some recovery of past debts; (iv) working capital credit to the jute sector, which took up almost 20% of annual credit to the industrial sector has declined sharply in 1992 as NCBs are resisting government directives to lend to this traditionally loss-making industry; and, (v) the commercial banks are too preoccupied in dealing with their seriously infected loan portfolios.

3.82 The contraction in credit is reflected in high liquidity in the banking sector. Under competitive conditions this would have generated lending pressures on the banks and/or prompted a decline in real lending rates. However, given the deep structural problems of the banking sector's dominant players (NCBs), the setting of floors on deposit rates by BB, and the recent instability in the financial sector--the closure of BCCI and one investment company as well as serious problems with another--the relatively weaker banks have maintained a high liquidity preference. In general, the banks have coped with excess liquidity by: (i) reducing their liabilities with BB--over the last six months (June-December 1992) the banks decreased their liabilities with BB from Taka 950 crores to about Taka 600 crores; and (ii) increasing reserves with BB beyond the 20% statutory liquidity requirement to an average of 23% of deposits.

The Need for Further Action

3.83 Given past experience with the NCBs, the objective of financial sector reforms should be to develop a sound private banking system and a capital market that could efficiently mobilize private savings and allocate it to efficient investments. To achieve this goal, the GOB will need to strengthen the regulatory framework and the legal system affecting banks, privatize the NCBs and increase competition in the sector, and develop the capital market and further liberalize interest rates.

3.84 Improving the Legal and Regulatory Frameworks. Action aimed at improving the legal and regulatory frameworks affecting banks will need to include: changing business laws, recapitalizing the banks, addressing the loan default situation, and changing the tax system with the aim of encouraging banks to recapitalize and make adequate loan loss provisions.

3.85 Since an effective legal system is fundamental for a well functioning financial sector, there is an urgent need to review the entire gamut of business laws including the Law of Contracts, Statute of Limitation, Negotiable Instrument Act, etc. There is a particular need to address the provisions of the Companies Act relating to the liquidation of firms. The current provisions allow only involuntary liquidation while the financial restructuring possibilities permitted under the US Chapter 11 type workout is uncatered for. Moreover, financial institutions need to have effective means of enforcing their rights, protecting assets, and recovering bad debts in a timely and cost effective manner.

3.86 Since the integrity of the financial system depends critically on a strong capital base, BB should immediately require all commercial banks to prepare detailed capitalization plans in the context of monitorable targets. It must be emphasized, however, that in recognition of the very fluid nature of balance sheets, capital adequacy standards must be monitored on an ongoing, rather than a fixed-point, basis. Moreover, the current basis of determining the banks' capital adequacy levels needs to be reexamined, with a view to harmonizing it with Bank for International settlement (BIS) standards.

3.87 It is extremely important for a government to quickly recognize and deal with past and emerging bank loan losses. The experience in Argentina and more recently in Yugoslavia show that there is a real danger that monetizing bank losses would lead to higher inflation. There are at least two options to deal with the losses of state-owned banks. First, the government could borrow from the monetary authority, in which case it may trap itself in an Argentina-type inflationary situation. Second, it could "carve out" bad assets and replace them with bonds as was done in Bangladesh in 1989 as well as in Spain, Chile and, more recently, Japan. The relatively comfortable fiscal situation allows GOB to accept the second option.

3.88 The GOB needs to take bolder actions to address the loan default situation. It should: (i) abstain from announcing loan forgiveness and interest remission schemes, as it only fortifies the "default culture" and promotes indiscipline; (ii) take stronger action in enforcing the implementation of decrees against defaulters, giving a clear signal that in the future willful default will entail severe penalties; (iii) initiate concrete steps to ensure the immediate operation of the Credit Information Bureau, linking borrowers credit records to operations of all scheduled banks; (iv) extend the jurisdiction of Loan Courts to the implementation of decrees; and, (v) institute expeditious procedures for executing decrees including the appointment of a Special Bench to clear the 48,000 pending appeals cases.

3.89 The primary anchors of any bank accounting system are loan classification and provisioning standards. In Bangladesh, until the introduction of FSRP there were no uniform standards on these aspects. The introduction of improved loan classification criteria under the FSRP (contained in BB circular 34) has had two immediate repercussions. First, it has exposed the extremely weak quality of loan portfolios forcing a few banks to embark upon remedial action. But many troubled banks have simply suspended loan provisioning, in the face of the enormity of their bad loan problem. Second, by forbidding the accrual of interest on non-performing loans a greater sense of realism is being gradually introduced in the banking sector's accounts. The net impact of the loan classification system has been to almost wipe out the operating profits of all domestic banks, particularly the NCB's. In fact, one estimate of banking industry analysts shows that if account is taken of the actual non-performing loans, the potential losses of the NCB's could be anywhere between US$200-300 million per annum. These factors explain the strong resistance in the banking industry to the application of the new loan classification guidelines. The government should strongly resist such pressures to dilute the loan classification and provisioning requirements. In fact, BB should begin to examine the areas in which the existing Bangladesh prudential guidelines fall short of international standards, and develop a phased program to enforce the amended classification standards.

3.90 The implications of applying the new loan classification system are still unfolding. The real extent of the non-performing loans, for example, is not known with precision as yet because of the weak enforcement capacity of BB combined with poor auditing practices. It is necessary that banks' audit requirements be made more stringent and expanded to encompass more information on asset quality, adequacy of provisions and write-offs, bad debt amounts, credit concentration, and unpaid interest. In the first instance, the NCBs should be required to immediately commission a comprehensive portfolio audit including the banks' "other assets and investments" to accurately assess the extent of the problem. This is particularly important at the branches and principal district offices from which the basic accounts are derived.

3.91 There is an urgent need for the tax system to take account of the realities in the banking sector, and to provide positive incentives to strengthen banking operation. For example, while the new loan classification system imposed by BB is forcing most banks to charge interest on classified loans to a special Interest Suspense Account, such "notional income" is being taxed. The rigid interpretation of the tax laws creates a double jeopardy for the banks in that on the one hand they lose interest income, and on the other are expected to pay tax on notional earnings. Faced with a similar situation, Malaysia and other developed and developing countries have amended their tax laws to defer tax liability on income credited to Suspense Accounts. A similar tax relief should be considered for Bangladeshi banks.

3.92 Another aspect deserving immediate attention is the current exemption on provisions for non-performing loans. At present, commercial banks are permitted a four-year tax exemption on loan-loss provisions to the extent of only 4.5% of the gross portfolio. Given the substantial provisioning needs of the banks there is strong justification for increasing both the tax-exempted percentage and the exemption period. The GOB should also consider providing liberal tax incentives for encouraging banks to retain profits and/or bring in fresh capital. This would help strengthen the extremely weak balance sheets of most commercial banks. The Japanese National Tax Administration has recently (October 1992) taken similar steps to encourage their banks to increase provisioning for doubtful loans and to inject new capital.

3.93 Towards a More Competitive Private Banking System. The two decades of public-sector management of the banking industry has resulted in a colossal loss to the Bangladeshi tax payers. If account is taken of the amounts owed to the NCBs by the jute and textile sectors, the cost of capital injection in 1990 and the anticipated increase in capital in 1992, the NCB losses amount to about US$2 billion, equivalent to more than one year of the GOB's budget revenue.

3.94 Privatization would be the most cost-effective and enduring way of dealing with the NCBs' structural problems. Given the enormity of the NCB problems, the most tempting option is to privatize all banks simultaneously, and to complete the process within a short span of time. Such an approach may not be politically sustainable, however. The sheer size of these banks and the likely negative effect on hundreds of thousands of small-scale depositors warrants a "phased approach". One option would be to commercialize the NCBs first and privatize them later. However, the history of public enterprise performance in Bangladesh and elsewhere does not offer many successful models where "commercialization" of a public enterprise has really succeeded. In practice, commercialization and government control have proved to be mutually exclusive options. Any attempt to revamp the NCBs will at best prove to be a holding operation with recurring and growing fiscal implications for the government.

3.95 It is, therefore, recommended that GOB quickly implement its decision to complete the privatization of Rupali bank. Concomitantly, the GOB should continue its efforts aimed at strengthening NCB management, and reinforce its measures to rebuild bank profitability through recapitalization, financial discipline, and allowing greater management autonomy. These measures notwithstanding, concrete steps should be initiated to begin preparing privatization plans for the remaining three NCBs.

3.96 While there is no unique formula for reshaping nationalized banks, there is considerable consensus and international experience about the stages of diagnosis, financial and management engineering, and loss control measures. The experience of the two de-nationalized banks confirms that a mere change in ownership would not ensure the long-run viability of the entities. Privatization would not achieve its objectives if the enabling environment is not improved; bold action is needed, for example, in the areas of credit discipline, and reforming business and banking laws.

3.97 The greatest challenge to bank privatization comes from the sheer size of the NCBs; they are regarded by government as "too big to fail". It makes eminent sense, therefore, to consider breaking them into more manageable units. In fact, available studies of bank operations in several developing countries--e.g. "Cost of Intermediation in Developing Countries" (1989) by Roberto R. Rocha--show that economies of scale and cost complementarities are not major factors in determining the efficiency of financial intermediation. Competition amongst market agents was a more critical determinant of interest margins and overall bank performance. For example, the recent reform of the mono-banks in the Transitional Socialist Economies (Hungary, Czechoslovakia, and Poland) has been based on breaking them up into manageable size banks.

3.98 In addition to privatizing the NCBs, the GOB should try to promote competition in the banking sector by eliminating restrictions on the expansion of existing banks; and allowing new private banks to operate.

3.99 <u>Developing the Capital Market And Further Liberalizing Interest Rates</u>. The GOB should pay immediate attention to the following issues for the overall development of the capital market: (i) the practice of using mostly debt to finance investments should be discouraged and banks should insist on a reasonable equity cushion as a pre-requisite for lending; (ii) the legal framework should be strengthened and debt contracts should be seen as strictly enforceable; and, (iii) the risk-return principle in pricing public financial instruments should be strictly followed so that average yields on safer investments are well below those on risky investments.

3.100 To increase the effectiveness of liberalized interest rates, high priority needs to be attached to the structural weaknesses of the nationalized commercial banks. In the short run, however, interest rates should be further deregulated to boost bank margins. The government should further relax the floor on deposit rates and remove the bands on the three remaining lending categories. Even if lowering deposit rates does not immediately translate into lower lending rates and an increase in credit demand, it will have a positive effect on bank profitability. This approach has been helpful, for instance, in the successful recapitalization of the banking industry in the United States. The Federal Reserve pushed down deposit rates to help banks widen their interest rate spreads.

D. Towards More Competitive and Efficient Labor Markets

3.101 Increasing labor costs that are not matched by productivity improvements are adversely affecting Bangladesh's competitiveness and its ability to implement an export oriented growth strategy. Poor industrial relations are discouraging private investment and hampering public enterprise reforms. Moreover, the apparent decline in formal sector employment by 17% since 1985 could have serious social consequences. Therefore, labor issues figure prominently on the GOB's policy agenda. Since labor market issues were raised in the 1992 CEM (Report No. 10265-BD), it was decided that a study be conducted with the aim of developing a comprehensive medium-term labor market reform program with three main components: improving labor market information; regulatory reform and institutional strengthening; and, improving the focus and widening the coverage of social safety net programs affecting displaced workers.

3.102 Whereas the GOB's support for the proposed study and future reforms augurs well for medium-term developments in the labor market, its short-term actions have not always been consistent with the objectives of enhancing competitiveness and maximizing employment. In particular, the recommendations of the "Wages and Productivity Commission" are not based on any analysis of productivity or Bangladesh's export competitiveness. A review of a sample of seven public sector units shows that wages have been rising at a much faster rate than productivity since 1985--e.g. average labor costs in BTMC have doubled between 1985 and 1992 while average labor productivity, measured in terms of the nominal value of output per worker, increased by only 60%. The application of the Wages Commission awards would only widen the gap between wages and productivity, and render those public sector units even less viable. Moreover, the recommendation to set a national minimum wage, together with the pressures to increase all private wages to match the public sector wage awards, could seriously jeopardize the prospects for developing export-oriented private industries.

The Medium-Term Reform Agenda

3.103 Labor market developments have an important impact on external competitiveness and private investment. Moreover, an increase in employment is needed for poverty alleviation and to ensure the sustainability of the GOB's economic reform program. A depreciation of the real exchange rate is necessary for the success of the GOB's strategy of export-led industrialization. Such a depreciation would imply a short-run decline in real wages. Hence, for the reforms to truly improve Bangladesh's competitiveness, it is important that large nominal wage increases, which would offset the real exchange rate depreciation, be avoided. This would require a change in the process of wage determination that has led to rapid wage increases in the past--real wages in the public sector rose by about 30% between 1985 and 1992. Labor unrest and confrontational labor/management relations discourage investment in labor-intensive industries in which

Bangladesh should have a clear comparative advantage. Improving industrial relations would require building a consensus between political parties, labor unions and employers to de-politicize the work place; as well as reforms of the existing regulatory framework and strengthening of the institutions responsible for resolving labor disputes. Wage restraint and improved industrial relations would lead to the expansion of the formal sector which currently accounts for less than 10% of total employment in the economy. Thus, they would result in a more equitable distribution of income, allowing groups who are currently excluded from the formal labor market to fully participate in the development process.

3.104 Improving Labor Market Information. Available information seems to indicate that the labor market situation is dramatic with very low and declining formal employment, rising real wages and falling productivity. According to the most recently available Labor Force Survey (LFS) only 25% of the labor force is in the formal sector, 10% of the labor force have regular formal jobs while 15% are classified as casual workers. The remaining 75% are self employed or unpaid family workers, which often refers to low productivity activities with a very high degree of wage sharing. Moreover, formal employment seems to have declined by 17% during the second half of the 1980s, the number of regular jobs fell from 5.8 to 4.8 million while the number of casual workers remained unchanged at 7.6 million. The decline in formal employment was associated with a rise in real wages by about 22% and a decline in industrial productivity.

3.105 If the above information is correct, then there is cause for serious concern and action to remedy the situation. However, the quality of the LFS data is questionable; key players in the labor market dispute the validity of those findings and, therefore, no action is being taken.

3.106 Hence, the first component of a labor market reform program should be to develop a reliable labor market information system. The objective would be to generate short- and medium-term information on labor market developments and make it available to the key players in the market--employers, labor unions and Government--so that a consensus could be built and appropriate measures taken in response to changing market conditions. The analysis of medium-term trends would also assist the GOB in designing its development strategy with a view to maximizing employment.

3.107 Regulatory Reform and Institutional Strengthening. Labor laws and regulations--including minimum wages, nonwage benefits and regulations affecting hiring and firing workers--have an important impact on employment creation and private-sector competitiveness. A review of those regulations, which is currently underway by the "Labor Law Commission" is therefore desirable. However, there is evidence that the real bottleneck to the expansion of employment in Bangladesh is the weakness of the institutions responsible for regulating the labor market.

3.108 Labor costs are affected by minimum wage regulations, the centralized system of setting wages in the public sector which ultimately affect private sector wages, and the large number of non-wage benefits stipulated by law or dictated by public-sector norms. Minimum wage legislation, which currently applies to 39 industrial and service sectors, tends to push wages above competitive levels. Moreover, the GOB gave indication some months ago of readiness to accept union demands to set a national minimum wage at a level above those sectoral minimum wages. Non-wage benefits typically account for one half of total labor costs, and the tendency in the 1980s has been to raise some of those allowances and benefits, such as the festival allowance, gratuity, profit participation and welfare funds. High minimum wages and nonwage benefits that are not linked to productivity have a negative impact on competitiveness and employment creation. Hence, the medium-term reform program must include the development of a new, less centralized, system of wage and benefit determination.

3.109 In theory, the labor law allows employers a great deal of flexibility to terminate workers' employment, while protecting the latter from abuses. This is essential for the efficient functioning of the labor market as it allows firms to restructure themselves and adjust to new market conditions. The main problem, however, lies in the application of labor laws. In practice, the termination of a worker is difficult to implement, as it could lead to law and order problems on the plant and/or strikes. Moreover, labor representatives often complain of the abuse of regulations by some employers. This is due to the weakness of existing administrative and legal institutions responsible for the enforcement of labor laws--the labor department and the courts. Therefore, the medium-term reform program should include a review of labor laws affecting hiring and firing of workers and a strengthening of the labor department and the courts.

3.110 Labor-management relations are very confrontational and highly politicized. This has led to a large number of strikes, lock-outs and other forms of unrest which discourage existing firms from expanding their work force and new ones from entering the market. An improvement in industrial relations would therefore be an essential pre-requisite for the future growth of formal sector employment. Hence, the medium-term reform program must include strengthening the Ministry of Labor and Manpower to enable it to better play its role as impartial arbitrator between management and the unions, and avoid some of the unrest that has been extremely damaging to Bangladesh's economy.

3.111 Social Programs and Labor Market Reforms. Labor market policies have important implications for poverty alleviation and income distribution, through their effect on wages and employment. Demands for Government intervention to increase benefits for formal sector employees are usually based on equity and poverty alleviation arguments. It is not clear that increasing formal-sector benefits improves income distribution, since formal employment is limited to only 25% of the labor force who tend to be better off than the remaining 75%. The vast majority of workers in Bangladesh are not protected by labor regulations, and given administrative weaknesses, it would be impossible to extend the applicability of labor laws. Nevertheless, there is a need to provide some social protection to workers who may be displaced during the adjustment process. Hence, the medium-term reform program will have to include the development of a system of social protection for those who bear the cost of adjustment.

Inconsistent Short-Term Proposals: The Wages Commission's Recommendations

3.112 The Wages Commission Recommendations. Compensation for white-collar Government employees was raised in two installments in FY92, averaging a total of around 17%, on the basis of the recommendations of the "National Pay Commission". In August 1991, the basic salary of Government staff was raised. Increases in allowances, including those directly related to basic salary, were also announced at that time but these became effective from June 1992. This led to pressure from public sector workers, as well as from unions representing private employees for an increase in their wages. In response to these pressures, GOB created a "Wages and Productivity Commission" to recommend an adjustment in public sector wages and a national minimum wage to be applicable to all private sector employees. While the Commission studied wage adjustment, the GOB, under pressure from the unions, awarded public sector workers an interim allowance, averaging Tk 250/month, over and above the pre-existing 30% dearness allowance.

3.113 The Wages Commission presented its report in January 1993 recommending a national minimum wage of Tk 900/month and increases in public-sector wages equivalent to the pay increase received by the civil servants. The Commission recommended that the basic pay for public-sector workers be raised by an average of around 30% (this replaces the dearness and interim allowances), that workers be given an additional three wage increments, that the medical and transport allowances be raised by 50%, and that the housing allowance be raised from 35% of basic pay to 40%. The impact of those changes on the total cash compensation of a grade 8 jute worker is presented in Table 3.4. The table shows that if the Commission's recommendations are adopted,this worker's total compensation will increase by more than 15%. Compared to a year earlier, prior to the award of the interim allowance, the worker's compensation would increase by around 29%.

Table 3.4: **THE WAGE COMMISSION'S JANUARY 1993 RECOMMENDATIONS: EXAMPLE OF A GRADE 8 JUTE WORKER (TK/MONTH)**

	Existing Structure	Recommended Structure
Basic Pay	1108	1,425
Increment (3 increments)	0	210
Dearness Allowance	332	0
Medical Allowance	100	150
Transport Allowance	40	60
Housing Allowance	388	654
Festival Bonus	185	273
Interim Increase	250	0
Total	2,403	2,772

Source: Wages Commission Report

3.114 Wages and Productivity in the Public Sector. If the GOB's policy of linking wages to productivity is actually applied, then no wage increase whatsoever have be awarded to most workers in public enterprises. Table 3.5 shows the evolution of average labor costs and the value of output per worker, used as a proxy for productivity, between 1985 and 1992 in a sample of seven public sector units. It indicates that in 5 of the 7 cases increases in unit labor costs occurred at a much faster rate than increases in the value of output per worker. For example, BSEC units producing steel billets/plates had their average labor cost increase by more than 55% between 1985 and 1992 while the value of output per worker fell by 18.6%. In the case of TSP production under BCIC, average labor costs increased by around 260% between 1985 and 1992 while the value of output per worker increased by 150%. Increasing labor costs at a faster rate than the value of output per worker is clearly unsustainable and is, at least partly, responsible for public sector losses and declining competitiveness. The situation would only worsen if the "Wages and Productivity Commission" awards are granted, as average labor costs would increase further without an offsetting increase in productivity.

3.115 Even in the two cases in the sample where productivity increases were at a higher rate than increases in average labor costs, the improvement was not sufficient to make them achieve normal profits. A loss making enterprise should aim at increasing productivity at a much faster rate than labor costs until it can achieve a normal return on its assets and then have both variables grow at the same rate to maintain its equilibrium. BSFIC had an operating deficit of Tk 35.8 crores in FY86. Between FY86 and FY92 the value of output per worker increased at an average annual rate of 18.3% while average labor costs increased at an average annual rate of 16.4%. However, this improvement was not sufficient to render the enterprise profitable, and it still had an operating deficit of Tk 3.3 crores in FY92. In the case of urea production under BCIC, the value of output per worker increased at an average annual rate of 31.4% between FY85 and FY92, while average labor costs increased at an average annual rate of 25.8%. This led to an increase in the operating surplus from Tk 6.4 crores in FY85 to Tk 8.7 crores in FY92. However, the FY92 operating surplus only represents 1.5% of the value of total assets, still much lower than what would be considered normal profits. Therefore, it seems clear that even in those two cases no increase in wages is warranted. Wage increases should be related to the enterprises' ability to pay, and hence they should be avoided as long as a normal return on assets is not being achieved.

Table 3.5: COMPARING AVERAGE LABOR COSTS AND VALUE OF OUTPUT/WORKER IN SELECTED PUBLIC ENTERPRISES (Tk 1000/year) a/

	FY85	FY86	FY89	FY91	FY92 b/	Average Annual Growth (85-92)
BTMC						
Output/Worker	93	81	96	125	151	7.2%
Avg. Labor Costs	13	17	20	25	26	10.6%
BJMC						
Output/Worker	71	58	70	82	97	4.6%
Avg. Labor Costs	14	19	25	30	40	16.0%
BSFIC						
Output/Worker	N.A	59	81	189	162	18.3%
Avg. Labor Costs	N.A	18	25	44	45	16.4%
BSEC (wires)						
Output/Worker	516	574	707	521	693	4.3%
Avg. Labor Costs	18	37	47	28	31	8.6%
BSEC (Billet/Plate)						
Output/Worker	536	494	519	378	436	-2.9%
Avg. Labor Costs	29	37	56	59	45	6.5%
BCIC (Urea)						
Output/Worker	326	710	1642	1941	2209	31.4%
Avg. Labor Costs	24	50	82	94	118	25.8%
BCIC (TSP)						
Output/Worker	813	1605	2074	1674	2072	14.3%
Avg. Labor Costs	25	70	81	77	91	17.1%

a/ Output per worker is calculated as the total value of output in current prices divided by the number of workers and average labor costs are calculated by dividing the wage bill, also in current terms, by the number of workers.

b/ Provisional

Source: Autonomous Bodies Wing, Ministry of Finance

3.116 The relatively low level of labor productivity in the public sector could be traced to three reasons. First, past hiring policies have led to excessive increases in the size of the labor force and hence a decline in output per worker. Second, poor management practices have often resulted in an inefficient use of human resources. Third, aging capital stock, outdated technology and shortages in raw materials and spare parts lower labor productivity.

3.117 It is impossible to link wages to productivity under the present system of centralized wage determination. The calculations presented in Table 3.5 indicate that changes in productivity vary significantly between different public-sector units. It seems that there were significant increases in labor productivity in the production of urea while labor productivity in the steel billets sector could have declined. Awarding the same wage increase to workers in both sectors would therefore imply that some workers' increase will be lower than what is warranted by productivity improvements, while others will see their wages rise at a much faster rate than productivity. This underscores the urgent need to reform the present system of wage determination in the public sector.

3.118 A National Minimum Wage. The proposal for a national minimum wage of Tk 900/month would imply an increase over existing sectoral minimum wages. Table 3.6 shows the minimum wages for unskilled workers currently in force in selected sectors, they average Tk 769/month. Thus, the proposed national minimum wage would imply a 17% average increase in minimum wages currently paid by the private sector. Some key export sectors, such as garments, will see their minimum wages rise by as much as 30%. Such a wage increase will affect private sector profitability and competitiveness. It could discourage private investment and hamper the expansion of manufactured exports.

Table 3.6: MINIMUM WAGES FOR UNSKILLED WORKERS IN SELECTED SECTORS AS OF DECEMBER, 1992 (Taka/Month)

Sector	Minimum Wages
Jute Baling	751
Match	751
Hosiery	751
Re-Rolling	888
Printing	684
Cinema	725
Cold Storage	868
Garments	627
Homeopathy	750
Ayurvedic	751
Pharmaceutical	790
Shoe	751
Petrol Pump	812
Glass	630
Fishing Trawler	910
Road Transport	868
AVERAGE	769

Source: Minimum Wages Board

3.119 A national minimum wage will be difficult to implement, and will probably lead to a deterioration in labor-management relations. Entrepreneurs seeing their profit margins decline will be tempted to pay below minimum wages. Given the existing institutional weaknesses, it would be impossible to monitor compliance with the new national minimum wage, especially since large numbers of workers will be willing to work for less than that minimum wage. This situation could lead to increasing labor union discontent and more confrontation with management. The resulting unrest will provide the wrong signals to private investors.

3.120 There is always a trade-off between wages and employment. Higher wages discourage existing firms from expanding their employment, and are a disincentive to new investors. The new national minimum wage, if complied with at all, will only benefit those who already have regular jobs in the formal sector whose wages will rise. It will not affect rural, casual and informal sector workers who aspire to the better pay and greater security of formal jobs. The probability of their getting those jobs will decline as future expansions in formal employment will be lower as a result of the higher wages. Thus, the national minimum wage would benefit some 4.8 million relatively better-off people at the expense of some 50 million others who would face greater difficulties in finding formal jobs.

3.121 The experience of East Asian countries indicates that competitive wages are necessary for rapid industrialization and export expansion. Therefore, Bangladesh should avoid rendering its economy uncompetitive through unwarranted wage increases. The present problem indicates the need for changing the system of wage determination. Developing a new system which would be less influenced by political considerations is a pre-condition for the success of the GOB's strategy of getting the private sector moving.

CHAPTER IV

EMPHASIZING HUMAN DEVELOPMENT AND POVERTY ALLEVIATION

4.1 Human development and poverty alleviation are among the GOB's top priorities, and its policy agenda emphasizes the need to improve the quality and coverage of the education system as well as health and family planning services, while expanding social safety net programs serving vulnerable groups. The GOB's commitment to human development is demonstrated by its decision to increase budgetary allocations to the education and health and family planning sectors, with particular emphasis on primary education and health care. Moreover, a wide ranging reform of food policies is being introduced to lower costs and increase efficiency with the aim of releasing additional resources for social safety net programs.

4.2 However, the GOB's human development and poverty alleviation policies are not fully implemented. The education sector continues to suffer from many problems including: low teacher-pupil contact time, poor quality of teaching and unsatisfactory physical facilities. Problems facing the health and family planning sector include: low utilization rates for public facilities, lack of coordination between health and family planning services and weak management practices. Food distribution channels that benefit relatively better-off groups are diverting resources from much needed social safety net programs. GOB actions to resolve those problems are needed to ensure the success of its human development and poverty alleviation strategy.

A. The Quality of Public Expenditures on Education

4.3 Bangladesh has a low literacy rate (24.8% for all ages, adults 35% and females 22%), a very high rate of primary school drop-outs (63%); and an unsatisfactory school enrollment ratio (72%). Compared to other South Asian countries, Bangladesh's education indicators appear average, they are better than those of Pakistan and Nepal but worse than those of India and Sri Lanka (Table 4.1). The GOB is committed to improving the education situation, with the goal of achieving universal primary education (defined as 95% enrollment of eligible children in primary education programs of acceptable quality) by the year 2000. To achieve this goal, it has declared that the Compulsory Primary Education (CPE) program will cover the whole country as of January 1, 1993; it separated the Primary and Mass Education Division from the Ministry of Education and brought it under the Prime Minister; it has encouraged the private sector and NGOs to expand their activities in education; and has formed a national task force, with NGO representation, and a project preparation task force with 50% NGO representation, to formulate a non-formal education delivery system to increase access to primary education and mobilize society for the reduction of illiteracy.

Table 4.1: COMPARATIVE EDUCATION INDICATORS FOR 1990

	Bangladesh	Sri Lanka	India	Pakistan	Nepal
Adult Literacy	35%	88%	48%	35%	26%
Female Literacy	22%	83%	34%	21%	13%
Primary Enrolment	64%	100%	98%	38%	63%
Secondary Enrolment	17%	74%	43%	20%	30%

Source: World Development Report, 1992

4.4 The GOB's strong commitment to education is demonstrated by increased budgetary allocations to the sector, particularly for primary education. Among its neighbors, public spending on education in Bangladesh is higher than Pakistan and Nepal. Public spending on education exceeded 11% in Bangladesh (1988) as compared to 10.4% in Nepal (1988), and 8.3% in Pakistan (average during 1986-91). This should be complemented by a better management of those resources. Despite GOB efforts, access to the education system remains limited, and the quality of education unsatisfactory. Unless action is taken to resolve some of the serious management problems facing the sector, the GOB's objective of a rapid expansion in primary education will not be achieved in spite of the increased public spending.

Public Expenditures on Education

4.5 Public expenditure data show an increase in budgetary allocations, from the revenue budget as well as the ADP, to the education sector. In 1988/89 the share of education in revenue expenditures was 13.7% (Tk 9,485 million). This increased to 14.0% (Tk 12,555 million) in the 1991/92 allocations. Similarly, education's share in the development budget rose from 5.2% to 8.4% over the same period. Moreover, the GOB is emphasizing the importance of primary education. Of total ADP allocations for education, the primary sub-sector received 73.7% in FY92; a significant increase when compared to a 45.6% share in FY87. The share of primary education in total revenue expenditures allocated to the sector rose slowly from 45.3% in FY90 to 46.8% in FY92 (Table 4.2). Of the primary sub-sector expenditures, 93% is spent on government primary schools, 3% on management and supervision, and 1% on primary teacher education.

Table 4.2: PUBLIC EXPENDITURES ON EDUCATION
(% Share)

	FY85	FY86	FY87	FY88	FY89	FY90	FY91	FY92
Education's Share in Revenue Budget	13.1	15.3	16.5	15.1	13.7	14.3	14.4	14.0
Education's Share in ADP	3.3	3.8	4.4	4.9	5.2	5.5	5.0	8.4
Share of Primary Education in Education Revenue Budget		46.1	39.3	44.8	45.9	45.3	45.6	46.8
Share of Primary Education in Education ADP		59.4	45.6	48.4	47.1	50.9	61.2	73.7

Source: Bangladesh Bureau of Educational Information and Statistics

4.6 However, actual expenditures on education have been below budget levels. Although the ADP allocation to the sector has significantly increased from 1988/89 (Tk 257.6 Crores) to 1991/92 (Tk 640 Crores), the actual ADP utilization shows a declining trend. The rate of ADP utilization in 1988/89 was 81.3%. It dropped to 51.6% in FY91 and 46.7% in FY92. A large part of the shortfall in FY92 was due to the unrealistically high ADP allocation for the General Education Project. The amount utilized decreased from Tk 209 crores in FY90 to Tk 173 crores in FY91 and increased to Tk 299 crores in FY92. Data for the first quarter of FY93 indicate some improvement in project implementation (see Chapter II).

4.7 The GOB's budget allocations indicate that it is encouraging private initiatives in secondary and higher education, emphasizing science education and stressing the importance of higher female enrollment. Around 74% of the revenue budget for secondary education is spent on grant assistance to non-governmental secondary and higher educational institutions; and 24% is spent on government schools, Madrasaha (religious schools) and other higher learning institutions. Management and supervision and secondary school teacher training accounts for 1.5% of revenue expenditures. The GOB is emphasizing science education, and 48.7% of the ADP allocation to secondary education in FY92 was devoted to this purpose. In order to encourage female enrollment, the GOB waived the secondary school tuition fees for girls attending private and public schools outside metropolitan Dhaka and provided additional support to those secondary schools to compensate for the tuition fee waiver. Moreover, it is planning to undertake a Female Secondary School Assistance Project which is designed to help close the gap between boys' and girls' enrolment in secondary schools.

Access Problems

4.8 The GOB's commitment to, and increased spending on, education has led to some improvement in the level of first-grade enrollment and the rate of retention of students in second grade and above, but the improvement has been very slow. Student enrollment at first-grade rose from 64% in 1990 to 74% in 1992, which is a significant increase but is still well below GOB's target. Despite the improvement in first grade enrollment, the overall enrollment rate in the 1990s remains too low. Only 37% of the children entering first grade complete primary schooling, 7% repeat over a year in the same grade and 63% drop-out. Only 5% complete 12 years of education and pass the Higher Secondary Certificate Examination (HSCE). Thus, the absolute number of illiterates in the younger population is increasing.

4.9 The official education sector statistics are seriously inaccurate. The first-grade enrollment data show a downward trend from 1986. The recorded figure for 1986 was 4.09 million, and for 1991 (March) the recorded figure is 3.54 million. When compared with the estimated number of children born in the corresponding year of birth, 2 million births in 1980/81, the official figures for 1986 seem exaggerated. Even if one accepts the argument that in addition to these 2 million six-year old children in the population in 1986, another 2.09 million over-age children were also enrolled either due to grade repetition or admission of over-age children and that this continued to happen for the following three years but at a magnitude lower than that of 1986, the official data still show a minimum of 20% over-reporting.

4.10 Over-reporting is caused by the GOB's condition on the minimum size of a primary school. GOB regulations require that a primary school with four teachers have at least 225 students. Therefore, the natural tendency is to report official enrollment figures of at least 225 for any school. Surveys indicate that actual enrollment in most schools is significantly below the reported figure. Moreover, primary schools take in a large number of under-age children and informally accommodate a "Baby Class". Most schools function in two shifts a day, teaching the "Baby Class", first and second grades, two hours in the morning; and third, fourth and fifth grades four hours in the second shift. In rural primary schools, the first grade often has a mixed enrollment of under-age and over-age children.

4.11 Increased enrollment and retention of girls in primary and secondary schools is a key GOB objective. Bangladesh has higher female enrollment rates per 100 enrolled males as compared to Nepal and Pakistan. Over the period 1986-90, Bangladesh's rate was 84 for primary schooling, as compared to 51 in Nepal and 55 in Pakistan; it was 48 for secondary schooling in Bangladesh as compared to 40 in Nepal and 43 in Pakistan. Girls' access to primary education has improved, but their access to secondary education remains a problem. The percentage of girls enrolled in primary schools (public as well as private) has increased from 42% in 1985/86 to 44% in 1990/91, and there is a significant increase in the retention of girls at second grade and above. Official statistics indicate that 5.36 million girls are currently enrolled in primary schools. If the 20% over-reporting is corrected for, this would imply that 54% of the primary school age girls are now enrolled, which is a significant achievement. But, clearly more needs to be done. The percentage of girls enrolled in secondary schools is significantly lower than in primary schools. Around 44% of students in government secondary schools are girls, but this figure is only 34% for private secondary schools. The GOB policy of giving a school fee waiver to secondary school girls living outside metropolitan Dhaka has not brought any significant changes in the enrollment of girls. Actually, it may have had a negative impact as private schools lose the income from girl students. The compensation offered to schools, 10% of teachers' salaries, is paid with no assessment of female enrollment. Thus, some schools discourage the admission of girls, as they pay no fees, and still collect the 10% compensation.

4.12 Access-related issues in primary and secondary education in underserved areas remain unattended, and little is done to address regional inequalities in access to education. Neither the actual geographical distribution of primary and non-formal schools nor their catchment areas are known. The Directorate of Primary Education has so far failed to update the school map. In the absence of a reliable school map, it is difficult to choose the location of new schools and additional classrooms with the aim of satisfying demand and minimum access requirements. The average distance a secondary school child has to travel to school is estimated at 3 Kms. In light of the cultural constraints affecting girls' movements, teenage girls face serious access problems which make it very difficult for them to continue their education beyond the primary level.

Poor Quality and Inefficient Delivery

4.13 During the 1980s the 6-10 year population rose by 19% and school enrollment increased by 50%, but the number of schools increased by only 4% and the number of teachers increased by only 1.7%. Hence, the quality of education has declined and is sub-standard. The main factors affecting the quality of service are: insufficient teacher-pupil contact time, poor quality of teaching and teacher training, lack of supervision, and unsatisfactory physical facilities. Unless the increased expenditures on education are accompanied by efforts to improve quality, the sector will not yield the desired results, and the education system will not be able to render literate all the children who are enrolled in primary schools.

4.14 Insufficient Teacher-Pupil Contact Time. Teacher-pupil interaction is the envisaged modality of formal education in Bangladesh. However, the present system only allows for 2 hours of teacher-pupil contact time in first and second grades, the lowest in the world--international norms for teacher-pupil contact time are around 4-5 hours. In practice, contact time rarely exceeds 80-90 minutes a day. The average size of a primary school is 260 students and 4 teachers, working in two shifts with grades 1-2 meeting in the morning and grades 3-5 in the afternoon. The same teacher is expected in school for both shifts. The number of students in the first two grades is significantly greater than in the higher grades. Thus, the morning shift has an unsatisfactory ratio of operation, often 1:50, and the second shift a better ratio, 1:15. The situation is aggravated by irregular teacher and student attendance. Survey work indicates that often 50% of teachers are absent, and cases where schools are functioning with only one teacher present for over a hundred children at different grade levels are not uncommon. This should be compared with an international norm of one teacher for thirty pupils. The average daily student attendance is below 65% in most schools. The situation is worse in rural schools where the level of student attendance is around 50%.

4.15 Most primary schools are short of teachers. Between 1989 and 1991, the number of primary school children increased by 1.5 million, but no primary school teachers were recruited. Normal attrition implies a reduction in the number of teachers by around 2,500 a year. Thus, the teacher-pupil ratio has been deteriorating rapidly. A recent study shows that GOB requires 30,000 additional teachers immediately and about 4,500 new teachers every year thereafter.

4.16 Poor Quality of Teaching and Teacher Training. The quality of education remains poor mainly due to the lack of sufficiently qualified teachers. GOB's personnel policies are contributing to this problem. Frequent personnel transfers lead to inefficiencies and have a negative impact on individuals' professional growth. It is common to see a senior highly qualified teacher who has no experience, training or background in administration taking up an administrative position that demands a very high level of professionalism and experience. Similarly, someone who gains experience in an administrative job is likely to be shifted to a college to teach an academic subject at the time of his/her next promotion.

4.17 The quality of teacher training is unsatisfactory. The on-going in-service teacher training activities do not meet the required standards. Most of the primary-school-teacher trainers are themselves not trained to perform effective teacher training. Many of them do not even have any experience as primary school teachers. Moreover, pre-service teacher training is heavily content oriented, ineffective and unsatisfactorily managed. Out-dated training methods such as lectures and role play need to be replaced with activity oriented lesson planning, practical teaching, and classroom evaluation of student learning and teacher effectiveness. Teacher training manuals are heavily content oriented and lack process orientation. The physical facilities of the 53 Primary Training Institutes (PTI) for teachers are currently being up-graded. However, the quality of training would not change due to this up-grading, as the PTI instructors neither have the necessary training nor experience in primary education.

4.18 Lack of Supervision. Problems of teacher absenteeism and low quality teaching are partly due to the ineffectiveness of the school supervision system. The District Primary Education Officer (DPEO) is the field officer in charge of district level primary education, and the Assistant District Education Officer (ADPEO) and the Thana Education Officer (TEO) coordinate supervisory service. The Assistant Thana Education Officer (ATEO) is expected to make 20 visits a month to schools in his/her district to supervise teaching and conduct cluster training for teachers. However, ATEOs do not conduct the required number of supervision visits and are not carrying out their functions effectively. This is mainly due to two reasons. First, there is a large number of DPEO, ADPEO and TEO positions that have been vacant for about 4 years--out of a total of 68 DPEO positions 56 are vacant, out of 68 ADPEO positions 30 are vacant, and 41 of the 490 TEO positions are vacant.

The Directorate of Primary Education is unable to find personnel, satisfying existing recruitment rules, to fill the large number of vacant field level positions. Despite requests made by the Ministry of Education, the GOB has refused to allow for a "one-time relaxation" of existing regulations to enable the directorate to fill its vacancies with qualified personnel who have not completed the required time in service. It is difficult for officers who are functioning in an acting capacity, often covering the duties of two positions in more than one office, to carry out effective supervision. Second, even though ATEOs have to make 20 school visits a month, officers are neither provided with transport nor an adequate allowance to cover transport costs, which discourages them from fulfilling their duties.

4.19 Unsatisfactory Physical Facilities. Most of the government primary schools, particularly in rural areas, do not have adequate facilities. The per student sheltered space ratio in government schools varies from 0.18 to 1.64 square meters. This is the case although re-construction and repair work for schools has been on-going under several donor-assisted projects. Over 10,000 schools, roughly 25% of government schools, have received GOB funds for repairs and reconstruction over the last 15 years. However, the efficiency of fund utilization can be improved, if DPE strictly adheres to a sound record keeping system. Field surveys indicate that certain schools have repeatedly received GOB funds to carry out the same repair work, which denies other schools access to needed financing.

The Need for Further Action

4.20 The GOB's objective of providing greater access to quality education cannot be achieved only through increased budgetary allocations to the education sector. Increased spending must be accompanied by improved management to ensure the quality of those expenditures. The GOB has already taken action in this area during FY92 and FY93. It has successfully introduced the new competency-based curriculum in first and second grades and distributed new textbooks and teacher guides in a timely fashion. However, more needs to be done. In order to improve access to education, the GOB should improve the education data base and expedite implementation of the low cost school program. Improvements in the quality of education can be achieved by increasing the number of qualified teachers, improving the quality of textbooks and teacher training, and increasing community mobilization efforts. These activities are being supported under the General Education Project which is funded by the Government and a consortium of external donors.

4.21 Improving the Education Data Base. There is an urgent need to improve the education data base in two areas. First, the school map should be updated. The unreliable nature of statistical information on the location of schools, if not corrected soon, will continue to be a major hindrance to GOB efforts at planning increased access to basic education. Second, the GOB should develop a computerized data base of all 46,000 primary schools and indicate all inputs given to them from different sources of funding during the last ten year period. Unless this is done, irregularities such as the financing of the same school more than once, and the implied rent seeking, will continue, and many rural schools with inadequate furniture and supplies will be starved of needed funds.

4.22 Expediting Implementation of the Low Cost School Program. In order to achieve the GOB's objective of expanding the coverage of the education system, some 100,000 new classrooms will need to be built by the year 2000. Those targets will not be reached unless GOB mobilizes greater community participation in formal primary education, and succeeds in lowering the cost of construction of rural primary schools. The experimental satellite schools program (feeder schools affiliated to existing government primary schools) is an example of successful community participation. The communities in underschooled areas have demonstrated enthusiasm and readiness to take initiatives by providing temporary sheltered space and other minimum requirements to establish a school to educate their children. The GOB must re-double its efforts at mobilizing NGOs and local communities to participate in the effort to provide a more equitable access to primary education. The GOB must also continue to explore the possibility of developing an effective low-cost school design. The currently accepted rural primary school model, costing over Tk 400,000/ per three classroom school, is not an affordable design. Unless a lower-cost school design is developed, the GOB's plans of rapidly expanding formal primary education will not materialize.

4.23 Increasing the Number of Qualified Teachers. The number of teachers and amount of teacher-pupil contact time need to increase in order to ensure the quality of education. This could be achieved by increased reliance on volunteer teachers, a one-time relaxation of recruitment regulations for the Ministry of Primary and Mass Education and an improvement in the procedures for teacher transfer and promotions. The GOB should consider hiring voluntary teachers as is now practiced in the satellite schools program. Those volunteer teachers have proven to be less costly and more effective. As a first step in this direction, the new low-cost schools program should adopt the satellite schools model in teacher recruitment. Moreover, vacant positions at the Ministry of Primary and Mass Education should be filled urgently, and the GOB should grant the Ministry's request for a one-time relaxation of recruitment regulations. Personnel problems in the education sector could be indicative of the need for a broad-based civil service reform program. However, until such a program is developed the Establishment and Education Ministries should adhere to the highest professional standards in the selection, promotion and transfer of education personnel, within the existing rules and regulations.

4.24 Improving the Quality of Textbooks and Teacher Training. Primary-school textbooks and primary-school teacher training programs need to be improved and become more focused on the process of learning. Learning and the quality of education depend on the interaction between materials, students and teachers. Curriculum materials in Bangladesh are too content oriented and neglect the process of learning. The focus of teacher training also needs to be changed, and its descriptive and theoretical approach replaced by a more instructional and process-oriented approach. Trainers in the PTIs need to be retrained to employ activity-based participatory training techniques. In addition to academic matters, the teacher training curriculum should emphasize community mobilization.

4.25 Enhancing Community Mobilization Efforts. Unless the community is mobilized and holds school personnel accountable, the schools will remain isolated from the human and financial resources of caring parents and community leaders. Quality education will not be achieved until the communities demand it. School maintenance will not be carried out, resulting in another cost to Government. The Satellite Schools Program and schools supported by some NGOs have demonstrated the potential benefits of community mobilization. Communities should be mobilized to establish school development societies which will raise funds for schools, organize cultural and sports activities and maintain the school as a community center. School teachers could serve as secretaries for those societies.

B. The Quality of Public Expenditures on Health and Population

4.26 The GOB is firmly committed to improving health services and controlling the growth in population. This commitment is reflected in a rapid expansion of the infrastructure for health and family planning (HFP) services over the last two decades. Primary level HFP services are provided at the Union-level Family Welfare Centers (3700 FWCs) and at the Thana Health Complexes (353 THCs). Secondary-level health care and Maternal Child Health (MCH) and Family Planning (FP) services are provided at the district level through 58 district hospitals and 64 Maternal and Child Welfare Centers (MCWCs). At the tertiary level, there are 8 Medical College Hospitals and 5 postgraduate or specialized institute hospitals. Of the 19,979 hospital beds in the public health sector, 10,943 are at the thana level or below, 4,386 are at the secondary level and 4,650 are at the tertiary level. Moreover, the Expanded Program for Immunization (EPI) has achieved remarkable success in recent years, and nearly 80% of all children are covered. For example, the percentages of children immunized against DPT3 and measles in Bangladesh (87% and 83%, respectively) are higher than the averages for Asia excluding India and China (82% and 79%); Sub-Saharan Africa (54% and 54%); Latin American and Caribbean (73% and 77%); and the countries of the Middle East (79% and 75%). Efforts at improving FP have led to a decline in fertility by an average of over two children (about 30%) to less than 5 births during the last decade and half, a remarkable performance given the socio-economic and cultural setting of the country.

4.27 Nevertheless, the health situation remains poor, and the population growth rate is high relative to the country's resources. Life expectancy at birth in 1992 is estimated to be 55.9 years for males and 54.4 years for females. The infant mortality rate stands at 110 per 1000 live births as against 125 in 1985. The maternal mortality rate has remained more or less static over the last 5 years at 6 per 1000 live births. More than half of the total mortalities still occur among children below the age of 5, with diarrhoeal diseases, Acute Respiratory Infections (ARI) and childhood diseases preventable by immunization (e.g tetanus, diphtheria, etc.) as the major killers. The health situation in Bangladesh is poor in comparison with other South Asian countries (Table 4.3). On the other hand, Table 4.3 also shows that Bangladesh's efforts at population control compare very favorably with Nepal and Pakistan. Nevertheless, the present population growth rate of 2.1% is still too high for a poor country with one of the highest population densities in the world, and is enough to double Bangladesh's population in 30-35 years, a scenario few would look forward to.

Table 4.3: COMPARATIVE HFP INDICATORS, 1990

	Bangladesh	Sri Lanka	India	Pakistan	Nepal
Health Indicators					
Life Expectancy	52	71	59	56	52
Crude death rate	14	6	11	12	14
Infant Mortality	105	19	92	103	121
Demographic Indicators					
Crude birth rate	35	20	30	42	40
Total fertility rate	4.6	2.4	4.0	5.8	5.7
Projected annual growth rate of population, 1989-2000	1.8	1.1	1.7	2.7	2.5

Source: World Development Report, 1992

4.28 The GOB is trying to change this situation with the objective of achieving, by 1995, infant and maternal mortality rates of 80 and 4.5 per 1000 live births; life expectancy at birth of 60 years; crude birth and death rates of 30 and 12 per 1000 population; a contraceptive prevalence rate of 50%; a net reproductive rate of 1.3; and, a population growth rate of 1.8%. PHC and MCH-based FP services are to be extended to 80% or more of the population by that time. To reach those targets, reforms and policy innovations are being introduced. However, the sector still faces serious problems and further GOB action is needed.

Public Expenditures on Health and Family Planning (HFP)

4.29 The GOB's commitment to the HFP sector is reflected in increasing budgetary allocations and expenditures. Public expenditures on health services as a share of GDP are about 38% higher in Bangladesh (1.05% of GDP in 1991/92) as compared to Pakistan (0.76%). ADP allocations to the HFP sector increased from Tk 2,002 million in FY86 to Tk 6,420 million in FY93; as a proportion of the total ADP they rose from 4.9% to 7.4% (lines 1+3 in Table 4.4). Even a larger increase is noticed in the revenue budget which rose from Tk 1,131 million in FY86 to Tk 4,308 million in FY93. As a proportion of the total revenue budget, it increased from 2.9% to 5.3% (lines 2+4 in Table 4.4). Per capita expenditures in the sector rose from approximately US$1.05 in FY86 to a budgeted US$2.56 in FY93. However, the HFP sector has also been suffering from the general problem of slow project implementation (see Chapter II). Actual investment expenditures on health in FY92 were Tk 1,370 million, only 59.6% of the original ADP target, and actual expenditures on family planning were Tk 2,710 million, 80% of the original ADP target.

Table 4.4: PUBLIC EXPENDITURES IN THE HFP SECTOR (% SHARE)

	FY86	FY93
Share of Health in ADP	1.8	3.2
Share of Health in Revenue Budget	2.6	4.9
Share of Population in ADP	3.1	4.2
Share of Population in Revenue Budget	0.3	0.4
Share of PHC in Health ADP	64.0	51.0
Share of PHC in Health Revenue Budget	10.0	49.0

Source: Data Provided by the Finance Division

4.30 In the past few years, GOB has made serious attempts to rationalize investments in health. These have found reflection in the shift of focus from tertiary to primary level of care. This policy of focussing on primary health care is being progressively implemented. The proportion of PHC allocation in the total health budget (development and revenue) increased from 32% in FY 1986 to 50% in FY93. About 95% of the population budget, by the very nature of family planning service delivery, is in the PHC sector. The share of recurrent expenditures on PHC in the annual health revenue budget increased from 10% in FY86 to 49% in FY93. A good proportion of the rise in the recurrent expenditures in health is accounted for by increases in the PHC area due to the expansion of infrastructure at the Thana level and below. The investments in health are expected to be further rationalized with the implementation of the Fourth Population and Health Project, which is funded by the Government and a consortium of external donors, and which commits sizeable funds for PHC activities.

4.31 Concern has frequently been expressed about the sustainability of the FP program. The success of the FP program will lead to rapid increases in costs, as enrollment in the program rises. It is estimated that to reach a contraceptive prevalence level of 50%, by 1997, the program will have to cover about 12 million contraceptive users. The break-up of these 50% is projected as follows: 11.1% are to be protected by sterilization, 2.7% by IUD, 6.7% by injectables, 18.4% by oral pills, 3.7% by condoms and the rest by traditional methods. At current prices, the projected commodity requirements alone for this mix are estimated to cost nearly US$30 million per year, a sizeable amount. Moreover, the present service delivery system, relying on door-to-door distribution by full-time salaried workers, would be very difficult to sustain if it were necessary to maintain the present worker-to-client ratio. In order to ensure the sustainability of the program during the coming years, GOB will have to intensify some of the existing strategies and to undertake new measures to reduce the cost per client. These would include developing a longer-term vision of a more strategic method mix, expanding social and commercial marketing of condom/pill/injectable, gradually building an increased reliance on static and satellite service facilities rather than on doorstep service delivery mode, and taking measures to strengthen the demand for FP services.

Problems Facing the HFP Sector

4.32 The GOB has broken fresh ground in policy approaches in several directions and its FP program is relatively successful. It is increasingly recruiting females to fill vacant field health assistants' positions; and it has reoriented the contraceptive method mix in the FP program which resulted in an increase in contraceptive prevalence from 32% in 1989 to 40% in 1991. Nevertheless, some serious problems continue to plague the HFP sector and threaten its continued success. These include: low utilization of health services in rural areas; inadequate coordination between health and family planning; low quality of clinical contraception services; over-centralized management; and, inadequate personnel policies.

4.33 Low Utilization of Health Services in Rural Areas. Due to lack of confidence in the quality of service, occupancy rates at the 31-bed (THCs) are below 50% and only 15% of treatment visits for current illnesses are to a government clinic. The GOB, in the draft Fourth Five Year Plan, ascribes low utilization to "lack of people's confidence in THCs, owing to poor quality of care, inadequate drugs and other supplies and poor managerial practices etc.". Under-utilization of services leads to a waste of resources. Maintaining, equipping, supplying and staffing the 397 rural THCs and the thousands of Union Centers requires the greater part of the HFP revenue budget, yet services provided by these facilities are not being sufficiently utilized.

4.34 The need to improve the quality of service is recognized by all concerned, but very little action has been taken to remedy the situation. A key component of quality service is availability of adequate equipment, drugs and supplies at the service centers. Yet, the Government has approved Tk 525 million and allocated Tk 100 million in FY93 for five new medical colleges in a situation of rising unemployment among medical graduates and a doctor-nurse ratio of 2:1. The allocation to medical and surgical requisites (including drugs) in the revenue budget has actually declined from 29% in FY86 to 17.5% in FY93. The proportion of salaries/contingencies in the revenue budget has risen from 68% to 79% over the same period.

4.35 Inadequate Coordination Between Health and Family Planning. Clinical FP services are suffering from the division and lack of cooperation between the health and FP departments. Patients referred by FP workers for sterilization to the doctors under the health department often do not receive service, as the health providers do not consider such operations to be their responsibility. The majority of doctors in the FP department are on secondment from the health side and owe loyalty to the Civil Surgeon rather than to the Deputy Director, FP at the district level. A large number of medical officer positions in the FP department remain vacant as the health side itself is short of doctors, due to poor personnel administration. Also, the doctors prefer to work in the health rather than the FP program in order to pursue their chosen careers. Doctors trained in clinical contraception while in the FP Department go back to the health side after completing their deputation and their skills are lost to the FP department.

4.36 MCH services are suffering even more grievously as the male health assistants are not acceptable as providers of maternal services in the prevailing cultural setting. MCH responsibilities are now awkwardly shared between the two departments and this area is deprived of the required focus. Coordination of MCH work is ineffective, and attempts at improving it are resisted by the staff of the two departments.

4.37 Low Quality of Clinical Contraception Services. Friction between medical and non-medical providers may explain FP's emphasis on promoting non-clinical methods such as oral pills and the condoms even to the possible detriment of the program. Performance in IUD insertion and sterilization has been constantly declining since the mid-1980s. These are convenient and cost effective FP methods. For example, the current device cost of the IUD in use in Bangladesh, which offers 3 to 8 years of contraceptive protection, is only US$1.5. The decline in IUD insertion and in sterilizations could mean a substantial reduction in contraceptive prevalence in the long-run, as the older sterilized couples move out of the reproductive pool without a concomitant replacement by newer cases. Short duration methods cannot adequately compensate for this loss of permanent/long term contraceptors. Moreover, from a program management perspective, these methods obviate the need for frequent and regular contact with the client, a pre-requisite of the resupply methods in most cases in Bangladesh.

4.38 A well recognized cause of declining performance in clinical contraception is poor quality of services. Efforts are required to improve technical and counselling skills of the female paramedics. Moreover, about 300 of the 621 doctors in position in the FP Department have not had even basic training in performing sterilization. Of the total posts of 846 doctors, 225 are currently vacant. Thus, GOB expressions of concern for quality of services have not been sufficiently matched by concrete action.

4.39 Over-Centralized Management. Another organizational issue is that the management of HFP services is too centralized. Budgeting, recruitment, transfer/posting, financial authority, planning, and in fact all kinds of major decision making are at present exclusively central functions. Even large hospitals do not have local management boards. Graduate and post-graduate medical education institutions are run as government departments without autonomy.

4.40 As a result, there are no plans specific to the districts or the Thanas as self-contained segments of the national plan for the sector. The national targets concerning morbidity, mortality, disease control, contraceptive acceptance, etc. are not reflected in the management and delivery of local programs. Epidemiological tools which are essential for measuring performances are also not developed locally. The local level functionaries perfunctorily follow instructions, without much internalization or motivation.

4.41 Inadequate Personnel Policies. The frequent transfer of personnel is a prime reason for poor performance. Over the last four years the Ministry of Health and Family Welfare (MOHFW) has had four Secretaries, four DGs Health Services and three DGFP. At more junior levels, individuals battle to avoid change or acquire a particular transfer or posting. This has led to a lack of continuity and a decline in the quality of staff as trained people are moved away from their area of expertise.

The Need for Further Action

4.42 The GOB has developed a program, supported by the Fourth Population and Health Project, directed at strengthening FP and health services delivery systems and support activities. It places special emphasis on improving utilization of services. Moreover, the program supports a broad range of activities at various levels including the training of field workers, supplying drugs and contraceptives to the THCs, FWCs and satellite clinics, and efforts at institutional development. The GOB should implement this program in a timely fashion and redouble its efforts at improving the quality of HFP services. In particular, it should consider developing and articulating comprehensive H and FP policies; increasing the utilization of facilities; improving the coordination between the health and FP departments; de-centralizing management; and, implementing improved personnel policies.

4.43 Developing a Comprehensive Health and FP Policies. The MOHFW should produce Health and Population policy papers which set the country's priority objectives, strategies to achieve them and the time frame for implementation. The part of the policy papers dealing with organizational issues should: (1) address the issue of decentralizing the organization and management of HFP services; (2) describe a clear delineation of responsibilities in each tier of the organization with corresponding accountability; and, (3) discuss means of improving communication between users and service providers.

4.44 Health and FP policies would lead to a human resource development plan for the sector. Such a plan should: (1) determine staffing requirements based on the design of the service infrastructure and the functions of the different types of staff, taking account of training capacity and availability of posts and resources; (2) describe career advancement process for each cadre; (3) describe the human resource monitoring process and how personnel management will be improved; (4) address the question of whether it would be preferable for training institutions to be autonomous; and, (5) examine gender issues and show how the proportion of female employees may be increased especially at senior levels.

4.45 Increasing Utilization of Facilities. The GOB should urgently address the issue of the quality of health services. Unless quality is improved, a large proportion of public expenditures on HFP will be wasted due to the under-utilization of services. The reasons for under-utilization of facilities at Thana level and below are complex and have to do with perceptions, as well as actualities, of the quality of services provided. These in turn rely on adequate management and resources to provide skilled, trained personnel, equipment and supplies and to maintain and repair the facilities. The Fourth Population and Health Project includes a major component that would address both system-related as well as personnel-development-related issues on a continuing basis. Another project component will target 50 Thana Health Complexes by providing a comprehensive package of improved services, following a detailed survey which has already been initiated. The survey is expected to bring out the inadequacies of the system in terms of management, maintenance, availability of equipment and drugs, and socio-cultural factors. Based on the survey results, GOB would need to develop an action plan for improving utilization and to budget adequate funds to implement the plan.

4.46 Ensuring the availability of adequate medical supplies and equipment is one obvious pre-requisite for better quality. The share of the health revenue budget allocated to medical and surgical supplies declined from 19% in FY90 to 16.4% in FY92. The GOB is trying to address this problem and has increased the share of supplies in the FY93 budget to 17.5%, but more needs to be done in this regard.

4.47 Better Coordination Between Health and FP. Integration of health and FP services has been seen as highly desirable by the GOB for a decade and a half now. The draft Fourth Five Year Plan recognizes that the lack of modalities for integrating health and FP services is responsible for impeding domiciliary services and for inefficiency in the health care system. Unfortunately, past attempts at delivering health and FP services in an integrated manner have failed due to organizational problems, ineffective field supervision and a relative lack of accountability in the system. The GOB should initiate a study on the reorganization of the structure under the Ministry of Health and Family Welfare as soon as possible.

4.48 Decentralizing Management. HFP services have grown too large to be effectively managed from a national level through conventional bureaucratic systems. Decentralization of functional, administrative and financial power and authority, with built-in mechanisms for local accountability for results, is essential. Earlier, under the upazila system, administrative decentralization was attempted but without much improvement in functional efficacy. This has since been abandoned. Local management committees for large hospitals were tried several times, but never functioned properly. Those experiences indicate that structural changes alone will not improve the quality of service. They must be accompanied by improvements in the management system, especially the aspects relating to human resource management, accountability and effective supervision.

4.49 Implementing Plans to Improve Personnel Management. The GOB plans to mandate a common job description for the basic female health and FP worker (the female health assistant and the FWA). It also plans to reduce their jurisdiction in order to expand effective coverage and provide both MCH and FP services through the same worker. Those plans have the potential of improving the quality of HFP services, especially as they would lead to more effective supervision through pooling of supervisors and rendering their span of control more manageable. Therefore, they should be implemented quickly.

C. Social Safety Net Programs and Food Management

4.50 Half of all the households in Bangladesh cannot afford an adequate diet. These poor households require increased employment and incomes to ensure adequate food intake. Economic growth is the long-run solution to undernutrition. In the short run, targeted safety net programs can provide temporary relief. These programs need to be very carefully targeted to ensure their cost-effectiveness. Recently the Government has abolished its high-cost and poorly targeted Palli Rationing channel. There are a number of other poorly targeted programs that could be restructured or eliminated. The Government made considerable progress in FY92 in reducing the cost of its food operations, and should now build on this progress by reviewing the objectives of its entire food management program.

Social Safety Net Programs

4.51 The public food distribution system (PFDS) originated in 1943 during the Bengal famine, and expanded rapidly in the years after independence. Recently year-to-year distribution has fluctuated substantially, peaking during years of natural disasters. In FY92, an average year, total foodgrain distribution from PFDS was 2.35 million MT. This was equivalent to about 13% of all foodgrains consumed in the country.

4.52 Up to FY92, the PFDS operated 12 distribution channels: 2 relief channels, 4 targeted channels serving the relatively better-off, 4 channels targeting the poor, and 2 untargeted channels (these untargeted channels are discussed in the Food Management section below). In FY92, more than 50% of foodgrain distribution was through channels that do not directly benefit the poor (Table 4.5). Moreover, some of the channels which aim at poverty alleviation, e.g. Palli Rationing, were poorly targeted.

Table 4.5: PERCENTAGE SHARE OF PFDS OFFTAKE

Channel	FY92	Projections for FY93
Relief	6.6%	5.7%
Test Relief	4.2%	2.5%
Gratuitous Relief	2.4%	1.1%
Others	--	2.1%
Targeting the Better-off	25.1%	29.1%
Statutory rationing	7.2%	10.1%
Essential Priorities	6.4%	8.0%
Large Employers	2.4%	3.3%
Other Priorities	9.0%	7.7%
Targeting the Poor	42.1%	40.1%
Food For Work	23.1%	21.7%
Vulnerable Group Dev.	9.8%	9.8%
Palli Rationing	9.2%	0.0%
Rural Maintenance	N.A	8.6%
Untargeted	26.2%	25.1%
Open Market Sales	11.7%	14.8%
Flour Mills	14.5%	10.3%

Source: World Food Program

4.53 Two relief programs, Test Relief and Gratuitous Relief, provide foodgrain to the needy, often in exchange for labor, in times of flood, famine, political unrest or other emergency situations, with a ration quota set at 0.5 Kg per capita per day. Their share of total foodgrain distributed through the PFDS depends on the occurrence of disasters. In FY92, 6.6% of total offtake from the PFDS was distributed through those channels.

4.54 Around 25% of total foodgrain distribution by the PFDS in FY92 was targeted at relatively better-off segments of society through four channels: statutory rationing (SR), essential priorities (EP), large employers (LE) and other priorities (OP). The OP program, which targets 5.2 million government and parastatal employees, is the largest of the four channels representing 9% of total foodgrain distributed through the PFDS in FY92. Another 3.6 million people, including government employees and school teachers in the Dhaka, Narayanganj, Chittagong, Rangamati, Khulna and Rajshahi districts, benefit from the SR program whose share in total PFDS distribution was 7.2% in FY92. The EP program subsidizes the military and security forces (about 1.4 million beneficiaries). Its share of total foodgrain distribution was 6.4% in FY92. The LE programs benefits workers and staff in industries with 50 or more employees and has around 2.4 million beneficiaries. In FY92, its share in total PFDS distribution was 2.4%.

4.55 The Food For Work (FFW) program is the largest PFDS channel targeting the poor, with 23.1% of the total foodgrain distribution in FY92. It delivers wheat to around 3 million seasonal workers in return for construction and reconstruction of rural infrastructure. In recent years around 500,000 tons of cereals (mostly wheat) have been provided annually for some 110 million days of work. The FFW program has improved recipients' nutritional status, although it suffers from a relatively high system leakage of 30%-35%; the total cost of transferring one taka through this program to a poor household is estimated at Tk 1.8-2.4. In terms of providing useful infrastructure the record of FFW is mixed. The largest share of wheat distributed under this program has been for building earthern roads with limited economic value, and their construction has often resulted in uncompensated appropriation of land, disruption of natural drainage patterns and destruction of trees. There has been some diversification of FFW activities in recent years. These efforts should be continued, as FFW needs to build more productive infrastructure, and be directed more to the needs of women and children during the August-October lean season.

4.56 The Vulnerable Group Development (VGD) program operates year-round and provides grain (7.0-8.0 Kg of wheat per week) to about 450,000 poor mothers and children in conjunction with training, functional education and support for income generating activities. It is the only major program that targets at-risk regions. It represented 9.8% of the total PFDS in FY92. The VGD program is very cost effective in transferring income to the poor, with only Tk 1.5 required to deliver Tk 1 to a poor household.

4.57 The Palli Rationing (PR) program was responsible for 9.2% of the PFDS offtake during FY92. This program targeted around 6.6 million landless rural people. However, it is estimated that through poor management about 60% of the foodgrain distributed through this channel leaked to the non-poor, and the fiscal cost of the implied subsidy was around US$60 million. In May 1992 the GOB decided to abolish this program.

4.58 The Rural Maintenance Program (RMP) is a "cash for work" program employing destitute women in road maintenance. It uses counterpart funds generated through the sale of food aid. The RMP operates year-round and, like VGD, aims at "graduating" its beneficiaries with sufficient skills and savings to find or create their own employment opportunities. It now affects about 61,000 beneficiaries, distributing Tk 24 per day of work. The cost of transferring one taka to a poor family through the RMP is estimated at Tk 1.2, which makes it the most cost effective targeted program.

4.59 Eliminating Channels Benefitting Better-Off Groups. It is clearly undesirable that 25% of the PFDS in a country suffering from widespread malnutrition is targeting relatively better-off groups. The present social safety net programs (FFW, VGD and RMP) only cover 5.7 million beneficiaries while the number of people who are severely undernourished and cannot afford a daily diet providing 1800 calories is around 30 million. Programs that support better-off segments of society do so at the cost of reduced assistance to the truly needy. Had the OP, SR, EP and LE channels been abolished in FY92 and all the foodgrain redirected to FFW, VGD and RMP, the volume of foodgrain in the social safety net programs would have increased from 771,000 tons to 1,360,000 tons, a 76% increase. Thus, the number of beneficiaries from social safety net programs could have increased to around 10 million people. Assistance to the poor could be achieved by abolishing the OP, SR, EP and LE channels and redirecting their resources to social safety net programs. If a subsidy to government employees and the security forces is felt to be desirable, then it would be more efficient and transparent to provide this subsidy through the revenue budget instead of the food budget.

4.60 Expanding Existing Social Safety Net Programs. The savings achieved through abolishing unnecessary distribution channels and increasing the PFDS's efficiency should be used to expand programs that help the poor. To this end, the Ministry of Food has requested the International Food Policy Research Institute (IFPRI) to coordinate a systematic review of alternatives to Palli Rationing. A Working Group on targeted food interventions was formed for this purpose, and its recommendations are expected in the near future. The Working Group has argued that, in the short run, expansion of RMP and VGD is the quickest way to deliver additional resources to low-income households. This would require widening the criteria for selection of groups serviced by those two programs and expanding their area of intervention. An expansion of RMP and VGD could also be achieved through coordination with the nutrition project initiative.

4.61 Introducing New Targeted Programs. The GOB may also consider experimenting with new types of social programs. The Working Group on targeted food interventions is considering a recommendation to try programs such as a "Food-For-Education" (FFE) on a pilot basis. An FFE program would link vulnerable group income supplements to primary school enrollment by their children, and thus help achieve the objective of increasing primary school attendance by children from low-income households.

Food Management

4.62 Aside from the direct needs of the food distribution programs, the Government has traditionally intervened in the food market through procurement over and beyond the needs of the targeted distribution programs, and through subsequent sale of (some) of this foodgrain (in recent years there have been substantial stock losses due to deterioration of rice in storage). These interventions have been designed to smooth out fluctuations in interannual and seasonal prices. They have, however, been costly, and empirical studies[1/] suggest that their impact on rice prices has been marginal at best. Procurement has been ineffective in guaranteeing a floor price to poor farmers, particularly in more remote areas, many of which are major surplus production areas. For example, a review of wholesale prices over the last ten years in the Northwest region (where three-fourths of domestic procurement takes place) reveals many instances where wholesale prices were below the official procure-

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[1/] See e.g. World Bank: Bangladesh Food Policy Review: Adjusting to the Green Revolution, Report No. 9641-BD, dated February 28, 1992.

ment price. Producers generally receive far less than the procurement price, with the difference accruing to the traders and millers from whom the GOB purchases. Sales are so small (less than 1% of supply) that they also have had no significant effect on overall market prices. The rationale for interventions to stabilize prices is further diminished by the fact that fluctuations in rice prices have been substantially reduced (seasonal swings are now only about 20%) as rice production has become more stable with the spread of irrigated winter rice and of high-yielding rice varieties. The open market sales program could, however, be reoriented to target distressed regions during the second lean season (October-November).

4.63 Procurement. In FY92, the PFDS procured 2.6 million tons of foodgrain, of which 1.6 million tons was imported and 1.0 million tons was domestically procured rice and (a small amount of) wheat. Imports are mainly in the form of food-aid wheat from bilateral and multilateral donors. Commercial imports of wheat in FY92 amounted to only 150,000 MTs, while rice imports were 39,000 MTs. Domestic procurement has in the past mostly been done through millgate contracts at a fixed, above market, price. These millgate contracts have unnecessarily subsidized the millers and traders from whom the Government buys the rice.

4.64 Foodgrain Sales and Distribution. About three-quarters of food distribution is through targeted channels, about one quarter through Open Market Sales (OMS) of rice, and sales of wheat to flour mills. (However this latter program may be phased out now that, as discussed below, private sector wheat imports are being allowed). The OMS system sells rice at a fixed price which is supposed to be 15% higher than the official procurement price. However, in recent years the margin has been squeezed, and the OMS price has sometimes fallen to below the procurement price, leading to large financial losses for the Food Ministry.

Recent Reforms

4.65 Recently the Government has introduced some significant reforms. Specifically, it has: (i) started procuring rice through open tender; (ii) begun to allow private sector imports of wheat; and (iii) abolished the inefficient Palli Rationing channel.

4.66 Tendering for Rice. Rice procurement has, as noted above, tended to be through millgate contracts at above-market prices. It is estimated that around Tk 1.6 billion could be saved every year if all foodgrain procurement were done through competitive tenders rather than millgate contracts. In FY92 the Government, aware of the large potential savings from competitive tenders, and of the fact that its procurement policies were not boosting producer prices, started procuring some rice through open tender. Four tenders were floated in 1992, and the Government aims to increase the volume of rice it procures through tender during FY93.

4.67 Allowing Private Sector Wheat Imports. In FY93 the GOB removed the ban on private sector wheat imports and is actively encouraging private trade in wheat. Private traders' response to this policy change has been impressive, and they are expected to import around 300,000 tons of wheat in FY93.

The GOB will thus no longer need to finance commercial wheat imports from the budget. Moreover, the PFDS distribution channel for flour mills is expected to shrink significantly to only around 10% of total PFDS offtake in FY93, and may soon disappear altogether. It is vital, however, that the policy environment affecting incentives for this activity remain stable.

4.68 Abolishing Palli Rationing. In the past PR distributed around 20% of total public foodgrains. Its suspension has resulted in budgetary savings, but it has also led to a temporary imbalance in the PFDS by closing the principal outlet for domestically procured rice at a time when a high procurement price has led to a tremendous increase in stocks of around 700,000 tons. In the short run, the GOB needs to find an outlet for its rice stocks. In the long run, it needs to prevent the build-up of stocks by reducing procurement and by expanding well-targeted programs. Moreover, the GOB is concerned about those poor who did benefit from subsidized rural rationing. As noted above, a Working Group on targeted food interventions was formed for this purpose and its recommendations are expected in the near future.

The Need for Further Action

4.69 A New Direction Needed in Food Management. Since FY90, the Government has engaged in large-scale domestic procurement of rice, ranging from 0.7 million MTs to 1 million MTs a year, or double to triple the amounts procured in the 1980s. Government interventions to try and stabilize prices are expensive. There is now only a small seasonal swing in rice prices between the time the Government procures its rice and the time it sells it, and during that period storage, handling and "leakage" are very costly. The Government's interventions in the food market are especially expensive when, as in some past years, the Government sets the procurement price well above market prices, resulting in massive and expensive procurement and stock build up. This year the procurement price appears to have been lowered, but it is not clear whether this is part of a concerted strategy to use procurement only to fulfil the needs of targeted programs and of an emergency security stock, or whether the GOB still has price stabilization objectives in mind. Indeed the Government is reported to be considering procuring an additional 200,000 MTs in the near future even though public warehouses are overflowing with 1.2 million MTs.

4.70 A policy decision needs to be made on whether the objective of domestic procurement is only to provide food for targeted programs and for a food security stock, or whether it is also designed to stabilize rice prices. As noted above, domestic procurement and open market sales seem to have little impact on rice prices. There is thus a strong case for limiting domestic procurement to the need of targeted programs and of a security stock. These needs should be met by procurement at the lowest prices GOB can obtain in the market, rather than at prices which attempt to influence the market. Food management based on these principles entails reforms in rice tendering and in the OMS system.

4.71 Reforms in Rice Tendering. The Government suspended mill-gate procurement during the 1992 aman season, and this method of procurement should be completely abolished starting the 1993 boro season. Unless this is done, millers will have little incentive to offer tenders at market price. Efficient tendering requires that four obstacles be overcome. (i) Insufficient bank credit: regulations prohibiting bank financing of foodgrain trade were abolished in October 1992, but bankers are yet to start lending in large quantities to grain traders. (ii) Anti-hoarding regulations: traders and millers are reluctant to hold large stocks of rice because they face the threat of confiscation under anti-hoarding laws, which, while in suspension since 1988, have not been formally abolished. (iii) Lack of an appropriate grading system: the GOB uses a single grade for rice, fair average quality, and a more discriminating and clear system of grading is needed to make government procurement and overall rice marketing more efficient. (iv) Slow bid evaluation: this is partly a result of GOB audit codes which require procurement at a single price in each station, in the absence of "compelling justification" to do otherwise, making it difficult to procure a pre-determined amount of rice at a given station.

4.72 Reforms in the OMS System. The Open Market Sales system should continue as a mechanism for managing Government stocks as well as a mechanism for targeting distressed regions during the second lean season. But OMS sales should occur during the lean season and in distressed areas, in order to try to reach vulnerable groups that are not served by targeted programs. Moreover, access to OMS grain within the distressed areas should be universal, rather than limited to authorized dealers, as is currently the case.

TABLE 1
REVIEW OF PROJECT IMPLEMENTATION SHORTFALL FOR SELECTED PROJECTS: FY92
(Project Aid Allocation/Spending in Lakh Takas)

SECTORS	ORIGINAL PROJECT AID ALLOCATION	IMED's ESTIMATE OF ACTUAL PA OUTLAY	SHORT FALL(-)/ EXCESS(+) (In %)
NAME OF PROJECT			
AGRICULTURE	22905	12040	-47
FORESTRY			
Second Forestry	2500	1815	-27
UZ Afforestation	2125	1636	-23
FISHERIES			
Shrimp Culture	2950	1468	-50
2nd Aquaculture	1745	524	-70
Third Fisheries	2670	744	-72
Fisheries Res. Institute	900	809	-10
Beel/Baor Fisheries	827	46	-94
LIVESTOCK			
Second Livestock	3000	1758	-41
Livestock Res. Institute	613	267	-56
CROPS			
Crop Diversification	905	488	-46
Horticulture	700	22	-97
Strengthening of BARC	1200	1164	-3
2nd Agr. Research	650	600	-8
Foodgrain Storage Construction	700	279	-60
Food Storage Rehabilitation	800	14	-98
Tea Garden Rehabilitation	620	406	-35
RURAL DEVELOPMENT	26664	25726	-4
PROJECTS WITH SHORTFALL	22384	18246	-18
Noakhali RD	1100	936	-15
RDP-9	865	719	-17
RDP-12	2153	1369	-36
Tangail RDP-2nd	800	0	-100
RDP-4	2800	2670	-5
RDP-5	665	531	-20
RDP-6	630	191	-70
RDP-7	3260	3148	-3
RDP-8	1500	1009	-33

SECTORS	ORIGINAL PROJECT AID ALLOCATION	IMED's ESTIMATE OF ACTUAL PA OUTLAY	SHORT FALL(-)/ EXCESS(+) (In %)
RDP-13	6500	5689	-12
3rd Flood Rehabilitation	2111	1984	-6
EXCEEDING TARGET	4280	7480	75
Flood Rehabilitation	4280	7480	75
WATER RESOURCES	48800	25195	-48
PROJECTS WITH SHORTFALL	41000	16572	-60
Naogaon Poulder	2800	1564	-44
BWDB Small Schemes	2800	1903	-32
Systems Rehab	3900	921	-76
G. K. Irrigation	2800	1803	-36
Teesta Barrage	3500	1010	-71
Narayanganj-Narsingdi Irrigation	4600	4081	-11
Barnai	2000	978	-51
Modhumoti-Nabaganga	1600	659	-59
Small Scale Irrigation	2050	1128	-45
FAP Block	4500	0	-100
NMIDP	6000	0	-100
Pabna Irrigation	1000	513	-49
2nd Small DFC	2350	1367	-42
EIP : Group III	1100	645	-41
EXCEEDING TARGET	7800	8623	11
Flood Rehabilitation (IDA)	4200	4351	4
Gumti	1900	2234	18
Flood Rehabilitation (ADB)	1700	2038	20
INDUSTRY	10964	12147	11
PROJECTS WITH SHORTFALL	1365	0	-100
Chemical Industry Training Center	1365	0	-100
EXCEEDING TARGET	9599	2147	27
BMRE of Chhatak Cement	1766	2530	43
Jamuna Fertilizer Factory	7833	9617	23

SECTORS	ORIGINAL PROJECT AID ALLOCATION	IMED's ESTIMATE OF ACTUAL PA OUTLAY	SHORT FALL(-)/ EXCESS(+) (In %)
POWER	**65684**	**67373**	3
PROJECTS WITH SHORTFALL	38663	11394	-71
90 MW Sylhet Combined Cycle	6000	101	-98
Power Plant Rehabilitation	3500	0	-100
Ghorashal-Haripur 230 KV Line	2400	1799	-25
Grid System Rehabilitation	1900	0	-100
ACRE Phase-IIIA	4913	3977	-19
ACRE Phase IIIB	4500	3610	-20
ACRE Phase IVA	5000	0	-100
ACRE Phase IIIA (EXT)	1500	0	-100
Ghorashal Thermal Power - VI	1150	0	-100
7 Transmission Line	2800	790	-72
18 Towns Power Distribution	2000	1052	-47
Systems Loss Reduction Scheme	3000	65	-98
EXCEEDING TARGET	27021	55979	107
Ashganj-Comilla 230 KV Line	6812	14802	117
Greater Dhaka Power III	7500	7600	1
16 Towns Power Distribution	3500	4181	19
Chittagong 210 MW Thermal	9209	29396	219
OIL, GAS & NATURAL RESOURCES	**40300**	**20654**	**-49**
PROJECTS WITH SHORTFALL	36200	14871	-59
Gas Field Appraisal & Development	10000	4375	-56
North-South Gas Pipeline	12700	5494	-57
Kailashtila Pilot LPG	500	0	-100
Oil & Gas Exploration	1700	460	-73
LPG Transportation & Distribution	1000	0	-100
Replacement of RMS	1500	0	-100
Secondary Conversion at ERL	6500	4542	-30
LPG Storage/Bottling	1500	0	-100
Raojan Gas Supply	800	0	-100
EXCEEDING TARGET	4100	5783	41
Brahmaputra Basin Gas	3600	4943	37
Rehabilitation of ERL	500	840	68

SECTORS	ORIGINAL PROJECT AID ALLOCATION	IMED's ESTIMATE OF ACTUAL PA OUTLAY	SHORT FALL(-)/ EXCESS(+) (In %)
TRANSPORT	**45033**	**49002**	**9**
PROJECTS WITH SHORTFALL	28483	21112	-26
Railway Workshop	3600	3547	-1
Railway Rehabilitation	4000	2427	-39
Railway Rehabilitation : I	1632	1623	-1
Railway Rehabilitation : II	2765	1831	-34
MG Line Rehabilitation	1829	793	-57
Coach Rehabilitation	1000	852	-15
Railway Rehabilitation (CIDA)	1000	772	-23
Shambhuganj Bridge	1500	1500	0
Flood Rehabilitation (88) BIWTA	2000	712	-64
Coastal Mapping	1000	840	-16
2 Multipurpose Jetty	8157	6215	-24
EXCEEDING TARGET	16550	27890	69
Road Development	4200	10669	154
Mymensingh Feeder Road	3000	4202	40
Road Rehabilitation	2850	3630	27
Flood Rehabilitation (88) RHD (IDA)	2500	4043	62
Flood Rehabilitation (88) RHD (ADB)	4000	5346	34
PHYSICAL PLANNING, HOUSING & WATER SUPPLY	**11676**	**10924**	**-6**
PROJECTS WITH SHORTFALL	9476	7551	-20
Infrastructure 10 Towns	1500	475	-68
18 Town Water Supply	850	520	-39
Emergency Drainage	4276	4276	0
Rural Health Phase III	1200	730	-39
Rural Water Supply	1000	900	-10
Coastal Water Supply	650	650	0
EXCEEDING TARGET	2200	3373	53
DWASA Emergency Water Supply	1000	1487	49
Dhaka Storm Water Drainage	1200	1886	57

SECTORS	ORIGINAL PROJECT AID ALLOCATION	IMED's ESTIMATE OF ACTUAL PA OUTLAY	SHORT FALL(-)/ EXCESS(+) (In %)
EDUCATION	**48566**	**14742**	**-70**
PROJECTS WITH SHORTFALL	46777	12931	-72
Third IDA Flood Rehabilitation	4577	2092	-54
Primary: Dhaka, Khulna, Rajshahi	30050	7463	-75
Primary : Chittagong	4600	2325	-49
Flood Rehabilitation (IDB)	1500	543	-64
Primary School Rehabilitation (EEC)	1000	0	-100
Madrasah Rehabilitation (IDB)	700	233	-67
Secondary Education (ADB)	800	0	-100
Higher Second Education	750	0	-100
Open University	500	0	-100
Female Stipend	500	0	-100
Mass Education	600	0	-100
Curriculum/Textbooks	700	270	-61
Population Education	500	5	-99
EXCEEDING TARGET	1789	1811	1
Technical Education	1789	1811	1
HEALTH	12700	4356	-66
18 Nurses Training Center	850	222	-74
50 Upazila Health Complex (UHC)	1000	0	-100
EPI	4300	3529	-18
Dhaka Dental College	650	200	-69
Suhrawardy Hospital	1000	0	-100
Rehabilitation of 45 UHC	810	405	-50
Second Health & FP	2090	0	-100
Rehabilitation of 74 UHC & 21 District Hospitals	2000	0	-100
POPULATION	**19678**	15025	**-24**
PROJECTS WITH SHORTFALL	11826	5838	-51
UHFW Centers	2300	1329	-42
UFP Godowns	800	0	-100
Rehabilitation of 898 UHFWC	800	565	-29
MCH Program Strengthening	1428	1402	-2
FP Clinical Service	1400	968	-31
Rural UFWC & Dispensary	1850	0	-100
Condom Industry	1300	0	-100

SECTORS	ORIGINAL PROJECT AID ALLOCATION	IMED's ESTIMATE OF ACTUAL PA OUTLAY	SHORT FALL(-)/ EXCESS(+) (In %)
MCH Centers/Ambulance	1100	1000	-9
NIPORT Phase IV	848	574	-32
EXCEEDING TARGET	7852	9187	17
Family Planning Service	7852	9187	17
YOUTH DEVELOPMENT	500	0	-100
Rural Youth Training	500	0	-100
GRAND TOTAL	**353470**	**257184**	**-27**
(PROJECTS WITH SHORTFALL)	**272279**	**124911**	**-54**
(EXCEEDING TARGET)	**81191**	**132273**	**63**

TABLE 2
REVIEW OF PROBLEMS AND FACTORS AFFECTING IMPLEMENTATION OF SELECTED PROJECTS IN FY92

SECTORS/PROJECT NAME	DONORS	UNDERLYING PROBLEMS AND FACTORS
AGRICULTURE		
1. Upazila Afforestation	ADB	-Delay in consultant recruitment -Lack of technical/managerial expertise of upazila council
2. Shrimp Culture	IDA	-Limited progress of private sector component, including cost recovery [1/] -Delay in design and execution of BWDB component
3. 2nd Aquaculture	ADB	-Inability to utilize private sector component 1 -Weak management and coordination -Limited financial delegation -Delay in procurement (vehicles)
4. Third Fisheries	IDA	-Delay in procurement and contract award -Inadequate financial delegation -Delay in design and execution of BWDB component -Delay in appointment of consultants
5. Second Livestock	ADB	-Slow implementation of private sector component 1
6. Crop Diversification	CIDA Dutch	-Delay in agreement and aid financing -Delay in appointment of consultants
7. Horticulture	ADB	-Delay in fielding consultants -Delay in project review required by ECNEC -Delay in fund release
8. 2nd Agr. Research	IDA	-Inadequacy of SAFE funds for the fisheries component
9. Foodgrain Storage	Canada	-Delay in PP approval
10. Foodgrain Storage Rehabilitation	EEC	-Delay in fielding consultant -Delay in setting up PMU

[1/] This is a problem for the project as a whole, but it does not affect the public sector component in the ADP.

SECTORS/PROJECT NAME	DONORS	UNDERLYING PROBLEMS AND FACTORS
RURAL DEVELOPMENT		
11. 2nd Tangail RDP	GTZ	-Implementation deferred due to disagreement with donor
12. RDP-4	CIDA NORAD	-Delay in procurement
13. RDP-6	SDC	-Delay in land acquisition
14. RDP-8	EEC	-Delay in land acquisition
15. RDP-9	EEC Dutch	-Delay in PP approval -Delay in appointment of consultant -Delay in lining up aid
16. RDP-12	CIDA	-Delay in release of revolving funds -Delay in mobilizing TA Team for Skill Development -Delay in project staffing and training
17. RDP-13	ADB	-Shortage of equipment/construction materials
WATER RESOURCES		
18. Naogaon Poulder	IDA	-Delays in land acquisition -Delay in decision on town protection -Unsatisfactory performance of contractor
19. BWDB Small Schemes	IDA	-Delay in procurement and contract award -Delay in land acquisition -Delay in setting up institutional arrangements, particularly for O&M -Unsatisfactory performance of contractor
20. BWDB Systems Rehabilitation	IDA	-Delay in design, tender and contract award -Delays in appointment of consultants -Inadequate O&M allocation -Delays in land acquisition -Delay in procurement (vehicles) -Slow decision making
21. Third Flood Rehabilitation	IDA	-Delays in land acquisition
22. G. K. Irrigation	ADB	-Delay in tender and appointment of contractor -Unsatisfactory performance of contractor -Weak management and decision making

SECTORS/PROJECT NAME	DONORS	UNDERLYING PROBLEMS AND FACTORS
23. Teesta Barrage	SFD/IDB	-Inadequate fund - linked to project restructuring
24. Narayanganj Narshingdi Irrigation	Japan	-Delay in land acquisition -Local fund shortage
25. Gumti Irrigation	IDA	-Delays in land acquisition -Delay in finalizing contract -Delay in PP finalization
26. Barnai Irrigation	IDA	-Delay in land acquisition
27. Modhumoti Nabaganga	IDA	-Delays in land acquisition -Delay in finalization of embankment alignment
28. Small Scale Irrigation	ADB	-Delay in land acquisition -Unsatisfactory performance of contractor -Delayed decision making
29. FAP Block Allocation		-Delay in finalization of projects
30. NMIDP	IDA/EEC	-Delay in appointment of consultants -Lack of institutional reorganization
31. Pabna Irrigation	ADB	-Slow field work by contractors -Fund shortage -Management problem
32. 2nd Small DFC	IDA	-Slow land acquisition -Delay in award of contract
33. Flood Rehabilitation	ADB	-Delay in land acquisition -Delay in award of contract
34. EIP : Group III	Dutch Sweden	-Delay in land acquisition -Delay in award of contract
INDUSTRY		
35. Chhatak Cement	ADB DANIDA	-Inadequate allocation -Delay in formalities for tendering
POWER		
36. 90 MW Sylhet Combined Cycle	Japan	-Delay in project approval

SECTORS/PROJECT NAME	DONORS	UNDERLYING PROBLEMS AND FACTORS
37. Power Plant Rehabilitation	IDA	-Credit agreement not signed with IDA due to suspension of lending
38. Ashuganj-Comilla 230 KV Line	FRG	-Delay in approval of PCP and PP -Delay in signing project agreement -Inadequate CDST allocation
39. Ghorashal-Haripur 230 KV Line	ADB	-Delay in contract award -Delay in project approval
40. Grid System Rehabilitation	IDA	-Credit agreement not signed with IDA due to suspension of lending
41. Greater Dhaka Power Dist III	ADB	-Delay in bid evaluation, approval/award of contract
42. 16 Towns Power Distribution	IDA	-Suspension of disbursement -Delay in signing of turnkey contract and materials delivery -Delays in bid evaluation and contract award
43. ACRE Phase-IIIA	IDA	-Delay in handover of lines by PDB to REB -Delay in energization of REB sub-station by PDB
44. ACRE Phase IVA	IDA	-Bid preparatory work in FY92 -Land acquisition problems
45. ACRE Phase IIIA (Ext.)	Japan	-Delay in procurement
46. Chittagong 210 MW Thermal Power	China	-Delay in appointment of consultant
47. Ghorashal Thermal Power 6th Unit		-Delay in suppliers' contract agreement -Delay in completion of 5th Unit
48. 7 Transmission Line	ADB	-Inadequate allocation -Delay in procurement -Delay in approval of PCP and PP
49. 18 Towns Power Distribution	ADB	-Delay in project approval -Delay in turnkey contract
50. Systems Loss Reduction scheme	IDA	-IDA suspension of financing of main component -Additional foreign funds not yet lined up

SECTORS/PROJECT NAME	DONORS	UNDERLYING PROBLEMS AND FACTORS
OIL, GAS & NR		
51. Gas Fields: Appraisal & Development	IDA	-Delay in procurement and contract award -Frequent transfer of Project Director
52. North-South Gas Pipeline	IDA	-Delay in procurement and contract award -Frequent transfer of Project Director -Delay in land acquisition -Delay in payment to contractor
53. Kailashtila Pilot LPG	IDA	-Delay in preparation of tender documents -Delay in appointment of consultant
54. Oil & Gas Exploration	NA	-Delay in lining up foreign financing
55. Brahmaputra Basin	ADB	-Unsatisfactory performance of contractor -Frequent transfer of Project Director -Delayed arrival of materials/equipment -Contractor's claim not fully resolved
56. LPG Transportation Distribution	IDA	-Delay in agreement & project effectiveness & linked to delay in contract award
57. Replacement of RMS	ADB	-Delay in contract award -Delay in approval of PCP and PP -Delayed arrival of material/equipment
58. Secondary Conversion of ERL	IDA	-Delay in appointment of contractor
59. LPG Storage and Bottling	IDA	-Delay in agreement & effectiveness linked to in contract award
60. Raojan Gas Supply		-Delay in lining up aid; subsequently financed by GOB's own resources
61. Compressed Natural Gas (CNG)	IDA	-Weak management -Delay in appointing consultant -Delay in procurement
TRANSPORT		
62. Bangladesh Railway	ADB	-Delay in procurement & contract award -Lack of implementation in cyclone damage component
63. Road Development	ADB	-Land acquisition problem

SECTORS/PROJECT NAME	DONORS	UNDERLYING PROBLEMS AND FACTORS
64. Mymensingh Feeder Road	ADB	-Unsatisfactory performance of contractor
65. Road Rehab & Maintenance	IDA	-Delay in design and cost estimation
66. Flood Rehab 1988 (BIWTA)	IDA	-Delay in award of contract
67. 2 Multipurpose Jetty	IDA Finland	-Slow decisions led to some delays in zonal workshop component
PHYSICAL PLANNING, HOUSING AND WATER SUPPLY		
68. DWASA Emergency	IDA	-Expansion of project scope and associated delay
69. 10 Towns Infrastructure Development	ADB	-Delay in consultant selection
70. Storm Water Drainage	Japan	-Land acquisition incomplete
EDUCATION		
71. Third IDA Flood Rehabilitation	IDA	-Delay in formulation of work plan -Delay in flow of funds at upazila level -Delay in procurement (furniture)
72. GEP: Dhaka, Rajshahi and Khulna Division	IDA	-Inadequacy of SAFE funding -Fund flow problems at the field level -Delay in land acquisition -Project staffing problems -Problems in training component -Delay in formulation of work program -Delay in appointment of consultant
73. GEP: Chittagong Division	ADB	-Delay in establishing PIMU -Fund flow problems at the field level -Delay in formalities for tendering -Weak management, partly due to frequent change of Project Director
74. Flood Rehabilitation	IDB	-Delay in formalities for tendering
75. Primary School Rehabilitation	EEC	-Delay in lining up assistance

SECTORS/PROJECT NAME	DONORS	UNDERLYING PROBLEMS AND FACTORS
76. Second. Education	ADB	-Allocation was for post-cyclone rehabilitation of schools which could not be used
77. Higher Secondary Education: Science	ADB	-Project could not be made effective
78. Open University	ADB	-Delay in Project approval
79. Shahjalal University	Turkey	-Delay in lining up assistance
HEALTH		
80. 18 Nurses Training Center	UNCDF	-Delay in site selection
81. 50 Upazila Health Complex	IDA IDB OPEC	-Late project effectiveness -Inadequate preparation and forward planning -CMMU not operationalized
82. EPI	UNICEF IDA	-Delay in recruitment of project staff
83. Second Health and Family Planning	ADB	-Weak management -Delay in recruitment of consultants
84. Rehabilitation of upazila health complex	EEC	-Weak management
POPULATION		
85. Upazila FWC	IDA	-Initial inadequacy of SAFE funds
86. 898 UFW Rehab	IDA	-Initial inadequacy of SAFE funds
87. Rural UFWC	IDA	-Late project effectiveness -Inadequate preparation and forward planning -CMMU not operationalized
88. Condom Industry	Japan	-Feasibility of project still being assessed
89. MCWC	IDA	-Initial inadequacy of SAFE funds
YOUTH DEVELOPMENT		
90. Youth Development	ADB	-Major delay in setting up PIU -Delay in recruitment of consultants -Weak management

TABLE 3
PROCESSING TIME FOR PROCUREMENT OF GOODS AND WORKS[2/]

SECTORS	VALUE (Cr.Tk)	CONTRACT PROCESSING TIME (MONTHS)
BANGLADESH TELEPHONE AND TELEGRAPH BOARD (BTTB)		
89 UPAZILA DIGITAL UHF EQUIPMENT	53.90	10
DHAKA-MYMENSINGH BOGRA-SYLHET DIGITAL MICROWAVE SYSTEM	60.27	7
NWD INTERFACE EQUIPMENT	10.07	7
20500 DIGITAL MULTI-EXCHANGE EQUIPMENT	49.12	25
CABLE JOINT & MATERIALS	14.65	10
DIGITAL MULTI-ACCESS RADIO SYSTEM	5.40	24
CHITTAGONG MICROWAVE TOWER	10.00	9
AVERAGE	29.06	13.1
BANGLADESH POWER DEVELOPMENT BOARD (BPDB)		
GHORASHAL-HASNABAD 230/132KV TRANSMISSION LINE 230/132 KV SUB-STATION	71.29	25
GREATER DHAKA PROJECT 132 KV & 33 KV CONDUCTOR	36.00	21
GREATER DHAKA PROJECT 11 KV CONDUCTOR/ACCESSORIES	11.88	20
GREATER DHAKA PROJECT 11 KV & LD OVERHEAD LINE CONDUCTOR	20.60	20

[2/] This table includes goods and works contracts valued at Tk. 5 crore or more, mostly financed under project aid.

SECTORS	VALUE (Cr.Tk)	CONTRACT PROCESSING TIME (MONTHS)
GREATER DHAKA PROJECT 11 KV & LD CABLE/EQUIPMENT	41.80	21
GREATER DHAKA PROJECT SERVICE CABLE/ACCESSORIES	8.17	20
7 TRANSMISSION LINE SUB-STATION PACKAGE 1	21.36	33
7 TRANSMISSION LINE SUB-STATION PACKAGE 2	20.79	33
7 TRANSMISSION LINE SUB-STATION PACKAGE 3	19.12	33
GREATER DHAKA PROJECT 132/33/11 KV SUB-STATION	175.00	19
GREATER DHAKA PROJECT 33/11 KV SUB-STATION	94.62	20
GREATER DHAKA PROJECT DISTRIBUTION SUB-STATION	25.00	17
KHULNA POWER PLANT 5000 GAS GENERATOR	5.21	19
16 TOWN PROJECT SUB-STATION (4+9)	21.50	29
16 TOWN PROJECT SUB-STATION(5+4)	14.88	28
GREATER DHAKA PROJECT 132 KV UNDERGROUND CABLE	9.68	14
GREATER DHAKA PROJECT 33 KV UNDERGROUND CABLE	34.11	27
GREATER DHAKA PROJECT 11 KV VCB/ACCESSORIES	7.05	21
GREATER DHAKA PROJECT 11 KV 3 PHASE METERING UNIT	6.06	27
GREATER DHAKA PROJECT 11 KV/LV 3 PHASE METERING UNIT	18.44	13

SECTORS	VALUE (Cr.Tk)	CONTRACT PROCESSING TIME (MONTHS)
GREATER DHAKA PROJECT STEEL POLE, INSULATOR/FITTINGS	55.38	17
GREATER DHAKA PROJECT 11 KV 3 PHASE METERING UNIT	6.06	13
16 TOWN PROJECT 11 KV/LV POLE/FITTINGS LOT NO.2	6.32	22
16 TOWN PROJECT 11 KV LOT NO.1	9.55	21
16 TOWN PROJECT CONDUCTOR/LV CABLE/ SERVICE CABLE	21.29	12
16 TOWN PROJECT 11 KV/LV POLE/FITTINGS	10.02	22
90 MW SYLHET COMBINED CYCLE	305.22	28 [a/]
GREATER DHAKA PROJECT 11 KV POLE/FITTINGS	27.00	20
GREATER DHAKA PROJECT JEEP/BOAT	5.20	6
AVERAGE	38.23	21.4
RURAL ELECTRIFICATION BOARD (REB)		
ACRE 3-C	6.07	8
PETROBANGLA		
BRAHMAPUTRA BASIN PROJECT COATING/WRAPPING	5.61	11
ASHUGANJ-GHORASAL RMS	29.41	25

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a/ Total time taken so far since floating of tender. While the proposed procurement was approved by the Council Committee on Purchase in September 1992, the work order has not yet been issued.

SECTORS	VALUE (Cr.Tk)	CONTRACT PROCESSING TIME (MONTHS)
GAS FIELD RASHIDPUR FACILITIES	32.62	26
BRAHMAPUTRA METERING REGULATING STATION	22.25	13
NORTH SOUTH PIPELINE ASHUJANG METERING STATION	9.50	24
NORTH SOUTH PIPELINE ASHUGANJ NGL PLANT	127.00	30 [a/]
GAS FIELD KAILAS TILLA	132.12	16
GAS FIELD RASHIDPUR SILICAGEL PLANT	31.65	17
BRAHMAPUTRA BASIN PROJECT TELECOMMUNICATION EQUIPMENT	13.30	10
AVERAGE	44.83	19.1
BANGLADESH PETROLEUM CORPORATION (BPC)		
SECONDARY CONVERSION PLANT AT ERL	132.00	36
AVERAGE	132.00	36
BANGLADESH WATER DEVELOPMENT BOARD (BWDB)		
ZIA CANAL/APPURNENANT STRUCTURE	NA	18
HALDA IRRIGATION : PUMPING PLANT	5.80	21
AVERAGE	NA	19.5

a/ Total time taken so far since floating of tender. While the proposed procurement was approved by the Council Committee on Purchase in May 1992, the work order has not yet been issued.

SECTORS	VALUE (Cr.Tk)	CONTRACT PROCESSING TIME (MONTHS)
ROADS AND HIGHWAYS DEPARTMENT (RHD)		
FEEDER ROAD DEVELOPMENT	83.78	17
2ND ROAD REHABILITATION	4.48	11
BRIDGE (ODA FINANCED)	44.36	4
MEGHNA GUMTI BRIDGE	220.79	3
STEEL-BRIDGE (JAPAN FINANCED)	19.50	2
AVERAGE	74.58	7.4
BANGLADESH RAILWAYS (BR)		
2.34 LAC SFT WOODEN SLEEPER	7.73	8
80 METER GAUGE WAGON	10.60	11
AVERAGE	9.17	9.5
DHAKA WATER AND SEWERAGE AUTHORITY (DWASA)		
DHAKA CITY STORM WATER DRAINAGE SYSTEM IMPROVEMENT	NA	

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STATISTICAL APPENDIX

STATISTICAL APPENDIX

Table 1.1
Population Projection (Thousands)

Standard" projection for 1993 WDR; NRR=1 by 2015

Age Group	1990	1995	2000	2005	2010	2015	2020	2025	2030	2035
Total M+F	108275	119832	131141	142480	153322	162915	172097	181171	189897	197939
Males										
0–4	8287	8464	8489	8655	8557	8101	8088	8265	8358	8328
5–9	8146	7946	8153	8226	8439	8363	7936	7942	8134	8244
10–14	7378	8042	7853	8069	8153	8371	8301	7883	7895	8091
15–19	6283	7275	7936	7758	7981	8071	8294	8232	7823	7841
20–24	5242	6155	7134	7791	7626	7856	7955	8185	8134	7740
25–29	4331	5111	6008	6972	7627	7478	7716	7827	8067	8029
30–34	3665	4212	4976	5858	6811	7465	7333	7581	7705	7954
35–39	2626	3548	4083	4832	5700	6642	7296	7182	7440	7577
40–44	2101	2524	3416	3937	4669	5522	6451	7104	7010	7280
45–49	1827	2054	2403	3259	3764	4478	5312	6223	6872	6801
50–54	1541	1708	1923	2253	3063	3552	4240	5047	5933	6575
55–59	1304	1403	1557	1757	2064	2819	3282	3935	4704	5554
60–64	1037	1140	1228	1366	1546	1827	2509	2938	3542	4258
65–69	753	851	938	1013	1132	1290	1536	2126	2508	3046
70–74	513	562	637	705	765	863	994	1195	1670	1989
75+	580	567	596	659	734	817	931	1084	1307	1756
Total	55676	61561	67329	73111	78632	83515	88174	92749	97104	101061
Females										
0–4	8027	8216	8230	8382	8276	7823	7800	7959	8037	7996
5–9	7746	7712	7935	7998	8196	8109	7682	7675	7848	7940
10–14	6894	7637	7614	7848	7925	8128	8049	7631	7631	7808
15–19	6033	6768	7509	7499	7745	7831	8041	7973	7568	7578
20–24	4968	5868	6594	7331	7339	7595	7695	7917	7866	7480
25–29	4107	4796	5677	6395	7129	7155	7424	7541	7780	7748
30–34	3440	3947	4621	5484	6195	6927	6973	7256	7392	7646
35–39	2486	3292	3786	4445	5293	5998	6728	6793	7091	7245
40–44	2055	2368	3143	3626	4271	5102	5802	6529	6614	6925
45–49	1756	1945	2247	2992	3463	4093	4907	5598	6321	6425
50–54	1464	1641	1822	2112	2822	3279	3892	4684	5365	6081
55–59	1177	1337	1503	1676	1951	2621	3061	3650	4415	5082
60–64	910	1035	1181	1334	1496	1753	2371	2788	3347	4075
65–69	645	754	862	990	1127	1275	1509	2059	2443	2960
70–74	432	487	573	661	766	882	1011	1211	1673	2010
75+	458	469	514	596	697	826	979	1157	1404	1881
Total	52599	58271	63812	69369	74690	79400	83923	88422	92793	96878
Birth Rate		33.2	29.9	27.5	24.8	21.8	20.4	19.6	18.7	17.7
Death Rate		12.7	11.7	10.8	10.0	9.6	9.4	9.3	9.3	9.4
Rate of Nat.Inc.		2.05	1.82	1.67	1.48	1.22	1.16	1.03	.94	.83
NET MIGRATION RATE		–.2	–.2	–.1	–.1	–.1	–.0	–.0	.0	.0
Growth Rate		2.03	1.8	1.66	1.47	1.21	1.10	1.03	.94	.83
Total Fertility		4.250	3.625	3.198	2.822	2.490	2.368	2.334	2.300	2.267
NRR		1.606	1.402	1.273	1.157	1.036	1.000	1.000	1.000	1.000
e(0) – Both Sexes		52.85	54.21	55.88	57.76	59.08	60.45	61.86	63.33	64.85
e(15) – Both Sexes		48.16	48.65	49.20	49.89	50.74	51.63	52.54	53.5	54.48
IMR – Both Sexes		101	92.4	81.6	70.2	64.8	59.3	53.9	48.5	43.0
e(5) – Both Sexes		.1454	.1318	.1148	.0968	.0892	.0815	.0738	.0661	.0584
Dep. Ratio	85.4	75.9	66.5	60.7	55.6	50.8	46.7	45.6	45.6	45.7

GRR= Gross Reproduction Rate
NRR= Net Reproduction Rate

Source : World Bank Staff estimates.

Table 1.2
POPULATION BENCHMARKS BY DISTRICT
(thousands)

Division	1961	1974	1981 Census				Average	1974-to-1981	Extrapolation to 1985 /a		1991 Census /b				Average
District	Census	Census	Total	Male	Female	Households	Size	Growth Rate	Total	Per ha	Total	Male	Female	Households	Size
Rajshahi	11850	17332	21087	10789	10298	3716	5.7	2.8	24339	625	26668	13642	13026	5053	5.3
Dinajpur	1710	2571	3198	1647	1551	580	5.5	3.2	3738	473	4044	2080	1964	777	5.2
Rangpur	3796	5447	6490	3325	3165	1196	5.4	2.5	7401	677	8155	4155	4000	1594	5.1
Bogra	1574	2231	2718	1384	1334	489	5.6	2.9	3139	699	3460	1776	1684	685	5.0
Rajshahi	2811	4268	5263	2677	2586	894	5.9	3.0	6121	556	6705	3417	3288	1241	5.4
Pabna	1959	2815	3418	1756	1662	557	6.1	2.8	3940	693	4305	2214	2091	756	5.7
Khulna	10067	14195	17150	8831	8319	2884	5.9	2.7	19715	508	20804	10645	10159	3807	5.5
Kushtia	1166	1884	2273	1167	1106	359	6.3	2.7	2611	654	2865	1475	1391	521	5.5
Jessore	2190	3327	4016	2069	1947	633	6.3	2.7	4614	600	5006	2568	2438	887	5.6
Khulna	2449	3557	4353	2264	2089	741	5.9	2.7	5041	361	5279	2711	2568	974	5.4
Barisal	3068	3928	4668	2398	2270	830	5.6	2.7	5315	646	4092	2077	2015	771	5.3
Patuakhali	1194	1499	1840	933	907	321	5.7	2.7	2134	424	3580	1814	1766	654	5.5
Dhaka	15294	21317	26249	13632	12616	4643	5.7	3	30542	850	33593	17460	16133	6377	5.3
Jamalpur	1449	2059	2445	1241	1204	452	5.4	2.6	2783	718	3085	1578	1507	643	4.8
Mymensingh	4083	5508	6543	3355	3188	1208	5.4	2.5	7449	674	8035	4090	3945	1565	5.1
Tangail	1487	2078	2444	1243	1200	420	5.8	2.3	2767	721	3044	1545	1500	585	5.2
Dhaka	5096	7612	10049	5376	4673	1705	5.9	4.0	12151	1347	13817	7397	6420	2544	5.4
Faridpur	3179	4060	4768	2417	2351	858	5.6	2.3	5393	690	5612	2850	2702	1039	5.4
Chittagong	13630	18635	22565	11597	10968	3892	5.8	2.8	25996	504	28811	14752	14059	4950	5.8
Sylhet	3490	4759	5650	2897	2753	966	5.8	2.5	6430	456	7052	3588	3464	1184	6.0
Comilla	4389	5819	6880	3481	3399	1203	5.7	2.4	7811	1025	8652	4361	4291	1485	5.8
Noakhali	2383	3234	3813	1899	1914	680	5.6	2.4	4322	670	4884	2435	2449	853	5.7
Chittagong	2983	4315	5476	2913	2563	906	6.0	3.6	6474	759	7195	3814	3381	1225	5.9
Chittagong H.T.	385	508	746	407	339	137	5.4	5.6	959	67	1028	554	473	202	5.1
TOTAL	50841	71479	87051	44849	42201	15135	5.8	2.9	100592	605	109877	56500	53377	20187	5.4

Note: Data shown represent actual census results, not adjusted for probable undercounting.
The adjusted 1981 Census estimate of total population is 89,940,000 for the Census date of March 6, 1981.

/a Extrapolated to 1985 at 1974 -to -1981 growth rate and adjusted proportionately to estimated 1985 total.
/b District wise population of Bangladesh(adjusted),Supplement No.1 to the Preliminary Report on Population Census,June 1992.
Source: Bangladesh Bureau of Statistics and staff estimates.

Table 1.3
VITAL POPULATION STATISTICS

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991
CRUDE DEATH RATE [per thousand]												
National	10.18	11.50	12.20	12.30	12.30	12.00	11.90	11.50	11.30	11.40	11.30	11.00
Rural	10.77	12.23	12.78	13.20	12.90	12.90	12.30	11.80	11.80	12.00	11.80	11.50
Urban	6.81	7.21	6.92	7.50	8.50	8.30	8.40	7.60	7.40	7.30	7.90	7.30
INFANT MORTALITY RATES [per thousand]												
National	101.40	111.50	121.90	117.50	121.80	112.00	116.00	113.00	110.00	98.00	94.00	90.60
Rural	103.50	112.50	123.20	120.80	122.00	113.00	118.00	115.00	112.00	105.00	07.00	94.40
Urban	80.70	99.40	103.00	98.80	110.50	99.00	101.00	95.00	91.00	84.00	71.00	69.30
Male	102.30	113.40	124.10	118.80	113.50	114.20	122.00	120.00	116.00	102.00	98.00	94.40
Female	97.40	109.40	119.40	116.00	108.30	109.00	111.00	105.00	106.00	95.00	91.60	85.80
LIFE EXPECTANCY AT BIRTH [years]												
National	56.90	54.80	54.50	53.90	54.80	55.10	55.20	56.40	56.00	56.00	56.00	56.10
Rural	56.60	54.30	53.90	53.10	54.40	54.70	54.84	56.10	55.40	55.00	55.40	55.80
Urban	61.90	60.10	60.60	60.30	58.70	60.10	58.81	60.00	60.90	61.00	60.50	60.00
Male	57.00	55.30	54.40	54.20	54.90	55.70	55.20	55.60	57.00	56.00	56.30	56.50
Female	57.10	54.40	54.80	53.60	54.70	54.60	55.90	54.90	56.00	55.60	55.60	55.60
CRUDE BIRTH RATE [per thousand]												
National	33.40	34.60	34.80	35.00	34.80	34.60	34.40	33.33	33.20	33.00	32.80	31.60
Rural	33.90	35.70	36.90	36.40	36.10	35.30	35.40	34.61	34.50	34.20	34.30	32.90
Urban	29.20	24.80	22.90	27.10	25.00	28.00	25.93	24.75	24.90	24.30	24.60	23.90
FERTILITY RATE [per woman]												
National	4.99	6.04	5.21	5.97	4.83	4.71	4.70	4.41	4.43	4.24	4.33	4.23
Rural	5.13	5.28	5.50	5.36	5.08	4.01	4.80	4.64	4.59	4.58	4.57	4.48
Urban	3.87	3.20	3.01	3.45	3.10	3.52	3.25	3.05	2.84	2.92	2.95	2.88

Source: Bangladesh Bureau of Statistics.

Table 1.4
COMPARISON OF CHILD NUTRITIONAL STATUS RESULTS FROM THREE NATIONAL SURVEYS

Indicator	INFS, 1975–76	INFS, 1981–82	BBS, 1985–86	HKI,1982–83	HKI, AUGUST 1990	BBS 1989–90
Chronic malnutrition /a	73.7%	57.3%	(Weighted) 56.1% (National) 57.6% (Rural) 44.2% (Urban)	– 42.00% (Rural) –	49.5% (National) 48.8% (Rural) 51.2% (Urban)	(Weighted) 51.1% (National) 52.2% (Rural) 44.3% (Urban)
Acute malnutrition /a	21.6%	20.0%	(Weighted) 8.1% (National) 8.2% (Rural) 6.9% (Urban)	– 6.0% (Rural) –	11.3% (National) 10.9% (Rural) 12.1% (Urban)	(Weighted) 8.6% (National) 8.8% (Rural) 7.3% (Urban)
Definitions of:						
Chronic malnutrition	< 90% median height for age	< 90% median height for age	< 90% median height for age	< 90% median height for age	< 90% median height for age	< 90% median height for age
Acute malnutrition	< 80% median weight for height	< 80% median weight for height	< 80% median weight for height	< 80% median weight for height also 2sd from median heightfor age & weight for height.	< 80% median weight for height	< 80% median weight for height
Actual sample size	430 cross–sectional	610 cross–sectional	3283 urban and rural cross–sectional; four data collection periods	Rural sub–set 2800 cross sectional.	1900 urban and 4590 rural children/b	2356 urban and rural cross–sectional; four data collection periods
Age range	0–59 months	0–59 months	6–71 months	3–71 months.	6–59 months	6–71 months
Reference standard used	Harvard	Harvard	NCHS	NCHS	NCHS	NCHS
Population covered	Rural	Rural	Urban and rural	Urban and rural	Urban slum and rural	Urban and rural

INFS = Institute of Nutrition and Food Sciences, Dhaka University.
BBS = Bangladesh Bureau of Statistics, National Nutrition Survey and Household Expenditure Survey.
HKI= Helen Kellar International
/a Shows percent rate among total population.
/b Urban areas include urban slums only and rural areas include disaster prone areas only.
Note: The INFS surveys used the Harvard Standard as the international reference standard for comparison of child growth data while BBS used NCHS reference. Some variation in nutritional status would be accounted for by the different standards used. Random variation due to small sample sizes used by INFS are more likely to account for the differences in nutritional status found by the three surveys. The BBS survey sample was divided into four data collection periods over a year's time while INFS surveys collected data once during the year.

Source: Bangladesh Bureau of Statistics.

Table 1.5
HEALTH STATISTICS

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991
Hospitals (number)												
Government	510	512	544	560	568	596	600	608	608	608	608	010
Private	39	164	164	164	164	164	164	267	267	267	267	280
Hospital Beds (number)	21987	23792	23907	25057	26641	27645	28077	33138	33334	33370	33376	34353
Government Dispensaries & Hospitals	18457	19021	19136	*20286	21870	22874	23306	26575	26871	26913	26913	27111
Private	3530	4771	4771	4771	4771	4771	4771	6563	6463	6463	6463	7242
Registered Doctors (number)	9188	10065	10333	11496	13500	14591	16090	16929	17475	18323	19387	21004
Registered Nurses & Midwives (number)	4372	5975	7434	8588	9650	10817	12111	12837	13944	15091	15036	17368
Public Expenditure (Tk million) a/												
Revenue	856	932	1052	1382	1820	1820	2483	2965	3211	3600	3950	4308 *
ADP	668	742	808	1134	1293	908	1058	1102	3144	2310	3028	5267 *
Total Expenditures as % of GDP a/	0.65	0.63	0.64	0.72	0.75	0.01	0.67	0.69	0.96	0.90	0.95	1.30
Per Capita Expenditure (Tk) a/	16.84	18.28	20.31	26.29	31.38	27.81	34.02	38.34	59.62	54.17	62.47	65.71

* = Revised estimate

a/ Fiscal year data.

Source: Bangladesh Bureau of Statistics.

Table 1.6
FAMILY PLANNING STATISTICS
[thousands]

	1980/81	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92
Voluntary Sterilizations												
Tubectomies	232.50	235.08	274.84	336.50	232.39	116.42	140.63	97.17	130.94	141.95	97.404	92.133
Vasectomies	26.30	67.82	88.32	215.67	259.21	151.13	209.93	99.89	100.03	83.11	67.90	69.15
Total	258.79	302.91	363.16	552.17	491.60	267.55	350.56	197.06	230.97	225.06	165.30	161.28
Delivery of Contraceptive Devices												
IUDs	41.60	83.67	117.74	303.34	432.45	367.67	420.34	379.13	361.70	365.62	274.23	269.57
Pills (cycles)	8238	7751	8258	9726	11553	12137	15023	19100	24620	34346	42704	46629
Condoms (doz.)	87112	93230	116821	131096	151940	135907	149236	166436	181976	198923	133798	159514
EMKO	60.70	63.55	69.63	64.25	71.98	46.42	39.31	14.78	10.12	4.03	4.67	2.17
Injections	112.01	81.07	72.70	122.46	165.93	219.48	314.75	392.00	604.70	1257.58	1689.11	2254.78
Foam tablets	5011	4126	5404	4385	3222	3125	3463	3890	4100	1547	25174	9258
COUPLE-YEARS OF PROTECTION [thousands]												
By Sterilization /a												
Tubectomies	522	705	909	1155	1272	1261	1276	1245	1252	1269	1240	1208
Vasectomies	319	355	408	583	784	857	981	983	984	969	940	915
Total	841	1060	1317	1738	2055	2118	2257	2228	2236	2238	2179	2123
With Contraceptive Devices /b												
IUDs /c	122	169	236	469	760	900	1050	1114	1142	1165	1090	1032
Pills	543	517	551	648	770	809	1002	1273	1641	2290	2847	3109
Condoms	581	622	779	874	1013	906	995	1108	1213	1320	892	1063
EMKO	15	16	17	16	18	12	10	4	3	1	1	1
Injections	28	20	18	31	41	54	79	87	150	314	422	564
Foam tablets	33	28	36	29	21	21	23	28	27	19	168	62
Total	1322	1371	1637	2067	2625	2702	3159	3622	4175	5099	5420	5830
Total	2130	2404	2918	3775	4680	4820	5416	5850	6411	7337	7599	7953
Married Females Aged 15–49 /d	16097	16629	17179	17746	18332	18937	19562	20208	20875	21565	19946	20590
Apparent Contraceptive Rate /e	13.2	14.5	17.0	21.3	25.5	25.5	27.7	28.9	30.7	34.0	38.1	38.6

/a Cumulative, assuming year-to-year carry-over of 90%.
/b Assuming one couple-year of protection per 15 cycles of pills, 150 condoms or foam tablets, or 4 doses of injectables or vials of EMKO.
/c Cumulative, assuming year-to-year carry-over of 70%.
/d Staff estimates based on age-specific marriage rates from 1981 census.
/e Couple-years of protection per married female aged 15–49.

Sources: MIS, Directorate of Family Planning, Bangladesh Bureau of Statistics, and staff estimates.

Table 1.7
LITERACY AND SCHOOL ATTENDING RATES a/

	1974	1981
ADULT LITERACY RATE (age 15 and up)		
National	25.8	29.2
Rural	23.4	25.4
Urban	48.1	48.1
Male	37.2	39.7
Female	13.2	18.9
ATTENDANCE RATES		
National		
Ages 5–9	18.7	22.5
Ages 10–14	33.8	33.5
Ages 15–19	18.8	17.0
Ages 20–24	7.5	7.7
Rural		
Ages 5–9		21.1
Ages 10–14	32.1	31.3
Ages 15–19	19.8	14.8
Ages 20–24	8.4	5.5
Urban		
Ages 5–9	31.5	31.8
Ages 10–14	50.7	44.8
Ages 15–19	34.8	27.1
Ages 20–24	15.9	13.2
Male		
Ages 5–9	22.0	24.7
Ages 10–14	40.5	37.9
Ages 15–19	29.0	25.4
Ages 20–24	14.2	12.2
Ages 5–9	15.4	20.2
Ages 10–14	25.8	28.1
Ages 15–19	7.1	8.3
Ages 20–24	1.1	2.3

a/ Based on 1974 and 1981 Census.
Source: Bangladesh Bureau of Statistics.

Table 1.8
DISTRIBUTION OF POPULATION BY ECONOMIC ACTIVITIES
(In percent)

	1983/84			1984/85			1985/86			1989			1990		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
1. National															
Population aged 10 years and above	68.31	68.02	68.17	68.88	68.89	68.90	69.77	68.40	69.29	65.65	65.33	65.49	66.79	65.67	66.26
Economic participation:															
Civilian labor force /a	78.31	7.89	43.91	53.82	5.85	30.30	53.49	6.40	30.31	53.49	40.04	46.99	55.37	41.30	48.60
- Employed	77.11	7.57	43.14	53.01	5.43	29.68	53.10	0.20	30.02	52.77	39.66	46.44	54.60	40.67	47.93
- Unemployed	1.20	0.31	0.77	0.80	0.21	0.51	0.39	0.20	0.29	0.72	0.38	0.56	1.40	1.52	1.45
Other	21.69	92.11	56.08	15.06	63.04	38.59	10.05	62.00	38.64	11.99	25.48	18.50	..	..	51.40
- Household work	0.30	74.76	36.67	0.20	51.56	25.28	–	49.80	24.48	..	..	..	..	..	18.60
- Inactive	21.39	17.35	19.41	14.86	11.48	13.31	16.05	12.20	14.16	..	..	..	..	..	32.80
2. Rural													67.69	65.98	66.87
Population aged 10 years and above	67.78	68.12	67.94	68.37	68.72	68.54	69.46	68.81	69.13	65.05	64.65	64.86			
Economic participation:															
Civilian labor force a/	78.67	7.45	43.31	53.95	5.21	29.81	53.39	5.96	29.84	53.89	43.40	48.81	55.74	43.65	49.94
- Employed	77.62	7.09	42.61	53.26	4.98	29.34	52.94	5.93	29.50	53.26	43.18	48.37	54.91	43.04	49.22
- Unemployed	1.05	0.35	0.70	0.70	0.24	0.47	0.45	0.23	0.34	0.63	0.22	0.43	1.51	1.38	1.46
Other	21.33	92.55	56.69	14.65	63.27	38.73	15.84	62.84	39.18	10.74	20.81	15.62	..	..	..
- Household work	0.35	76.24	38.03	0.23	52.37	26.06	0.00	51.38	25.51	..	..	..	..	..	..
- Inactive	20.98	16.31	18.66	14.42	10.90	12.68	15.84	11.47	13.67	..	..	..	..	..	..
3. Urban															
Population aged 10 years and above	73.43	67.92	70.69	72.06	68.42	70.40	72.97	65.63	69.57	69.51	68.42	68.99	67.83	70.87	69.29
Economic participation:															
Civilian labor force a/	72.34	13.89	47.56	54.41	7.02	32.80	53.41	9.38	34.06	52.44	19.74	36.71	52.70	24.32	39.36
- Employed	70.21	13.89	46.34	52.94	7.02	32.00	54.05	6.38	33.33	51.22	18.42	35.44	52.40	23.51	38.83
- Unemployed	2.13	..	1.22	1.47	0.00	0.80	1.35	..	0.72	1.22	1.32	1.27	0.55	3.34	1.36
Other	27.66	86.11	52.44	17.65	59.65	37.60	17.57	56.25	35.51	19.51	53.63	35.44	..	..	..
- Household work	..	63.89	28.05	..	43.86	20.00	0.00	39.06	18.12	..	..	..	..	..	..
- Inactive	27.66	22.22	24.39	17.65	15.79	17.60	17.57	17.19	17.39	..	..	..	..	..	..

a/ The refined rate of civilian labor force is the percentage of persons 10 years old and above found engaged in productive activity during the survey period.

.. Not available.

Source: Population Census 1981, LFS 1983/84, and LFS 1984/85 and 1985/86; BBS.

Table 1.9
EMPLOYMENT BY OCCUPATION AND BY SEX a/
(thousands)

Occupation	1983/84			1984/85			1985/86			1989		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
Professional & Technical	623	78	701	554	82	636	878	112	990	1129	340	1469
Administrative	182	3	185	218	4	222	281	4	285	149	8	157
Clerical	639	40	679	810	139	949	816	101	917	897	74	971
Sales	2876	134	3010	3246	112	3358	3417	128	3545	3584	122	3706
Services	916	1117	2033	781	1151	1932	769	1215	1984	783	679	1462
Agriculture, Forestry, Fishery	16213	216	16429	16474	238	16712	17123	355	17478	18251	18755	37006
Production & Transport	3795	771	4566	4116	763	4879	3966	1109	5075	4589	781	5370
NEC	303	69	372	231	58	289	194	94	288	4	..	4
Total	25547	2428	27975	26430	2547	28977	27444	3118	30562	29386	20759	50145

a/ Person above 10 years age included above.

Source: LFS 1983/84, 1984/85, 1985/86 and 1989 BBS.

Table 1.10
INCOME DISTRIBUTION AND POVERTY INDICATORS

		1973/74	1981/82	1983/84	1985/86	1988/89
I. Income Distribution:						
Percent of income accruing to:						
Bottom 40%	- Rural	18.10	18.82	18.24	18.95	18.02
	Urban	17.80	18.07	17.84	18.20	17.52
	National	18.30	17.36	18.95	18.35	17.53
Lower middle 40%	- Rural	38.40	38.77	38.06	36.21	-
	Urban	38.00	36.02	37.91	37.87	-
	National	-	37.32	37.67	35.80	-
Upper middle 15%	- Rural	26.50	25.64	24.56	23.71	-
	Urban	26.60	27.01	27.79	28.10	-
	National		26.37	25.09	24.67	-
Top 5%	- Rural	18.00	16.78	18.14	21.36	19.81
	Urban	18.60	20.89	16.93	18.04	20.02
	National	18.40	18.95	18.30	21.35	20.51
Gini Coefficient	- Rural	0.35	0.36	0.35	0.36	0.368
	Urban	0.38	0.41	0.37	0.37	0.381
	National	0.36	0.39	0.36	0.37	0.379
II. Poverty Incidence:						
Percent of population with daily calorie intake per person below:						
2122 calories	- Rural	83	74	57	51	48
	Urban	81	66	66	56	44
	National	92	73	58	52	47
1805 calories	- Rural	44	52	38	22	30
	Urban	29	31	35	19	21
	National	48	50	38	22	27
Numbers of people with daily calorie intake per person below (millions):						
2122 calories	- Rural	57.4	60.9	47.0	44.2	40.5
	Urban	5.6	8.4	7.1	7.0	10.8
	National	63.0	67.3	54.1	51.2	51.3
1805 calories	- Rural	30.7	43.1	31.3	19.1	24.9
	Urban	2.0	3.0	3.8	2.4	5.0
	National	32.7	46.1	35.1	21.5	29.9
Total population	- Rural	61.7	82.3	82.5	86.6	84.4 a/
	Urban	6.9	9.7	10.7	12.5	24.5 a/
	National	68.6	92.0	93.2	99.1	108.9 a/

a/ The derived total population is inconsistent with those in the HES (FY89, p.47) which indicate a total population of 104 million of which 90.8 million in rural and 13.2 in urban. The latter will, however, result in poverty incidence indicators substantially different from the HES estimates.

Source: BBS, Household Expenditure Surveys.

Table 1.11

NUMBER OF PERSONS GOING ABROAD FOR EMPLOYMENT

	1980	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992 a/
By Occupation												
Construction workers	2590	2641	3814	3779	5393	4437	2278	2165	5003	6267	8673	6846
Vehicle-drivers	1070	3587	1881	1448	3026	4109	4229	4229	9185	5817	10182	8534
Workers (skilled, semi-skilled and unskilled)	17706	34870	40410	37885	50956	42857	48727	41763	57405	64130	93043	62788
Technicians	4247	7597	6113	4992	9271	8317	5705	6698	8147	8054	9785	5825
Engineers	194	175	67	60	143	83	79	56	62	63	201	90
Doctors and nurses	274	224	492	2003	1126	556	294	909	514	470	580	230
Professionals	888	2805	3371	3836	3620	3185	3586	3789	9761	9706	11696	9436
Catering workers	1836	2604	2225	1299	2052	2835	2992	3667	4962	3694	4814	3144
Miscellaneous	2271	3072	827	1450	2107	2284	5127	5365	9679	5583	7996	7605
Total	30573	57575	59200	56753	77694	68663	74017	68621	101718	103784	146972	104498
By Destination												
United Arab Emirates	4847	6501	6616	5302	8329	8681	9963	13437	15182	8350	8230	6331
Qatar	1455	5504	7561	2763	4761	4847	5831	7309	8462	8178	3607	2147
Kuwait	3687	6846	10302	5677	7283	10286	9559	6524	12402	5738	29860	23848
Iraq	1927	12152	4932	4701	5051	4908	3848	4192	2573	2879	-	-
Saudi Arabia	8695	14770	12942	20587	37222	27335	39337	27703	39945	52138	75915	50608
Libya	2976	1929	2218	3386	1546	3111	2271	2759	1609	570	1159	1074
Bahrain	1351	1860	2470	2328	2969	2417	2055	3268	4830	4573	3389	3219
Oman	4745	7309	11126	10119	9200	6255	440	2213	15429	18987	22142	15253
Singapore	669	304	178	728	20	25	136	46	685	587	656	35
Others	221	400	878	1174	1323	798	577	409	601	1784	2059	1963

a/ For the period January – July

Source: Bureau of Manpower, Employment and Training, BBS.

Table 2.1
GROSS DOMESTIC PRODUCT AT CURRENT PRICES
(Taka Million)

	1972/73	1973/74	1974/75	1975/76	1976/77	1977/78	1978/79	1979/80	1980/81
Agriculture	26200	41501	78623	57339	53671	80092	91352	99502	93620
Crops	19761	33215	67401	45114	40172	61338	69211	74646	76500
Forestry	1240	1728	2311	2094	2112	4064	4754	4860	5366
Livestock	2330	3137	4137	4332	4494	7774	10501	12998	5760
Fisheries	2869	3421	4774	5799	6893	6916	6886	6998	5994
Industry	5602	9799	14735	15959	18362	21126	27320	31937	39023
Mining and Quarrying	1	2	2	2	2	10	10	9	3
Manufacturing	3942	6779	8937	10254	12322	14632	17175	22007	25188
Large Scale	1202	3441	3954	4433	5997	7124	9173	11786	12487
Small Scale	2740	3338	4983	5821	6325	7508	8002	10221	12701
Construction	1529	2899	5665	5514	5807	6061	9658	9309	13088
Power, Gas Water and	130	119	131	189	231	423	477	612	744
Services	14456	21976	33547	37151	37728	46416	55491	68995	101441
Transport, Storage and Communications	3366	4368	5642	6633	7334	8819	9547	11521	28677
Trade Services	3829	6508	10982	10747	10387	12832	15634	19048	23626
Housing Services	2454	4890	7362	8945	8028	10830	12841	15739	19913
Public Admn. & Defense	949	1003	2461	2820	3350	3457	3567	4231	6613
Banking and Insurance	559	653	1011	974	1002	1573	2278	3101	4131
Professional and Misc. Services	3299	4554	6089	7032	7627	8905	11624	15355	18481
GDP at market prices	46258	73276	126905	110449	109761	147634	174163	200434	234084
Growth Rate (%)		58.41	73.19	-12.97	-0.62	34.50	17.97	15.08	16.79
Indirect Taxes - Subsidies	..	..	..	..	..	..	..	..	..
GDP at Factor Cost	..	..	..	..	..	..	..	..	..

Source: Bangladesh Bureau of Statistics

Table 2.1 (Continued)
GROSS DOMESTIC PRODUCT AT CURRENT PRICES
(Taka Million)

	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92
Agriculture	103589	116418	148403	169970	188382	219761	231623	245392	271790	300596	316723
Crops	85083	95071	120009	135031	139489	164975	167646	176467	194211	217823	228620
Forestry	6010	7665	10947	10948	18981	20544	25374	24187	26529	28639	31005
Livestock	5962	6741	8053	11785	15401	16222	17875	21266	25300	26564	27376
Fisheries	6534	6941	9394	12206	14511	18020	20728	23472	25750	27570	29722
Industry	44744	49403	57771	64982	72337	80019	89639	101593	116529	131375	150168
Mining and Quarrying	6	3	4	4	3	4	3	4	69	112	120
Manufacturing	27916	32760	37733	40112	43563	47631	50437	55608	64506	72801	82571
Large Scale	13721	16808	20543	21282	23380	26911	28517	31414	37565	42259	49347
Small Scale	14195	15952	17190	18830	20183	20720	21920	24194	26941	30542	33224
Construction	15863	15028	18095	22518	26058	28839	34602	39262	43110	47261	53466
Power, Gas Water and Sanitary Services	959	1612	1939	2348	2713	3545	4597	6719	8824	11201	14011
Services	111998	127606	146342	171981	205508	239421	275874	312613	349252	402421	436396
Transport, Storage and	32040	39868	41797	45655	54605	61901	65945	71774	75061	97697	102456
Trade Services	25048	26950	30813	38816	41505	45883	50396	55015	61583	68279	73657
Housing Services	21429	22257	28558	32444	37066	40988	49982	59866	66358	73867	79055
Public Admn. & Defense	6669	8733	8934	13235	17366	20867	24735	29203	32764	38191	42375
Banking and Insurance	4191	4341	5152	6889	8935	10116	11435	13126	15110	16299	17793
Professional and Misc. Services	22621	25459	31088	34942	46031	59666	73381	83629	98376	108088	121060
GDP at Market Prices	260331	293427	352516	406933	466227	539201	597136	659598	737571	834392	903287
Growth Rate (%)	11.21	12.71	20.14	15.44	14.57	15.65	10.74	10.46	11.82	13.13	8.26
Indirect Taxes - Subsidies	..	..	..	21794	25516	30082	32695	37601	41807	50070	54848
GDP at Factor Cost	..	..	..	385139	440711	509119	564441	621997	695764	784322	848439

Source: Bangladesh Bureau of Statistics

Table 2.2
GROSS DOMESTIC PRODUCT AT CONSTANT (1984/85) PRICES,
(Taka Million)

	1972/73	1973/74	1974/75	1975/76	1976/77	1977/78	1978/79	1979/80	1980/81
Agriculture	119429	128125	121329	128606	123927	136919	138387	139727	143891
Crops	87093	96169	90353	102071	95778	104167	105079	105193	114321
Forestry	7124	7042	5369	4338	5795	6971	6920	7586	9572
Livestock	10092	9764	10420	10596	10771	14247	14885	15454	9884
Fisheries	15120	15150	15187	11601	11583	11534	11503	11494	10514
Industry	33171	44626	41814	40044	45374	46354	56150	53245	54958
Mining and Quarrying	4	4	3	4	4	14	17	13	4
Manufacturing	24177	33960	30252	30043	33546	33941	37739	38287	37118
Large Scale	7623	17239	13385	12989	16327	16525	20156	20505	19131
Small Scale	16554	16721	16867	17054	17219	17416	17583	17782	17987
Construction	8410	10262	11256	9576	11320	11547	17531	13942	16705
Power, Gas Water and	580	400	303	421	504	852	863	1003	1131
Services	73210	84730	92436	98041	101362	106428	113628	119804	145865
Transport, Storage and Communications	16746	17556	17997	18865	20372	21184	22950	23480	37518
Trade Services	18770	22819	23896	26161	25112	27531	30649	33231	36996
Housing Services	11821	16198	22391	22785	23331	23881	24431	24975	28669
Public Admn. & Defense	4867	6648	5621	6907	8155	7304	6835	7021	9804
Banking and Insurance	2493	2196	2335	2168	2182	3168	4120	5083	5311
Professional and Misc. Services	18513	19313	20196	21155	22210	23360	24643	26034	27567
GDP at Market Prices	225810	257481	255579	266691	270663	289701	308165	312776	344714
Growth Rate (%)		14.03	-0.74	4.35	1.49	7.03	6.37	1.50	10.21
Indirect Taxes - Subsidies	..	..	..	..	..	..	..	..	..
GDP at Factor Cost	..	..	..	..	..	..	..	..	..

Continued...

Source: Bangladesh Bureau of Statistics

Table 2.2 (Continued)
GROSS DOMESTIC PRODUCT AT CONSTANT (1984/85) PRICES,
(Taka Million)

	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92 *
Agriculture	153496	160278	168264	169970	175549	176250	174901	173037	190354	193421	197193
Crops	122674	127784	133921	135031	139599	139596	137119	134509	150828	152575	154640
Forestry	10170	10791	11801	10948	11413	11168	12038	12309	12586	12845	13147
Livestock	9740	10006	10507	11785	12131	12801	12922	13348	13805	14102	14607
Fisheries	10912	11697	12035	12206	12406	12685	12822	12871	13135	13899	14799
Industry	55875	56696	63049	64982	66709	72093	75902	79568	84632	88294	94473
Mining and Quarrying	8	3	4	4	3	4	2	3	66	80	84
Manufacturing	37216	37921	40765	40112	41156	44403	44682	45927	49256	50423	54117
Large Scale	19041	19537	22134	21282	22088	25087	25263	25945	28095	29269	32342
Small Scale	18175	18384	18631	18830	19068	19316	19419	19982	20561	21154	21775
Construction	17304	16711	20072	22518	22908	24469	27475	28816	29749	31087	32396
Power, Gas Water and Sanitary Services	1347	2061	2208	2348	2642	3217	3743	4822	5561	6704	7876
Services	147349	156442	160225	171981	182335	194004	204332	213998	222541	232727	243154
Transport, Storage and	38933	41742	43508	45655	47115	52341	54293	56611	59024	60840	62954
Trade Services	34866	36692	36093	38816	39389	40394	41675	43663	44965	46707	48715
Housing Services	29579	30489	31413	32444	33435	34534	35645	36811	38030	39316	40656
Public Admn. & Defense	8758	10726	9984	13235	15944	17191	18553	19839	20363	22334	23610
Banking and Insurance	5885	5551	5867	6889	8700	9180	9312	9417	9523	9755	10002
Professional and Misc. Services	29328	31242	33360	34942	37752	40364	44854	47657	50636	53775	57217
GDP at Market Prices	356720	373416	391538	406933	424593	442347	455135	466603	497527	514442	534820
Growth Rate (%)	3.5	4.7	4.9	3.9	4.3	4.2	2.9	2.5	6.6	3.4	3.96
Indirect Taxes - Subsidies	..	..	..	21794	23496	24657	24958	26667	28200	30907	32454
GDP at Factor Cost	..	..	..	385139	401097	417690	430177	439936	469327	483535	502366

Source: Bangladesh Bureau of Statistics.
* estimates

Table 2.3
GROSS DOMESTIC PRODUCT, SECTORAL DEFLATORS
1984/85 = 100

	1972/73	1973/74	1974/75	1975/76	1976/77	1977/78	1978/79	1979/80	1980/81
Agriculture	21.94	32.39	64.80	44.59	43.31	58.50	66.01	71.21	65.06
Crops	22.69	34.54	74.60	44.20	41.94	58.88	65.87	70.96	66.92
Forestry	17.41	24.54	43.04	48.27	36.45	58.30	68.70	64.07	56.06
Livestock	23.09	32.13	39.70	40.88	41.72	54.57	70.55	84.11	56.28
Fisheries	18.97	22.58	31.43	49.99	59.51	59.96	59.86	60.88	57.01
Industry	16.89	21.96	35.24	39.85	40.47	45.58	48.66	59.98	71.01
Mining and Quarrying	25.00	50.00	66.67	50.00	50.00	71.43	58.82	69.23	75.00
Manufacturing	16.30	19.96	29.54	34.13	36.73	43.11	45.51	57.48	67.86
Large Scale	15.77	19.96	29.54	34.13	36.73	43.11	45.51	57.48	65.27
Small Scale	16.55	19.96	29.54	34.13	36.73	43.11	45.51	57.48	70.61
Construction	18.18	28.25	50.33	57.58	51.30	52.49	55.09	66.77	78.35
Power, Gas Water and	22.41	29.75	43.23	44.89	45.83	49.65	55.27	61.02	65.78
Services	19.75	25.94	36.29	37.89	37.22	43.61	48.84	57.59	69.54
Transport, Storage and Communications	20.10	24.88	31.35	35.16	36.00	41.63	41.60	49.11	76.44
Trade Services	20.40	28.52	45.96	41.08	41.36	46.61	51.01	57.32	63.86
Housing Services	20.76	30.19	32.88	39.26	34.41	45.35	52.56	63.02	69.46
Public Admn. & Defense	19.50	15.09	43.78	40.83	41.08	47.33	52.19	60.26	67.45
Banking and Insurance	22.42	29.74	43.30	44.93	45.92	49.65	55.29	61.01	77.78
Professional and Misc. Services	17.82	23.58	30.15	33.24	34.34	38.12	47.17	58.98	67.04
GDP at Market Price	20.49	28.46	49.65	41.41	40.55	50.96	56.52	64.08	67.91
Growth Rate (%)	-	38.9	74.5	-16.6	-2.1	25.7	10.9	13.4	6.0

Continued....

Source: Bangladesh Bureau of Statistics

Table 2.3 (Continued)
GROSS DOMESTIC PRODUCT, SECTORAL DEFLATORS,
1984/85 = 100

	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92
Agriculture	67.49	72.64	88.20	100.00	107.31	124.69	132.43	141.81	142.78	155.41	160.62
Crops	69.36	74.40	89.61	100.00	99.92	118.18	122.26	131.19	128.76	142.76	147.84
Forestry	59.10	71.03	92.76	100.00	166.31	183.95	210.78	196.50	210.78	222.96	235.83
Livestock	61.21	67.37	76.64	100.00	126.96	126.72	138.33	159.32	183.27	188.37	187.42
Fisheries	59.88	59.34	78.06	100.00	116.97	142.06	161.66	182.36	196.04	198.36	200.84
Industry	80.08	87.14	91.63	100.00	108.44	110.99	118.10	127.68	137.69	148.79	158.95
Mining and Quarrying	75.00	100.00	100.00	100.00	100.00	100.00	150.00	133.33	134.85	140.00	142.86
Manufacturing	75.01	86.39	92.56	100.00	105.85	107.27	112.88	121.08	130.96	144.38	152.58
Large Scale	72.06	86.03	92.81	100.00	105.85	107.27	112.88	121.08	133.71	144.38	152.58
Small Scale	78.10	86.77	92.27	100.00	105.85	107.27	112.88	121.08	131.03	144.38	152.58
Construction	91.67	89.93	90.15	100.00	113.75	117.86	125.94	136.25	144.91	152.03	165.04
Power, Gas Water and Sanitary Services	71.20	78.21	87.82	100.00	102.69	110.20	122.82	139.34	158.68	167.08	177.89
Services	76.01	81.57	91.34	100.00	112.71	123.41	135.01	146.08	156.94	172.92	179.47
Transport, Storage and	82.30	95.51	96.07	100.00	115.90	118.26	121.46	126.78	127.17	160.58	162.75
Trade Services	71.84	73.45	85.37	100.00	105.37	113.59	120.93	126.00	136.96	146.19	151.20
Housing Services	72.45	73.00	90.91	100.00	110.86	118.69	140.22	162.63	174.49	187.88	194.45
Public Admn. & Defense	76.15	81.42	89.48	100.00	108.92	121.38	133.32	147.20	160.90	171.00	179.48
Banking and Insurance	71.21	78.20	87.81	100.00	102.70	110.20	122.80	139.39	158.67	167.08	177.89
Professional and Misc. Services	77.13	81.49	93.19	100.00	121.93	147.82	163.60	175.48	194.28	201.00	211.58
GDP at Market Price	72.98	78.58	90.03	100.00	109.81	121.90	131.20	141.36	148.25	162.19	168.90
Growth Rate (%)	7.47	7.7	14.6	11.1	9.8	11.0	7.6	7.7	4.9	9.4	4.1

Source: Bangladesh Bureau of Statistics

Table 2.4
GDP GROWTH AT CONSTANT (1984/85) PRICES
(In Percentage)

	1972/73	1973/74	1974/75	1975/76	1976/77	1977/78	1978/79	1979/80	1980/81
Agriculture	-	7.28	-5.30	6.00	-3.64	10.48	1.07	0.97	2.98
Crops	-	10.42	-6.05	12.97	-6.17	8.76	0.88	0.11	8.68
Forestry	-	-1.15	-23.76	-19.20	33.59	20.29	-0.73	9.62	26.18
Livestock	-	-3.25	6.72	1.69	1.65	32.27	4.48	3.82	-36.04
Fisheries	-	0.20	0.24	-23.61	-0.16	-0.42	-0.27	-0.08	-8.53
Industry	-	34.53	-6.30	-4.23	13.31	2.16	21.13	-5.17	3.22
Mining and Quarrying	-	0.00	-25.00	33.33	0.00	250.00	21.43	-23.53	-69.23
Manufacturing	-	40.46	-10.92	-0.69	11.66	1.18	11.19	1.45	-3.05
Large Scale	-	126.14	-22.36	-2.96	25.70	1.21	21.97	1.73	-6.70
Small Scale	-	1.01	0.87	1.11	0.97	1.14	0.96	1.13	1.15
Construction	-	22.02	9.69	-14.93	18.21	2.01	51.82	-20.47	19.82
Power, Gas Water and Sanitary Services	-	-31.03	-24.25	38.94	19.71	69.05	1.29	16.22	12.76
Services	-	15.74	9.09	6.06	3.39	5.00	6.77	5.44	21.75
Transport, Storage and Communications	-	4.84	2.51	4.82	7.99	3.99	8.34	2.22	59.92
Trade Services	-	21.57	4.72	9.48	-4.01	9.63	11.33	8.42	11.33
Housing Services	-	37.03	38.23	1.76	2.40	2.36	2.30	2.23	14.79
Public Admn. & Defense	-	36.59	-15.45	22.88	18.07	-10.44	-6.42	2.72	39.64
Banking and Insurance	-	-11.91	6.33	-7.15	0.65	45.19	30.05	23.37	4.49
Professional and Misc. Services	-	4.32	4.57	4.75	4.99	5.18	5.49	5.64	5.89
GDP at Constant Market Prices	-	14.03	-0.74	4.35	1.49	7.03	6.37	1.50	10.21

Continued...

Source: Derived from Table 2.2

Table 2.4 (Continued)
GDP GROWTH AT CONSTANT (1984/85) PRICES
(In Percentage)

	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92
Agriculture	6.67	4.42	4.98	1.01	3.28	0.40	-0.77	-1.07	7.70	1.61	1.95
Crops	7.31	4.17	4.80	0.83	3.38	0.00	-1.77	-1.90	9.16	1.16	1.35
Forestry	6.25	6.11	9.36	-7.23	4.25	-2.15	7.79	2.25	2.25	2.06	2.35
Livestock	-1.46	2.73	5.01	12.16	2.94	5.52	0.95	3.30	3.42	2.15	3.58
Fisheries	3.78	7.19	2.89	1.42	1.64	2.25	1.08	0.38	2.05	5.82	6.48
Industry	1.67	1.47	11.21	3.07	2.66	8.07	5.28	4.83	6.36	4.33	7.00
Mining and Quarrying	100.00	-62.50	33.33	0.00	-25.00	33.33	-50.00	50.00	2100.00	21.21	5.00
Manufacturing	0.26	1.89	7.50	-1.60	2.60	7.89	0.63	2.79	7.25	2.37	7.33
Large Scale	-0.47	2.60	13.29	-3.85	3.79	13.58	0.70	2.70	8.29	4.18	10.50
Small Scale	1.04	1.15	1.34	1.07	1.26	1.30	0.53	2.90	2.90	2.88	2.94
Construction	3.59	-3.43	20.11	12.19	1.73	6.81	12.28	4.88	3.24	4.50	4.21
Power, Gas Water and Sanitary Services	19.01	53.01	7.13	6.34	12.52	21.76	16.35	28.83	15.33	20.55	17.48
Services	1.02	6.17	2.42	7.34	6.02	6.40	5.32	4.73	3.99	4.58	4.48
Transport, Storage and	3.77	7.21	4.23	4.93	3.20	11.09	3.73	4.27	4.26	3.08	3.47
Trade Services	-5.76	5.24	-1.63	7.54	1.48	2.55	3.17	4.77	2.98	3.87	4.30
Housing Services	3.17	3.08	3.03	3.28	3.05	3.29	3.22	3.27	3.31	3.38	3.41
Public Admn. & Defense	-10.67	22.47	-6.92	32.56	20.47	7.82	7.92	6.93	2.64	9.68	5.71
Banking and Insurance	10.81	-5.68	5.69	17.42	26.29	5.52	1.44	1.13	1.13	2.44	2.53
Professional and Misc. Services	6.39	6.53	6.78	4.74	8.04	6.92	11.12	6.25	6.25	6.20	6.40
GDP at Constant Market Prices	3.18	4.68	4.85	3.93	4.34	4.18	2.89	2.52	6.63	3.40	3.96

Source: Derived from Table 2.2

Table 2.5
GROSS DOMESTIC PRODUCT BY EXPENDITURE IN CURRENT PRICES
(Taka Million)

	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92
Net Resources a/	451277	512371	587472	652301	727201	810691	894159	956799
Consumption b/	399265	455104	519895	580444	646493	721571	807350	863099
Private b/	369472	417021	479741	531889	584063	645405	719245	761168
Public c/	29793	38083	40154	48555	62430	76166	88105	101931
Investment c/	52012	57267	67577	71857	80708	89120	86809	93700
Private b/	29912	29229	33404	38290	42891	47275	48531	51000
Public c/	22100	28038	34173	33567	37817	41845	38278	42700
Resource Balance	44344	46144	48271	55165	67603	73120	59767	53512
Exports of goods and NFS, fob d/	30282	31168	39843	46438	51361	62683	75347	94110
Imports of goods and NFS, c&f d/	74626	77312	88115	101603	118964	135803	135114	147622
Gross Domestic Product, at market prices c/	406933	466227	539201	597136	659598	737571	834392	903287
Net factor income from abroad d/	10090	14271	18669	20466	23381	22363	26522	33810
Gross National Product, at market prices	417023	480498	557870	617602	682979	759934	860914	937097
Net indirect taxes	21794	25516	30082	32695	37601	41807	50070	54848
Gross National Product, at factor cost	395229	454982	527788	584907	645378	718127	810844	882249
Gross Domestic Savings e/	7668	11123	19306	16692	13105	16000	27042	40188
Gross National Savings f/	17758	25393	37975	37158	36486	38364	53564	73998
Foreign Savings g/	34258	31574	29602	34698	44222	50749	33245	19702
	(As Percentage of GDP)							
MEMO ITEMS								
Consumption	98.12	97.61	96.42	97.20	98.01	97.83	96.76	95.55
Private	90.79	89.45	88.97	89.07	88.55	87.50	86.20	84.27
Public	7.32	8.17	7.45	8.13	9.46	10.33	10.56	11.28
Investment	12.78	12.28	12.53	12.03	12.24	12.08	10.40	10.37
Private	7.35	6.27	0.20	6.41	6.50	6.41	5.82	5.65
Public	5.43	6.01	6.34	5.62	5.73	5.67	4.59	4.73
Exports of goods and NFS, fob	7.44	6.69	7.39	7.78	7.79	8.50	9.03	10.42
Imports of goods and NFS, c&f	18.34	16.58	16.34	17.01	18.04	18.41	16.19	16.34
Gross Domestic Savings	1.88	2.39	3.58	2.80	1.99	2.17	3.24	4.45
Gross National Savings	4.36	5.45	7.04	6.22	5.53	5.20	6.42	8.18
Foreign Savings	8.42	6.84	5.49	5.81	6.70	6.88	3.98	2.18

NOTES & SOURCES:

a/ GDPmkt + Resource Balance.
b/ Derived as residual.
c/ BBS data
d/ From Balance of Payments Table 3.1, converted into Taka by using average exchange rate.
e/ GDP (mp)–Consumption=GDI–Net Imports.
f/ GDS+Net Factor Income from Abroad.
g/ Current Account Deficit of the Balance of Payments.

Source: BBS and Staff Estimates.

Table 3.1
BALANCE OF PAYMENTS, 1980/81–1991/92
(US$ millions)

	1980/81	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92
Merchandise exports, fob	710.7	626.0	686.0	811.0	934.0	819.0	1074.0	1231.0	1286.0	1524.0	1718.3	1993.0
Merchandise imports, fob/c&f /a	-2533.0	-2572.0	-2309.0	-2353.0	-2647.0	-2364.0	-2620.0	-2986.0	-3375.0	-3759.0	-3470.0	-3463.0
Trade Balance	-1822.3	-1946	-1623	-1542	-1713	-1545	-1546	-1755	-2089	-2235	-1752	-1470
Non-factor services, net	37.5	27	-5	31.4	11.4	1	-29.7	-10.5	-14.2	14.7	76.3	67.4
Non-factor services, receipts	222.3	214	203	222.4	228	223.0	226.6	255.2	311.9	379.4	394.5	473.7
(- Other transport)	40.3	36.0	24.4	26.0	31.0	23.3	22.0	27.1	31.5	35.8	34	37.1
(- Travel)	16.6	16.0	37.4	30.0	29.2	18.0	14.1	9.7	18.9	20.1	16.8	24.8
(- Government services, n.e.i.)	30.3	33.0	26.3	53.0	35.0	32.3	28.5	39.2	51.4	91.5	96.4	77.9
(- Other)	135.1	129.0	114.9	113.4	132.8	150.3	162.0	179.2	212.1	232.0	247.3	333.9
Non-factor services, payments	-184.8	-187	-208	-191	-216.6	-222.9	-256.3	-265.7	-326.1	-364.7	-318.2	-406.3
(- Other transport)	-39.2	-47.0	-61.0	-63.0	-58.5	-39.0	-43.1	-41.1	-52.2	-63.1	-72.5	-101.8
(- Travel)	-18.4	-20.0	-20.4	-24.0	-39.9	-53.0	-47.8	-77.1	-113.5	-112.2	-60.8	-109.4
(- Government services, n.e.i.)	-37.0	-39.0	-72.2	-78.0	-76.8	-83.6	-110.4	-106.1	-114.8	-137.8	-140.8	-141.9
(- Other)	-90.2	-81.0	-54.4	-26.0	-41.4	-47.3	-55.0	-41.4	-45.6	-51.6	-44.1	-53.2
Investment income, net	-22.7	-97	-108	-64.4	-89.6	-108.5	-121.6	-133	-108.632	-122.936	-102.4	-88.8
Investment income, receipts	51.9	33.5	27.0	56.6	58.0	36.1	35.2	54.9	78.8	66.6	65.1	90.9
(- Interest on reserves /b)	18.4	13.0	16.0	47.8	53.0	31.0	30.0	41.1	67.4	41.0	51.8	60.6
(- Other interest & investment income)	33.5	20.5	11.0	8.8	5.0	5.1	5.2	13.8	11.4	25.6	13.3	30.3
Investment income, payments	-74.6	-130.5	-135.0	-121	-147.6	-144.6	-156.8	-187.9	-187.4	-189.7	-167.5	-179.7
(- Interest on external public M&LT debt)	-42.0	-47.2	-58.0	-63.0	-65.0	-72.5	-81.5	-123.0	-139.2	-131.3	-129.4	-136.9
(- IMF service charges)	-8.0	-37.1	-38.0	-37.0	-37.0	-37.5	-38.9	-38.9	-42.8	-48.3	-32.9	-35.4
(- Other interest & investment income)	-24.6	-46.2	-39.0	-21.0	-45.6	-34.6	-36.4	-26.0	-5.4	-10.1	-5.2	-7.4
Private unrequited transfers, net	379	424	628	626.8	476.8	586	731	788	836	802	846	975
Private unrequited transfers, receipts	379.4	424.1	628	627	477	586	731	788	836	802	846	975
Workers Remittances	379.4	424.1	628.0	627.0	477.0	555.0	696.0	737.0	771.0	761.0	764	848
Others	0	0	0	0	0	31.0	35.0	51.0	65.0	41.0	82	127
Private unrequited transfers, payments	-0.4	-0.1	0.0	-0.2	-0.2	0	0	0	0	0	0	0
Current Account Balance	-1428.5	-1592.0	-1108.0	-948.2	-1314.4	-1066.5	-966.3	-1110.5	-1375.8	-1541.2	-932.1	-516.4
Amortization of public M&LT debt	-50.1	-39.0	-74.0	-72.0	-110.0	-117.0	-154.0	-166.0	-170.1	-186.0	-197	-210
Total IMF transactions, net	193.1	49.5	46.9	15.0	-7.0	-26.0	134.0	-18.0	68.0	-164.0	4	85
Aid disbursements, total	1147.2	1236.1	1345.5	1268.3	1268.0	1306.0	1595.0	1640.0	1666.5	1810.0	1732.6	1611
Other long-term capital, net	40.1	0.0	0.0	-8	-3.1	-5	-7	-6.5	43.8	0	1	0
(- Direct & portfolio investment, net)	0.0	0.0	0.0	0.2	1.2	-5.1	2.4	2.6	2.0	3.0	2	10
(- Subscriptions to int'l non-monetary orgs)	-1.9	0.0	0.0	-2.8	-3.6	-0.2	-2.5	-1.6	0.0	0.0	-1	0
(- Other, net)	42.0	0.0	0.0	-5.4	-0.7	0.3	-6.9	-7.5	41.8	-3.0	0	-10
Short-term capital, net	28.2	65	-36	64.8	-34.9	10	-140	-159.5	-139.3	-131	-144	-106
(- Resident official sector, net)	87.5	0.0	0.0	40.7	11.8	2.5	-10.2	-5.2	4.3	0	0	-1
(- Deposit money banks, net)	-94.3	0.0	0.0	33.6	-21.2	1.6	-69.8	-97.4	-143.6	-38.0	-40	-18
(- Other, net)	34.0	65.0	-36.0	-9.5	-25.5	5.9	-60.0	-56.9	-	-93.0	-104	-87
Liabilities constituting foreign authorities' reserves, net	90.7	165.0	-6.0	-96.0	-30.0	0.0	-40.0	-40.0	-	-	0	0
Food borrowing, net	0.0	0.0	0	-9	91	-69	-96	6	43	-21	-21	-18
(- Food Borrowing, gross)	0.0	0.0	0.0	51.0	190.0	13.0	0.0	39.0	55.0	0.0	0	0
(- Food Loan Amortization)	0.0	0.0	0.0	-60.0	-99.0	-82.0	-96.0	-33.0	-12.0	-21.0	-21	-18
Errors & ommissions, net /c	-45.1	-12.6	66.8	-36.5	-4.7	69.5	-66.7	-1.5	-72.2	-144.0	-62.5	-102.8
Change in reserves /d (- = increase)	24.4	126.0	-235.2	-182.0	145.1	-100.0	-257.0	-144.0	-65.9	377.2	-381.0	-742.5
MEMORANDUM ITEMS:												
Reserve level, end of June (US$ m)	250.0	122.8	358.0	539.6	394.8	495.0	752.0	896.5	962.4	585.2	965.8	1679.3
- Reserves, excluding gold (US$ m)	231.5	87.5	322.5	522.8	380.5	478.5	729.4	872.8	941.3	564.9	943.0	1657.2
- Gold, national valuation (US$ m)	18.5	17.0	17.8	16.1	14.3	16.5	22.6	23.7	21.1	20.3	22.8	22.1
Average annual exchange rate (Tk/US$)	16.3447	20.0400	23.7629	24.9486	26.0600	29.8861	30.6347	31.2460	32.1430	32.9323	35.667	38.152

— = not available separately.
/a Merchandise imports are reported on a mixed valuation basis, partly fob and partly cif.
/b 7% on average level of reserves.
/c Including valuation changes other than those of reserves.
/d Including changes in the valuation of reserves.

Source: Bangladesh Bank.

Table 3.2
BALANCE OF PAYMENTS – REQUIREMENTS AND SOURCES FORMAT, 1980/81–1991/92
(US$ millions)

	1980/81	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92
FOREIGN EXCHANGE REQUIREMENTS												
CURRENT ACCOUNT												
Merchandise imports	2533.0	2572.0	2309.0	2353.0	2647.0	2364.0	2620.0	2986.0	3375.0	3759.0	3470.0	3463.0
Payments on investments	74.6	130.6	135.0	121.0	147.6	144.6	156.8	187.0	187.4	180.7	167.5	179.7
Non-factor services	184.8	187.0	208.0	101.0	216.6	222.0	256.3	265.7	326.1	364.7	318.2	406.3
Subtotal	2792.4	2880.5	2652.0	2665.0	3011.2	2731.6	3033.1	3439.6	3888.5	4313.4	3955.7	4049.0
CAPITAL ACCOUNT												
Public M&LT debt amortization	50.1	39.0	74.0	72.0	110.0	117.0	154.0	166.0	170.1	186.0	197.0	210.0
Food loan amortization	0.0	0.0	0.0	60.0	99.0	82.0	96.0	33.0	12.0	21.0	21.0	10.0
Long-term capital, net	-40.1	0.0	0.0	8.0	3.1	6.0	7.0	6.6	-43.8	0.0	-11.0	0.0
Short-term capital, net	-28.1	-65.0	36.0	-64.8	34.0	-10.0	140.0	159.6	139.3	131.0	136.0	106.0
Subtotal	-18.1	-26.0	110.0	75.2	247.0	194.0	397.0	365.0	277.6	338.0	343.0	335.0
TOTAL REQUIREMENTS	2774.3	2863.6	2762.0	2740.2	3258.2	2925.5	3430.1	3804.6	4166.1	4651.4	4298.7	4384.0
FOREIGN EXCHANGE SOURCES												
CURRENT ACCOUNT												
Merchandise exports	710.7	626.0	686.0	811.0	934.0	810.0	1074.0	1231.0	1286.0	1524.0	1718.0	1993.0
Remittances	379.1	424.0	628.0	627.0	476.0	586.0	731.0	788.0	836.0	802.0	846.0	075.0
Investment income	61.0	33.5	27.0	56.6	58.0	36.1	35.2	54.9	78.8	66.8	65.1	90.9
Non-factor services	222.3	214.0	203.0	222.4	228.0	223.0	226.6	255.2	311.9	379.4	394.5	473.7
Subtotal	1364.0	1298.0	1544.0	1717.0	1696.8	1665.0	2066.8	2329.1	2512.7	2772.2	3023.6	3532.6
CAPITAL ACCOUNT												
Aid disbursements	1147.2	1236.1	1345.6	1268.0	1267.0	1306.0	1595.0	1640.0	1668.5	1810.0	1732.6	1611.0
IMF transactions, net	193.1	49.5	46.9	19.0	-7.0	-28.0	134.0	-18.0	68.0	-164.0	4.0	85.0
Food borrowing, gross	0.0	0.0	0.0	51.0	190.0	13.0	0.0	39.0	55.0	-	0.0	0.0
Other	90.7	165.0	-6.0	-96.0	-30.0	0.0	-40.0	-40.0	-	-	0.0	0.0
Subtotal	1431.0	1450.6	1386.4	1242.0	1420.0	1291.0	1689.0	1621.0	1791.6	1646.0	1736.6	1696.0
TOTAL SOURCES	2795.0	2748.6	2930.4	2959.0	3116.8	2956.0	3755.8	3950.1	4304.2	4418.2	4760.2	5228.6
Increase in gross reserves	-24.4	-127.5	235.2	182.2	-146.1	100.0	257.0	144.0	65.9	-377.2	381.0	742.0
Errors and omissions	45.1	12.6	-66.8	36.6	4.7	-69.5	68.7	1.6	72.2	144.0	62.5	102.6

Source: Bangladesh Bank.

Table 3.3
VALUE OF TOTAL EXPORTS BY COMMODITY, 1980/81-1991/92
(US$ million)

	1980/81	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92
Primary Commodities												
Raw jute	118.60	101.69	109.81	117.19	150.51	123.89	104.00	80.53	97.27	124.62	104.20	85.49
Frozen shrimps, fish & froglegs	39.95	52.81	72.06	95.00	86.85	114.70	136.20	139.65	141.38	137.84	141.80	130.53
Other fish products	1.98	0.00	1.64	2.19	2.45	5.42	4.02	5.21	6.56	7.60	5.59	4.08
Tea	40.67	37.94	46.58	68.90	81.02	32.78	29.66	38.95	39.83	39.48	43.21	32.43
Spices, incl. tamarind & sesame	0.22	0.00	0.28	0.61	0.48	0.16	0.18	0.14	0.04	–	–	0.12
Fruits & vegetables	1.02	1.47	0.00	3.43	4.25	14.75	17.79	15.67	9.93	8.63	5.67	6.20
Tobacco	0.02	0.00	2.28	3.25	2.57	0.66	1.29	0.82	1.66	1.47	1.57	2.21
Betel leaves	0.96	0.00	1.20	1.25	1.38	4.33	3.43	2.17	1.18	0.32	0.60	0.97
Raw cotton	0.17	0.00	0.00	0.14	0.46	0.43	0.09	0.24	0.55	–	–	0.06
Crude fertilizers	0.49	0.00	0.40	0.32	0.24	0.39	0.60	1.67	0.51	0.70	0.45	0.58
Oil cake	0.56	0.00	0.13	0.09	0.00	0.00	0.00	0.00	0.00	–	–	–
Wheat & rice bran	1.18	2.42	2.26	3.49	3.09	0.00	0.00	0.00	0.00	–	–	–
Rice	0.00	5.88	0.00	0.00	0.00	0.00	0.00	0.00	0.00	–	–	–
Animal casings	0.14	0.00	0.18	0.08	0.06	0.00	0.08	0.12	0.15	0.44	0.09	0.08
Lizard skins	0.06	0.00	0.40	0.95	0.81	1.11	0.04	0.00	0.23	–	–	
Tortoise & turtle meat & shells	1.00	0.00	0.98	0.99	0.90	1.38	1.13	1.64	0.70	0.03	0.14	0.25
Bees wax	0.06	0.00	0.10	0.06	0.02	0.00	0.06	0.05	0.00	–	–	0.01
Manufactured Goods												
Jute Manufactures	357.03	283.50	305.32	336.12	357.72	294.32	274.73	265.01	243.34	331.29	284.79	178.87
Jute specialty products	8.42	8.04	12.50	20.87	32.08	0.86	26.81	36.30	36.52	–	73.00	122.77
Textiles, incl. silk & silk waste	0.83	0.55	0.65	0.42	0.32	0.00	1.04	0.70	2.31	–	0.05	0.04
Readymade garments	3.24	7.00	10.84	31.57	116.20	131.48	298.67	433.92	471.09	609.32	735.63	1064.00
Cotton yarn & thread waste	0.12	0.00	0.36	0.31	0.18	0.00	0.00	0.03	0.02	0.02	–	–
Handicrafts	3.45	0.00	2.48	2.38	1.81	1.93	3.99	3.76	3.93	5.18	5.18	8.72
Pottery & coir products	0.07	0.00	0.00	0.01	0.02	0.00	0.46	0.01	0.00	–	–	0.01
Wood & furniture components	0.28	0.00	0.36	0.20	0.08	0.00	0.06	0.02	0.02	–	–	–
Bamboo & bamboo products	1.24	0.00	0.83	0.24	0.59	0.00	0.12	0.06	0.05	0.01	0.15	0.74
Leather & leather products	56.66	63.06	58.46	85.27	69.80	60.73	134.82	147.17	136.98	178.89	137.29	148.84
Sugar	0.03	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	–	–	–
Molasses	1.03	2.00	0.63	0.00	0.00	0.00	0.00	0.75	0.82	–	0.02	0.44
Pulp	0.01	0.00	0.05	0.02	0.00	0.00	0.02	0.02	0.00	0.02	–	
Newsprint	7.55	0.00	4.16	6.54	8.50	7.34	7.65	7.06	4.29	3.00	3.99	0.89
Paper	0.98	0.00	0.11	1.58	1.59	0.00	1.66	4.50	3.12	0.68	–	4.84
Hardboard & particle board	0.05	0.00	0.04	0.03	0.01	0.00	0.00	0.00	0.05	–	–	–
Cellophane	0.08	0.00	0.00	0.00	0.00	0.00	0.00	0.00	–	–	1.07	
Rayon	0.81	0.00	0.22	0.02	0.00	0.00	0.00	0.29	0.24	–	0.06	
Pharmaceuticals & crude drugs	0.02	0.00	0.55	0.18	0.00	0.00	0.28	0.09	0.04	0.12	0.90	1.27
Glycerine	0.38	0.00	0.62	0.53	1.15	1.09	0.87	0.73	1.24	1.46	0.43	0.23
Urea	8.58	0.00	10.35	8.74	4.79	2.57	4.18	24.93	53.37	17.04	36.32	21.35
Naphtha	29.85	30.18	18.81	22.72	20.68	13.81	10.24	8.08	11.94	7.92	13.68	2.99
Furnace oil	19.28	11.25	8.31	0.00	0.00	0.00	1.96	3.68	4.01	8.93	18.77	5.34
Bitumen	0.00	1.00	4.00	3.12	0.11	0.05	0.44	0.22	0.10	–	–	–
Wire & cables	0.02	0.00	0.14	0.72	0.55	0.00	0.01	0.00	2.72	7.53	2.45	0.32
All others /a	1.51	18.18	8.42	2.88	8.72	4.73	7.20	8.01	8.82	31.17	100.44	168.63
TOTAL	710.41	626.97	686.60	823.36	940.44	819.00	1073.76	1232.20	1286.00	1523.70	1717.55	1993.10
MEMORANDUM ITEMS:												
Traditional exports	582.67	494.25	532.00	627.52	671.43	512.57	570.62	567.81	553.94	671.04	572.11	564.02
Readymade garments	3.24	7.00	10.84	31.57	118.20	131.48	298.67	433.92	471.09	609.32	735.63	1064.00
Other nontraditional exports	124.50	125.72	143.76	164.27	152.81	174.95	204.47	230.47	260.97	243.34	409.81	365.08

/a Includes items for which details are not shown separately.
Source: Export Promotion Bureau.

Table 3.4
QUANTITY AND VALUE OF TRADITIONAL GOODS EXPORTS

		1981/82	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92
Raw Jute												
	Value ('000 US$)	101692	110000	117192	150809	123890	104000	80530	97270	124620	104210	85490
	Quantity ((bales)	1911370	2246000	1902000	1408000	2301000	2241000	1345000	1617000	2064000	1360000	1393790
	Unit price (US$/bale)	53.20	48.98	61.62	107.11	53.84	46.41	59.87	60.15	60.38	76.63	01.34
Hessian	Quantity (M.T.)	188562	224599	214097	184641	151371	204501	198700	100700	-	-	91186
Sacking	Quantity (M.T.)	292912	¶195961	162234	176945	242488	194490	178700	155600	-	-	190624
Carpet-backing	Quantity (M.T.)	54306	90750	94199	72600	69737	72183	71100	31600	-	-	62500
Carpets	Quantity (M.T.)	221	697	236	-	-	-	-	-	-	-	
Others/discrepancy	Quantity (M.T.)	1354	-3007	37234	10000	10200	17500	16500	145100	-	-	146830
Total Jute Manufactures												
	Value ('000 US$)	283502	306000	336115	357722	294318	274730	265010	243340	328050	284790	178870
	Quantity (M.T.)	537355	509000	508000	440000	467600	479900	465000	433000	510000	505000	346000
	Unit price (US$/M.T.)	527.59	601.18	661.64	813.00	629.42	572.47	569.91	561.99	643.24	563.94	616.97
Jute Speciality Products												
	Value ('000 US$)	8035	12000	20047	32079	856	26810	36300	36520	-	73000	122770
	Unit Price (US$/M.T.)	13200	22000	30000	35151	1011	-	60000	64000	-	- -	145140
	Unit price (US$/M.T.)	608.71	545.45	668.23	812.61	846.69	-	605.00	570.63	-	-	845.87
Tea												
	Value ('000 US$)	37938	46000	68900	61018	32780	29660	38800	39830	39480	43210	32430
	Quantity ('000 lbs)	69041	67647	67650	56533	65763	47102	60480	55242	66980	58260	52090
	Unit price (US$/000lbs)	549.50	680.00	1018.48	1079.33	498.46	629.70	641.53	721.01	589.43	741.68	622.58
Leather and Leather Products /a												
	Value ('000 US$)	63081	58000	85261	69799	60730	134820	147170	136980	178890	134290	144460
	Quantity ('000 sq ft)	87278	93890	102910	81750	71520	137460	118210	127560	157220	101360	119550
	Unit price (US$/000 sq ft)	722.76	617.74	828.50	853.80	849.10	980.79	1245.00	1070.00	1140.00	1324.881	1208.364
Total Value, Traditional Exports		494248	532000	627515	671427	512574	570020	567810	553940	671040	639500	564020
In Constant FY81 Prices		612186	621963	611759	514719	565314	604559	573252	572996	641371	550090	542218

/a Excludes hides and skins, but includes leather goods.

Source: Bangladesh Export Promotion Bureau and Bangladesh Tea Board.

Table 3.5
QUANTITY AND VALUE OF NON-TRADITIONAL EXPORTS

	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92
Frozen Shrimps, Froglegs and Fish											
Value ('000 US$)	52811.00	72000.00	95000.00	86845.00	114700.00	134160.00	139650.00	141380.00	137894.00	141800.00	130530.00
Quantity ('000 lbs))	20573.00	27490.00	38462.00	38240.00	47160.00	45580.00	48330.00	45190.00	47880.00	52920.00	44320.00
Unit price (US$/lbs)	2.57	2.62	2.47	2.27	2.43	2.94	2.89	3.13	2.88	2.68	2.95
Other Fish Products and Preparations a/											
Value ('000 US$)	1473.00	..	2186.00	2450.00	5420.00	4020.00	5210.00	6550.00	7600.00	5590.00	4080.00
Quantity (mt)	..	..	..	..	..	..	..	..	1439.00	1621.00	972.40
Unit Price (US$/kg)	..	..	..	..	..	..	..	..	5.28	3.45	4.20
Newsprint											
Value ('000 US$)	5998.00	4000.00	6540.00	8498.00	7340.00	7650.00	7060.00	4290.00	3000.00	3990.00	890.00
Quantity (tons)	10542.00	9000.00	14000.00	18000.00	16000.00	19000.00	13950.00	7700.00	4674.00	8705.00	1550.00
Unit price (US$/ton)	568.96	444.44	467.14	472.11	458.75	402.63	506.09	557.14	641.85	458.36	574.19
Paper											
Value ('000 US$)	12.00	..	2560.00	1586.00	..	..	4500.00	3120.00	678.00	..	4640.00
Quantity (tons)	25.00	..	2371.00	2453.00	..	..	5948.00	3756.00	620.00	..	..
Unit price (US$/ton)	480.00	..	1079.71	646.56	..	..	756.56	830.67	1093.55	..	..
Naphtha											
Value ('000 US$)	30160.00	19000.00	26000.00	20677.00	13910.00	10240.00	8080.00	11940.00	7915.00	13680.00	2990.00
Quantity (metric tons)	106910.00	59000.00	100700.00	89000.00	80000.00	77768.00	65000.00	69000.00	58633.00	54540.00	17865.00
Unit price (US$/metric ton)	282.11	322.03	258.19	232.33	173.88	131.67	124.31	173.04	134.99	250.83	167.37
Furnace Oil											
Value ('000 US$)	11250.00	8000.00	..	..	..	..	3680.00	4010.00	8934.00	18770.00	5340.00
Quantity (metric tons)	69169.00	50000.00	..	..	..	..	39000.00	54000.00	111672.00	159438.00	73352.00
Unit price (US$/metric ton)	162.65	160.00	..	..	..	..	94.36	74.26	80.00	117.73	72.80
Bitumen											
Value ('000 US$)	1000.00	4000.00	3120.00	106.00	50.00	440.00	220.00	100.00	..	..	..
Quantity (metric tons)	4323.00	16000.00	13000.00	459.00	209.00	2008.00	1000.00	500.00	..	..	..
Unit price (US$/metric ton)	231.32	250.00	240.00	230.94	239.23	219.12	220.00	200.00	..	..	..
Urea											
Value ('000 US$)	0.00	10000.00	9734.00	4790.00	2570.00	4180.00	24930.00	53370.00	17041.00	36300.00	21350.00
Quantity (tons)	0.00	66000.00	61000.00	26300.00	20499.00	35000.00	223464.00	465000.00	116585.00	289905.00	195973.00
Unit price (US$/ton)	0.00	151.52	159.57	182.13	125.37	119.43	111.56	114.77	146.17	125.21	108.94
Garments											
Value ('000 US$)	7000.00	10840.00	31570.00	116200.00	131480.00	298670.00	433920.00	471090.00	609000.00	735630.00	1064000.00
Total Non-traditional Exports ('000 US$) b	132719.00	154000.00	194490.00	263000.00	306430.00	504480.00	663400.00	731920.00	852660.00	1145440.00	1429000.00
in constant prices of FY81 ('000 US$)	127189.00	153741.00	202259.00	317521.00	379370.00	539297.00	524779.00	572727.00	618211.00	823095.00	936182.00
Total Exports ('000 US$)	626969.00	686000.00	822000.00	934443.00	819200.00	1073770.00	1231200.00	1285920.00	1523700.00	1717550.00	1993090.00
in constant prices of FY81 ('000 US$)	739376.00	775704.00	814018.00	832240.00	944684.00	1143856.00	1098030.00	1145723.00	1259582.00	1373185.00	1478407.00

.. = not available separately.
a/ Includes dried and salted fish and fish products, sharkfins, and fishmaws.
b/ Includes other items not shown above.
Note: Non-traditional exports exclude raw jute, jute manufactures, tea, and leather.
Source: Export Promotion Bureau.

Table 3.5
QUANTITY AND VALUE OF MAJOR IMPORT COMMODITIES

	1980/81	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92
Major Primary Goods (mill.US$)	713	703	820	758	836	449	469	752	010	585	836	497
Rice /a(mill. US $)												
Value (mill. US$)	40.4	46.0	97.0	56.0	176.0	8.0	49.5	150.0	17.0	102.0	3.0	5
Quantity ('000,long tons)	82.8	144.0	345.0	179.0	690.0	39.0	261.0	671.0	60.0	300.0	11.0	42
Unit Price /a (US$)	487.7	319.4	281.2	312.0	255.1	205.1	189.7	223.5	283.3	340.0	354.8	119.0
Wheat /a												
Value (mill. US$)	210.0	239.0	289.0	342.0	322.0	212.0	223.0	339.0	357.0	241.0	327.0	250
Quantity ('000,long tons)	976.0	1111.0	1527.0	1877.0	1899.0	1164.0	1508.0	2342.0	2077.0	1234.0	1566.0	1440
Unit Price /a (US$/long ton)	215.0	215.1	189.3	182.2	169.0	182.1	147.9	144.7	171.9	195.8	209.0	173.6
Oilseeds												
Value (mill. US$)	11.0	5.0	5.0	2.0	6.0	0.1	25.0	39.0	11.0	13.7	0.7	10
Quantity ('000,mt tons)	29.7	13.0	17.0	5.4	20.0	0.4	116.0	148.0	42.0	50.0	2.0	25
Unit Price (US$/mt ton)	370.0	384.6	294.1	370.4	300.0	250.8	215.5	263.5	261.9	274.0	350.0	760.0
Crude Petroleum /b												
Value (mill. US$)	343.0	334.0	373.0	233.0	226.0	177.0	126.0	136.0	131.8	123.0	211.8	152
Quantity ('000 tons)	1304.7	1177.9	1443.0	1004.0	985.0	1008.0	1000.0	988.0	1096.0	1008.0	1182.0	1018
Unit Price (US$/ton)	263.3	283.0	258.5	232.1	229.4	176.0	126.0	137.7	120.3	122.0	179.0	149.3
Raw Cotton												
Value (mill. US$)	108.0	79.0	56.0	125.0	106.0	51.0	45.0	88.0	93.0	105.0	92.8	71
Quantity ('000 bales)	256.0	187.0	194.0	388.0	305.0	181.0	205.0	267.0	349.0	375.0	250.0	284
Unit Price (US$/bale)	421.0	422.5	288.7	322.2	347.5	285.1	219.5	329.6	266.5	280.0	370.0	250.0
Major Intermediate Goods (mill US$)	422	446	310	369	433	517	357	476	563	567	689	597
Edible Oil /a												
Value (mill. US$)	92.0	71.0	83.0	87.0	103.0	135.5	115.0	176.0	170.0	200.0	207.8	141
Quantity ('000 tons)	141.0	109.0	129.0	100.0	136.0	272.8	283.0	382.0	408.0	426.0	500.8	326
Unit Price (US$/ton)	652.5	651.4	643.4	870.0	757.4	496.2	406.4	460.7	416.7	470.0	415.0	433.8
Petroleum Products /c												
Value (mill. US$)	159.8	213.0	83.0	122.0	133.0	165.0	104.0	136.0	153.0	174.0	206.7	168
Quantity ('000 tons)	523.0	583.0	219.0	464.0	570.0	806.0	732.0	790.0	926.0	973.0	711.0	826
Unit Price (US$/ton)	305.1	365.4	379.0	262.9	233.3	205.0	142.1	172.2	165.2	178.0	290.7	203.0
Fertilizer /d												
Value (mill. US$)	104.0	104.4?	66.0	75.0	137.0	106.0	25.0	46.0	108.0	46.0	90.8	117
Quantity ('000,long tons)	350.3	457.2	330.0	356.0	666.0	640.0	145.0	277.0	535.0	227.0	457.0	590
Unit Price (US$/long ton)	296.0	228.8	200.0	210.7	205.7	166.8	172.4	166.1	201.9	202.6	198.0	198.3
Cement												
Value (mill. US$)	32.0	31.8	44.0	37.0	26.0	57.8	64.0	67.0	83.0	83.0	106.2	106
Quantity ('000, mt.tons)	446.0	435.0	759.0	748.0	588.0	1333.0	1601.0	1563.0	1893.0	1500.0	1800.0	1650
Unit Price (US$/ton)	73.5	71.3	58.0	49.5	44.2	42.8	40.0	42.0	43.8	55.3	59.0	64.2
Staple Fibres												
Value (mill. US$)	13.0	5.0	4.0	0.0	3.0	1.0	7.0	7.0	0.0	10.0	6.0	15
Quantity ('000 bales)	42.0	16.0	13.0	27.0	10.0	3.0	29.0	24.0	24.0	25.0	15.0	37.8
Unit Price (US$/bale)	309.5	312.5	307.7	333.3	300.0	333.3	241.4	291.7	375.0	400.0	400.0	400.0
Yarn												
Value (mill. US$)	20.1	22.0	30.0	39.0	31.0	50.9	42.0	44.0	40.0	54.0	72.0	50
Quantity (million .lbs)	14.0	18.0	20.0	37.0	26.0	56.0	39.0	38.0	37.0	45.0	60.0	40
Unit Price (US cents/.lb)	143.8	122.2	150.0	105.4	119.2	89.9	107.7	115.0	108.1	120.0	120.0	125.0
Capital Goods (mill. US$)	689	655	599	916	691	1003	856	1090	1070	1296	1231	1284
Others (mill. US$)/e	709	766	580	010	687	395.8	938.8	666	1132.2	1311.3	914.1	1085
TOTAL IMPORTS (mill.US$)	2533	2572	2309	2353	2647	2364	2620	2986	3375	3759	3470	3463

/a As a large portion of food imports is financed on a grant basis, unit prices are often available for accounting purposes only.
/b Does not include crude oil shipped to and refined in Singapore for the account of BPC during FY80–FY83.
/c Includes petroleum products imported by BPC from its refining operations in Singapore as well as imports of non–fuel petroleum products.
/d As some fertilizer imports are financed on a grant basis, unit prices are often available for accounting purposes only.
/e Consumer and other intermediate goods not seperately shown
Note:.1 bale of raw cotton = 500 lbs; 1 bale of polyester = 618 lbs;
1 bale of viscose = 441 lbs; 1 bale of yarn = 400 lbs.
Source: Planning Commission.

Table 3.7
IMPORTS AND EXPORTS VOLUME AND PRICE INDICES AND TERMS OF TRADE
(1980/81=100)

	1980/81	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92
IMPORTS												
Rice												
Value Index	100.00	113.86	240.10	138.81	435.64	19.80	122.52	371.29	42.08	252.48	9.85	12.38
Volume Index	100.00	173.91	416.67	216.18	833.33	47.10	315.22	810.39	72.46	362.32	13.29	50.72
Unit Price Index	100.00	65.47	57.62	64.12	52.28	42.04	38.87	45.82	58.07	69.68	72.66	24.40
Wheat												
Value Index	100.00	113.83	137.65	182.89	153.36	100.97	106.21	161.46	170.03	114.78	155.89	119.07
Volume Index	100.00	113.76	156.36	192.20	194.45	119.19	154.41	239.81	212.68	126.36	160.35	147.46
Unit Price Index	100.00	100.06	88.03	84.75	78.87	84.72	68.76	67.33	79.95	90.84	97.22	80.75
Edible Oil												
Value Index	100.00	77.17	90.21	94.56	111.95	147.28	125.00	191.30	184.78	217.38	225.54	153.26
Volume Index	100.00	77.30	91.49	70.92	96.45	192.91	200.71	270.92	289.36	301.42	354.61	230.50
Unit Price Index	100.00	99.83	98.61	133.33	116.07	76.35	62.28	70.61	63.86	72.12	63.60	66.49
Oilseeds												
Value Index	100.00	45.48	45.48	18.19	54.58	0.91	227.40	354.74	100.05	124.61	6.37	172.82
Volume Index	100.00	43.76	57.21	18.17	67.31	1.35	390.38	498.06	141.34	168.27	6.73	84.13
Unit Price Index	100.00	103.96	79.50	100.11	81.09	67.57	58.25	71.22	70.79	74.06	94.60	205.42
Crude Petroleum												
Value Index	100.00	97.21	108.56	67.61	65.78	51.51	36.67	39.58	38.36	35.80	61.59	44.24
Volume Index	100.00	90.28	110.60	76.95	75.49	77.26	76.64	75.72	84.00	77.26	90.59	78.02
Unit Price Index	100.00	107.68	98.16	88.13	87.13	66.68	47.85	52.27	45.67	46.34	67.98	56.70
Petroleum Products												
Value Index	100.00	133.28	51.94	76.34	83.22	103.25	65.08	85.10	95.74	108.88	129.34	105.12
Volume Index	100.00	111.29	41.81	88.57	108.81	153.67	139.73	150.80	176.77	185.74	135.72	157.49
Unit Price Index	100.00	119.76	124.23	86.19	76.48	67.19	46.57	56.43	54.16	58.62	95.29	66.75
Fertilizer												
Value Index	100.00	100.38	63.46	72.12	131.73	103.65	24.04	44.23	103.88	44.23	87.02	112.50
Volume Index	100.00	130.54	94.22	101.64	190.15	182.72	41.40	79.09	152.75	64.81	130.48	168.45
Unit Price Index	100.00	76.90	67.36	70.96	69.28	56.63	58.07	55.93	67.99	68.25	66.69	66.79
Cement												
Value Index	100.00	94.61	134.29	112.92	79.35	173.96	195.32	204.48	253.31	253.31	324.12	323.51
Volume Index	100.00	97.53	170.16	167.71	131.84	298.88	358.97	350.45	424.44	336.32	403.59	369.96
Unit Price Index	100.00	97.00	78.91	67.33	60.19	58.20	54.41	58.35	59.68	75.32	80.31	87.44
Raw Cotton												
Value Index	100.00	73.15	81.85	115.74	98.15	47.78	41.67	81.48	86.11	97.22	85.65	65.74
Volume Index	100.00	73.05	75.78	151.56	119.14	70.70	80.08	104.30	136.33	146.48	97.66	110.94
Unit Price Index	100.00	100.14	68.42	76.37	82.38	67.58	52.03	78.12	63.16	66.37	87.70	59.26
Total a/												
Current Price Index	100.00	101.54	91.16	92.89	104.50	93.33	103.43	117.88	133.24	148.40	136.99	136.72
Constant Price Index	100.00	102.15	98.91	104.24	123.76	108.52	118.39	133.49	138.29	142.49	126.09	126.86
Unit Price Index	100.00	99.40	92.16	89.12	84.44	86.00	87.37	88.31	96.35	104.15	108.65	107.77

Continued

a/ Includes items not shown above.

TABLE 3.7 Continued
IMPORTS AND EXPORTS VOLUME PRICE INDICES AND TERMS OF TRADE
(1980/81=100)

	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92
EXPORTS											
Raw Jute											
Value Index	85.55	92.54	98.59	126.88	104.23	87.49	67.75	81.83	104.84	87.67	71.92
Volume Index	98.32	115.54	97.84	72.43	118.37	115.28	69.19	83.18	106.18	69.96	71.70
Unit Price Index	87.01	80.10	100.77	175.17	88.05	75.90	97.92	98.38	98.74	125.32	100.31
Jute Goods											
Value Index	79.40	85.71	94.14	100.19	82.43	76.95	74.23	68.18	91.88	79.77	50.10
Volume Index	107.18	101.51	101.31	87.75	93.25	95.71	92.73	86.35	101.71	100.71	69.00
Unit Price Index	74.10	84.43	92.92	114.18	88.40	80.40	80.04	78.93	90.34	79.20	72.81
Tea											
Value Index	93.28	113.10	169.40	150.02	80.60	72.92	95.40	97.93	97.07	106.24	79.74
Volume Index	105.13	103.00	103.01	86.08	100.13	71.72	92.09	84.11	101.99	88.71	79.31
Unit Price Index	88.73	109.80	164.46	174.28	80.50	101.68	103.59	116.43	95.18	119.76	100.53
Leather											
Value Index	111.29	102.33	150.42	123.14	107.14	237.85	259.64	241.68	315.60	236.92	254.88
Volume Index	108.28	116.48	127.67	101.42	88.73	170.53	146.65	158.25	195.05	125.75	148.31
Unit Price Index	102.78	87.85	117.82	121.42	120.75	139.48	177.05	152.18	161.81	188.40	171.84
Frozen Shrimps, Froglegs and Fish											
Value Index	132.19	180.23	237.80	217.38	287.11	335.82	349.56	353.89	345.17	354.94	326.73
Volume Index	124.29	166.08	232.37	231.03	284.92	275.37	291.99	273.02	289.27	319.72	267.76
Unit Price Index	106.51	108.52	102.49	94.23	100.92	122.13	119.90	129.62	119.50	111.18	122.21
Naphtha											
Value Index	101.06	63.66	87.12	69.28	46.61	34.31	27.07	40.01	26.52	45.84	10.02
Volume Index	91.87	50.70	86.54	76.48	68.75	66.83	55.86	59.30	50.39	46.87	15.35
Unit Price Index	110.00	125.56	100.67	90.59	67.80	51.34	48.47	67.47	52.63	97.80	65.26
Garments											
Value Index	216.05	334.57	974.38	3586.42	4058.02	9216.21	13392.59	14539.81	18796.30	22704.63	32839.81
Volume Index /a	218.23	397.00	1148.00	4965.00	6102.00	10829.00	8897.00	8830.00	11924.00	15051.00	19263.00
Unit Price Index	99.00	84.27	84.88	72.23	66.50	85.13	150.53	164.66	157.63	150.86	170.48
Total /b											
Value Index	88.22	96.53	115.66	131.48	115.27	151.09	173.24	180.94	214.40	241.67	280.44
Volume Index	104.04	109.15	114.54	117.10	132.93	160.95	154.50	161.21	177.23	193.22	208.02
Unit Price Index	84.80	88.44	100.98	112.28	86.72	93.87	112.13	112.24	120.97	125.08	134.81
TERMS OF TRADE INDEX											
Export Price Index	84.80	88.44	100.98	112.28	86.72	93.87	112.13	112.24	120.97	125.08	134.81
Import Price Index	99.40	92.16	89.11	84.44	86.00	87.35	88.31	96.35	104.15	108.65	107.77
TOT /c	85.31	95.96	113.32	132.97	100.83	107.47	126.97	116.49	116.15	115.12	125.09
Annual Change %	-14.69	12.48	18.09	17.34	-24.17	6.58	18.15	-8.26	-0.29	-0.89	8.66

/a Based on BBS data.
/b Includes items not shown above.
/c Export Price Index divided by Import Price Index

Note: Calculated from exports and imports details made available by the Export Promotion Bureau

Table 3.8
TOTAL IMPORT FINANCING, 1972/73-1991/92
(US$ million)

Year	Cash	Barter	Special Trade	WES /a	Loans & Grants	Total
1972/73	396.3	49.4	-	-	541.0	986.7
1973/74	397.3	64.0	-	-	392.9	854.2
1974/75	273.7	62.0	3.0	41.2	810.7	1190.6
1975/76	430.1	23.7	5.2	40.4	786.5	1285.9
1976/77	307.2	28.8	2.7	56.2	449.9	844.8
1977/78	497.3	48.6	2.6	88.1	794.7	1431.3
1978/79	442.6	73.7	2.9	116.1	1005.6	1640.9
1979/80	901.7	75.4	3.5	177.4	1181.2	2339.2
1980/81	1056.3	96.6	2.7	334.3	1178.9	2668.8
1981/82	976.9	100.6	4.1	342.2	1262.9	2686.7
1982/83	489.9	49.9	10.6	479.2	1287.1	2316.7
1983/84	637.4	75.3	7.2	494.8	1138.1	2352.8
1984/85	735.2	63.9	6.8	695.8	1145.8	2647.5
1985/86	649.3	85.1	33.1	676.2	920.3	2364.0
1986/87	366.4	79.0	27.4	879.1	1268.5	2620.4
1987/88	443.9	84.7	43.0	1090.2	1324.2	2986.0
1988/89	422.7	90.9	90.9	1435.3	1160.2	3200.0
1989/90	568.9	63.2	55.2	1797.9	1273.5	3758.7
1990/91	485.0	72.0	36.0	1505.0	1372.0	3470.0
1991/92	782.0	26.4	15.0	1426.5	1213.5	3463.4

/a Wage Earners Scheme.

Note: Data reflect payments rather than commodity arrivals.
Valuation for commodities financed under loans and grants is on a mixed fob/cif basis, depending on the terms of the respective aid agreements; all other categories reflect cif valuation.

Source: Bangladesh Bank, Statistics Department.

Table 3.9
AID PIPELINE
(US$ million)

	1980/81	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92
FOOD AID												
Opening pipeline	50.00	58.80	48.88	41.76	60.41	194.40	323.83	207.4	299.3	231.70	230.90	119.20
Commitments	202.87	220.56	248.35	285.16	380.16	329.57	108.96	364.0	157.0	159.70	183.80	226.02
Disbursements	194.07	230.50	255.45	276.38	244.50	202.75	225.41	300.5	226.9	187.50	268.55	241.21
Closing pipeline	58.80	48.86	41.76	50.54	196.07	323.83	207.38	299.3	231.7	203.90	119.20	104.01
Pledges	335.00	189.00	198.00	219.00	246.00	235.00	222.00	226.00	214.00	183.00	156.00	188.07
COMMODITY AID												
Opening pipeline	398.77	361.18	454.32	476.70	591.69	374.73	460.44	609.1	451.5	499.60	478.51	408.17
Commitments	354.87	513.00	474.38	528.17	251.77	408.93	562.06	251.2	601.3	430.70	295.93	575.67
Disbursements	392.46	419.86	452.01	439.19	431.57	393.39	402.52	509.4	537.7	456.70	408.10	368.03
Closing pipeline	361.18	454.32	476.70	565.67	362.81	460.44	618.98	451.5	499.8	467.30	408.17	615.78
Pledges	405.00	366.00	379.00	488.00	523.00	437.00	559.00	564.00	586.00	590.00	553.00	462.74
PROJECT AID												
Opening pipeline	2002.65	2444.23	3044.25	3374.13	3644.48	4061.80	4633.19	4390.1	4699.0	4601.22	5238.70	4846.68
Commitments	1001.49	1188.29	799.80	881.66	1339.56	922.94	932.23	814.5	1118.1	1553.30	890.60	672.44
Disbursements	559.91	588.27	469.93	552.82	590.91	709.79	967.23	830.5	903.9	1165.40	1055.90	984.23
Closing pipeline	2444.23	3044.25	3374.13	3702.96	4063.12	4633.19	4598.18	4699.0	4910.2	4943.00	4847.00	5118.79
Pledges	802.00	1068.00	1003.00	913.00	932.00	999.00	1126.00	1233.00	1257.00	1423.00	1087.00	1462.96
TOTAL												
Opening pipeline	2451.43	2864.22	3547.44	3892.58	4296.58	4630.93	5417.46	5206.6	5449.80	5332.52	5948.11	5374.05
Commitments	1559.24	1922.85	1522.53	1694.99	1971.48	1661.44	1603.25	1529.7	1873.40	2143.70	1370.33	1774.13
Disbursements	1146.45	1239.63	1177.38	1268.40	1266.96	1305.93	1595.16	1640.4	1668.50	1809.60	1732.55	1611.47
Closing pipeline	2864.22	3547.44	3892.58	4319.17	4622.00	5417.46	5425.55	5449.8	5641.50	5614.20	5374.37	5838.58
Pledges	1542.00	1623.00	1580.00	1620.00	1701.00	1671.00	1907.00	2023.00	2056.00	2196.00	1796.00	2113.77
DISBURSEMENTS RELATIVE TO RULES OF THUMB [PERCENT]												
Food aid [100% OPL + 75% NC]	96.0	102.8	108.6	108.1	70.8	45.9	55.8	62.6	54.4	53.3	72.8	83.5
Commodity [75% OPL + 25% NC]	101.2	105.2	98.4	89.7	85.2	102.9	82.8	98.0	110.0	94.7	94.3	85.8
Project aid [20% OPL]	139.8	120.5	77.2	81.9	81.1	87.4	104.4	94.6	96.2	126.6	100.8	101.5
Total	115.7	111.5	90.3	89.3	80.1	79.8	87.7	87.3	90.4	103.2	93.7	94.3
Ratio of Actual Commitments to Pledges (%)	101.1	118.5	96.4	104.9	115.9	99.4	84.1	75.6	91.1	97.6	78.3	83.8

Note: OPL=Opening pipeline, NC=New commitments.
Commodity aid includes cash aid, and project aid includes technical assistance.
Discrepencies between closing pipeline in one year and opening pipeline in the next year result from adjustments for currency revaluations, aid cancellations, and reclassifications.

Source: Economic Relations Division.

Table 3.10
COMMITMENTS AND DISBURSEMENTS OF AID BY TYPE OF AID
(US$ million)

	1976/77	1977/78	1978/79	1979/80	1980/81	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92
COMMITMENTS																
Food Aid	143.1	138.8	300.7	270.0	202.8	220.6	248.4	285.2	380.2	329.6	109.0	364.1	157.0	159.7	183.8	226.0
Grants	90.5	106.9	259.8	255.0	171.4	183.7	248.4	271.8	380.2	329.6	109.0	364.1	157.0	159.7	183.8	226.0
Loans	52.6	31.9	40.9	15.0	31.4	36.6	-	13.4	-	-	-	-	-	-	-	-
Commodity Aid	304.1	428.1	604.4	285.3	354.9	513.9	474.4	528.2	253.1	408.9	562.1	251.2	601.3	430.7	295.9	575.7
Grants	157.5	146.2	355.8	108.3	185.7	263.6	268.1	240.4	152.6	225.9	206.1	138.5	188.1	178.8	104.5	184.8
Loans	146.6	279.9	248.8	177.9	169.2	249.1	206.3	287.8	100.5	183.9	356.0	112.7	413.2	252.1	191.4	390.9
Project Aid	279.7	582.9	855.1	597.9	1001.5	1189.2	799.8	881.7	1344.9	922.9	932.2	914.5	1115.1	1584.6	890.6	972.4
Grants	152.5	180.1	320.6	121.6	192.9	357.9	320.2	346.3	347.5	609.9	578.0	378.3	316.0	546.4	196.7	688.0
Loans	127.2	402.8	534.5	476.3	808.9	831.3	479.9	535.4	997.1	313.0	353.9	536.2	799.1	1038.2	693.9	284.4
TOTAL	726.9	1147.8	1760.2	1153.2	1559.2	1922.6	1522.9	1695.1	1977.0	1661.4	1603.3	1529.8	1873.4	2175.0	1370.3	1774.1
DISBURSEMENTS																
Food Aid	121.6	177.9	179.0	374.7	194.1	230.5	255.4	276.4	244.5	202.8	225.4	300.5	226.6	187.5	268.9	241.2
Grants	77.1	116.9	162.1	318.8	162.6	230.5	221.9	263.0	242.9	202.8	225.4	300.5	226.9	187.5	268.5	241.2
Loans	44.5	61.0	16.9	55.6	31.5	-	34.4	13.4	2.5	-	-	-	-	-	-	-
Commodity Aid	254.2	380.4	482.6	378.5	392.5	416.9	452.0	439.2	431.8	393.9	402.5	509.4	537.7	456.7	408.1	386.0
Grants	125.1	154.5	204.5	161.6	179.6	213.9	244.5	244.4	243.9	256.0	176.9	170.7	164.9	135.7	246.2	192.0
Loans	129.1	225.9	278.1	216.9	212.6	206.9	207.5	194.8	187.7	137.9	226.5	338.7	373.7	321.0	161.9	194.0
Project Aid	158.6	275.6	368.4	469.9	559.9	589.2	469.9	552.8	590.9	709.8	967.2	830.5	903.9	1165.4	1055.9	984.0
Grants	52.0	121.5	135.3	170.2	251.5	210.3	121.9	226.4	214.9	503.8	255.5	352.5	282.9	442.7	319.7	384.0
Loans	105.7	154.1	233.1	299.7	308.4	378.9	348.0	326.4	376.0	206.0	711.7	477.9	621.6	722.7	739.2	600.0
TOTAL	534.4	833.9	1030.0	1223.1	1146.5	1239.6	1177.3	1268.4	1267.0	1305.0	1595.1	1640.4	1668.5	1809.9	1732.0	1611.2
Memo Items:																
Grants																
Commitments	400.5	433.2	936.9	484.9	550.0	805.5	836.7	858.5	880.3	1165.4	893.7	880.9	661.1	884.7	485.0	1098.8
Disbursements	255.1	392.6	501.6	650.6	593.7	653.8	587.4	733.8	700.8	962.6	656.9	823.8	672.8	765.0	831.5	817.2
Loans																
Commitments	326.4	714.8	824.2	668.3	1009.2	1117.3	685.9	836.8	1097.9	496.0	709.6	648.9	1212.3	1290.3	885.3	675.3
Disbursements	279.3	441.0	528.1	572.5	552.6	585.8	589.9	534.6	566.2	343.9	938.2	816.6	995.5	1043.7	901.1	794.0

Source: Economic Relations Division.

Table 3.11

AVERAGE EXCHANGE RATES

(Period averages; Taka per US dollar)

	1979/80	1980/81	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92
QUARTERLY AVERAGES													
PRINCIPAL RATE a/													
July-September	15.2134	15.0403	18.6764	22.4187	24.5393	25.2823	26.6890	30.3000	31.0000	31.8902	32.2700	35.3550	36.779
October-December	16.0815	16.1601	19.1922	23.6330	24.9723	25.8610	30.1740	30.5250	31.0857	32.1670	32.2700	35.7310	38.026
January-March	15.4128	16.5961	20.7945	24.5000	25.0827	26.2380	30.5030	30.8000	31.3976	32.2700	32.7580	35.7900	38.803
April-June	15.2030	17.5801	21.5967	24.5000	25.2000	26.8780	30.3000	30.9140	31.5000	32.2700	34.4310	35.7900	39.000
SECONDARY RATE b/													
July-September	20.1000	19.4800	22.0500	22.8800	26.3200	27.9000	32.5900	33.1500	33.0000	32.9000	32.9250	36.0660	37.494
October-December	19.1000	19.3000	22.6500	24.4000	27.4000	25.8000	33.4500	33.1500	32.9000	32.9100	32.9250	36.4460	38.536
January-March	18.7500	20.8000	22.4000	24.7900	27.4600	30.4500	33.2000	33.0000	32.9000	32.9100	33.4220	36.5050	-
April-June	19.2500	22.7300	22.4000	26.2200	27.9400	31.3000	33.2000	33.0000	32.9000	32.9100	35.1260	36.5050	-
FISCAL YEAR AVERAGES c/													
Principal Rate	15.4777	16.3447	20.0400	23.7629	24.9486	26.0620	29.8861	30.6347	31.2458	32.1468	32.9323	35.6670	38.152
Secondary Rate	19.3000	20.5775	22.3750	24.5725	27.2800	28.8625	33.1100	33.0750	32.9250	32.9075	33.5990	36.3810	-

a/ Unweighted averages of monthly exchange rates shown. The rates are period averages of the market rate (IFS, line rf), which are cross rates based on a fixed relationship to the Pound Sterling since January 1972.

b/ Unweighted averages of end period monthly data. As of January 1992, secondary rate has been abolished.

c/ Unweighted averages of quarterly exchange rates shown.

Source: International Monetary Fund and Statistics Department, Bangladesh Bank.

Table 3.12

Real Exchange Rate Index

(Base 1980=100)

Year	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991
RER	138.73	107.69	101.33	95.18	96.87	100.00	97.26	90.25	87.39	96.53	97.26	89.97	89.33	88.09	93.55	90.54	88.09

Note: Real exchange rate has been calculated using the CPI's of the top 17 trading partners of the country and this covers about 62 percent of the total trade in 1985.

Source: International Financial Statistics and Statistics Department, Bangladesh Bank

Table 4.1
EXTERNAL PUBLIC DEBT OUTSTANDING INCLUDING UNDISBURSED AS OF JUNE 30, 1991
Includes only debt committed for a period up to June 30, 1992
(In thousand of US Dollars)

	DEBT OUTSTANDING		
	Disbursed	Undisbursed	Total
CREDITOR TYPE: SUPPLIERS CREDITS			
CREDITOR COUNTRY			
AUSTRIA	-	-	0
CHINA	6,365	-	6,365
CZECHOSLOVAKIA	-	-	-
FRANCE	2,573	-	2,573
HUNGARY	4,826	-	4,826
INDIA	2,397	448	2,845
NETHERLANDS	-	-	0
PAKISTAN	2,453	-	2,453
ROMANIA	3,339	-	3,339
SINGAPORE	-	-	-
USSR	124,057	5,059	129,116
YUGOSLAVIA	1,047	-	1,047
TOTAL SUPPLIERS CREDITS	147,057	5,507	152,564
CREDITOR TYPE: FINANCIAL INSTITUTIONS			
CREDITOR COUNTRY			
FRANCE	-	-	-
TOTAL FINANCIAL INSTITUTIONS	-	-	-
CREDITOR TYPE: MULTILATERIAL LOANS			
CREDITOR COUNTRY			
ASIAN DEVELOPMENT BANK	2,491,051	611,963	3,103,014
EEC	46,020	-	46,020
IBRD	62,506	-	62,506
IDA	4,494,123	1,693,704	6,187,827
INTERNATIONAL FUND ARG (IFAD)	141,330	69,872	211,202
ISLAMIC DEVELOPMENT BANK	18,877	44,889	63,766
OPEC. SPECIAL FUND	72,265	13,531	85,796
TOTAL MULTILATERAL LOANS	7,326,172	2,433,959	9,760,131

Continued...

Table 4.1 (Continued)

	DEBT OUTSTANDING Disbursed	Undisbursed	Total
CREDITOR TYPE: BILATERAL LOANS			
CREDITOR COUNTRY			
BELGIUM	45,222	606	45,828
BULGARIA	306	-	306
CHINA	33,620	39,447	73,067
CZECHOSLOVAKIA	5,052	-	5,052
DENMARK	-	-	-
FINLAND	-	-	-
FRANCE	174,005	109,187	283,192
GERMANY	-	-	-
HUNGARY	-	-	0
INDIA	13,058	4,010	17,068
IRAN	9,171	-	9,171
IRAQ	5,012	-	5,012
JAPAN	3,111,913	396,805	3,508,718
KOREA, REPUBLIC OF	1,830	-	1,830
KUWAIT	93,783	26,192	119,975
NETHERLANDS	19,584	3,452	23,036
PAKISTAN	-	32,200	32,200
POLAND	1,323	-	1,323
ROMANIA	4,596	17,493	22,089
SAUDI ARABIA	117,379	23,928	141,307
SWITZERLAND	5,361	-	5,361
TURKEY	725	-	725
UNITED ARAB EMIRATES	52,716	-	52,716
UNITED KINGDOM	-	-	-
UNITED STATES	978,258	103,280	1,081,538
USSR	27,560	-	27,560
YUGOSLAVIA	13,758	-	13,758
TOTAL BILATERAL LOANS	4,714,232	756,600	5,470,832
CREDITOR TYPE: EXPORT CREDITS			
CREDITOR COUNTRY			
AUSTRIA	3,741	-	3,741
CZECHOSLOVAKIA	4,334	-	4,334
FRANCE	113	167	280
INDIA	48,356	95,700	144,056
NETHERLANDS	3,524	-	3,524
UNITED KINGDOM	2,505	85	2,590
USSR	148	-	148
MULTIPLE LENDERS	-	-	
TOTAL EXPORT CREDITS	62,721	95,952	158,673
TOTAL EXTERNAL DEBT	12,250,182	3,292,018	15,542,200
CREDITOR TYPE			
SUPPLIERS CREDITS	147,057	5,507	152,564
FINANCIAL INSTITUTIONS	-	-	-
MULTILATERAL LOANS	7,326,172	2,433,959	9,760,131
BILATERAL LOANS	4,714,232	756,600	5,470,832
EXPORT CREDITS	62,721	95,952	158,673
TOTAL EXTERNAL DEBT	12,250,182	3,292,018	15,542,200

NOTE: (1) Only debts with an original or extended maturity of over one year are included in this table.

(2) Debt outstanding includes principal in arrears but excludes interest in arrears.

Source: World Bank

TABLE 4.2
SERVICE PAYMENTS, COMMITMENTS, DISBURSEMENTS, AND OUTSTANDING AMOUNTS OF EXTERNAL PUBLIC DEBT
PROJECTIONS BASED ON DEBT OUTSTANDING INCLUDING UNDISBURSED AS OF JUN 30, 1992
INCLUDES ONLY DEBT COMMITTED – JUNE 30,1992
DEBT REPAYABLE IN FOREIGN CURRENCY AND GOODS
(IN THOUSANDS OF U.S. DOLLARS)
* * * TABLE TOTAL * * *

DATE	DEBT OUTSTANDING AT END OF PERIOD		TRANSACTION DURING PERIOD					OTHER	CHANGES
	DISBURSED ONLY	INCLUDING UNDISBURSED	COMMITMENTS	DISBURSE-MENTS	SERVICE PAYMENTS				
					PRINCIPAL	INTEREST	TOTAL	CANCELLATIONS *	ADJUSTMENT **
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9))
198706	7,968,413	11,671,458	795,285	1,020,336	145,111	121,971	267,082	170,049	-
198806	8,917,898	12,509,636	865,423	910,230	192,587	144,259	336,846	155,753	321,095
198906	9,626,165	13,205,951	1,262,539	974,235	192,970	140,477	332,547	161,278	-212,875
199006	10,511,616	14,353,848	1,341,515	1,101,489	225,345	144,550	369,895	96,728	128,456
199106	11,313,861	15,164,227	1,160,633	1,015,469	333,861	150,279	484,140	153,828	137,436
199206	12,250,184	15,542,201	593,668	785,540	314,748	158,556	473,304	936,562	957,304
	*** THE FOLLOWING FIGURES ARE PROJECTED ***								
199306	13,036,557	15,136,618	-	1,076,042	275,744	174,681	450,425	115,915	-13,923
199406	13,626,204	14,842,327	-	883,938	294,291	177,934	472,225	-	1
199506	13,878,542	14,521,906	-	572,760	320,421	177,191	497,612	-	-
199606	13,801,467	14,180,547	-	354,285	341,360	173,502	514,862	-	1
199706	13,707,843	13,818,465	-	178,473	362,097	168,257	530,354	-	14
199806	13,391,826	13,440,679	-	61,780	377,797	161,983	539,780	-	11
199906	13,023,402	13,036,219	-	36,044	404,468	155,235	559,703	-	8
200006	12,590,557	12,592,382	-	10,996	443,842	148,020	591,862	-	4
200106	12,131,196	12,131,695	-	1,326	460,687	140,316	601,003	-	-
200206	11,660,158	11,660,217	-	441	471,478	133,244	604,722	-	-
200306	11,181,304	11,181,362			478,855	126,468	605,323	-	-
200406	10,680,675	10,689,733			491,628	110,626	611,254	-	-
200506	10,198,246	10,198,304			491,429	112,749	604,178	-	-
200606	9,691,465	9,691,523			506,781	106,219	613,000	-	-
200706	0,193,455	9,193,513			498,010	99,831	597,841	-	-
200806	8,695,660	8,695,717			497,795	93,525	591,320	-	-
200906	8,192,197	8,192,254			503,462	87,304	590,766	-	-
201006	7,707,926	7,702,983			480,272	81,295	570,567	-	-
201106	7,221,516	7,221,574			481,409	75,490	556,899	-	-
201206	6,739,803	6,739,860			481,713	69,837	551,550	-	-

* Includes Writeoffs; Projected amounts in this column are amounts excluded from projections dur to unknown terms.
** This column shows the amount of arithmetic imbalance in the amount outstanding including undisbursed from one period to the next. The most common causes of imbalance are changes in exchange rates and transfers of debts from one category to another in the table.
Source: World Bank.

Table 5.1
REVISED BUDGET SUMMARY
(Tk crore)

	1980/81	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92
A. REVENUE SURPLUS	861	704	564	530	547	652	760	416	-348	38	518	1617
Receipts	2343	2554	2711	3033	3477	4073	4716	5146	5822	6778	7823	9517
Expenditures	-1482	-1850	-2147	-2503	-2930	-3421	-3956	-4730	-6170	-6740	-7310	-7900
B. FOREIGN FLOWS	1341	2264	3040	3488	3307	4018	4372	5086	4885	5545	6103	6039
C. NET DOMESTIC CAPITAL												
Domestic Loans & Advances	-26	-42	-214	-109	-248	-252	-173	-400	-521	-499	-557	-539
Net Public Accounts	0	0	79	167	148	160	160	183	223	260	549	677
Total Net Domestic Capital	-26	-42	-135	58	-100	-92	-13	-217	-298	-239	-8	138
D. EXTRA-BUDGETARY RESOURCES & DEFICIT FINANCING	266	68	86	106	479	5	-166	355	955	882	383	362
TOTAL RESOURCES AVAILABLE	2942	2994	3555	4177	4233	4583	4953	5640	5194	6226	6991	8156
E-USE OF RESOURCES												
ADP	2369	2715	2977	3433	3508	4096	4513	4651	4595	5103	6121	7150
Non-ADP Projects	0	0	34	210	207	144	92	70	98	106	126	138
Food Account	573	168	544	535	518	344	349	919	501	1018	744	868
Food-for-Work	105	160	148	198	216	348	326	400	526	471	510	564
Net Food Outlay	467	8	396	337	302	-4	23	519	-25	547	234	304

Source: Ministry of Finance.

Table 5.2
CURRENT BUDGET: REVISED ESTIMATES
(Tk crore)

	1980/81 Revised Budget	1981/82 Revised Budget	1982/83 Revised Budget	1983/84 Revised Budget	1984/85 Revised Budget	1985/86 Revised Budget	1986/87 Revised Budget	1987/88 Revised Budget	1988/89 Revised Budget	1989/90 Revised Budget	1990/91 Revised Budget	1991/92 Revised Budget
REVENUES												
Tax Revenue	1782	1988	2159	2410	2807	3242	3788	4307	4833	5712	6312	7661
Production, consumption												
and distribution taxes	1520	1665	1784	2020	2355	2710	3156	3505	3950	4610	5085	6168
(Custom duties)	750	785	910	1000	1120	1338	1550	1618	1820	2167	2328	2820
(Sales taxes)	340	350	316	345	410	461	550	525	540	531	823	0
(Excise duties)	373	463	480	600	705	772	900	1172	1400	1700	1713	1360
(Value Added Tax)												1675
(Stamp taxes)	53	64	70	75	110	125	140	170	170	177	187	251
(Motor vehicle taxes)	4	4	8	0	10	14	16	20	20	35	35	40
(Supplementary tax)	0	0	0	0	0	0	0	0	0	0	0	20
Taxes on income	220	280	318	331	390	460	550	664	750	875	1071	1300
Land revenue tax /a	29	31	25	33	40	51	56	89	85	114	60	85
Other taxes and duties /b	13	12	36	26	22	21	26	48	48	113	96	110
Non-Tax Revenue	562	586	551	623	670	831	929	839	989	1067	1511	1856
Nationalized sector	185	143	126	123	283	362	349	216	255	178	439	701
(Industries)	93	26	26	30	60	85	92	80	70	50	276	381
(Banks)	83	111	94	93	223	277	257	136	185	128	163	320
(Other public sector /c)	9	6	6	0	0	0	0	0	0	0	0	0
Interest receipts	145	161	100	102	140	233	200	225	220	345	300	300
Registration fees	23	27	29	30	40	43	65	60	63	70	70	80
Forest	30	35	28	29	36	50	51	50	60	20	25	30
Railways	105	125	158	154	-30	-53	-104	-149	-150	-139	-148	-128
Post Office and T&T (net)	1	8	1	-13	8	0	9	37	78	53	220	264
Other /d	73	87	109	0	193	196	359	401	463	541	606	617
Total Current Revenue	2344	2554	2710	3033	3477	4073	4716	5146	5822	6779	7823	9517
EXPENDITURES												
General Services	724	856	948	1018	1108	1367	1722	2003	2241	2592	2583	2936
- General adminstration	264	280	387	329	382	404	567	692	694	826	914	1081
- Justice and police	178	219	133	185	220	348	302	348	378	451	461	509
- Defense	274	348	418	491	493	598	829	934	1139	1279	1189	1301
- Scientific departments	8	9	10	10	13	16	24	29	30	36	38	44
Social Services	296	327	475	677	904	923	1414	1705	2079	2084	2241	2389
- Education	207	232	294	365	493	600	747	820	949	1094	1182	1382
- Health & population planning	77	83	102	129	160	113	275	305	321	367	387	431
- Social welfare	12	12	79	183	251	210	392	580	809	623	672	577
Economic Services	107	121	111	324	199	247	304	357	411	460	492	570
- Agriculture	30	32	41	80	109	96	174	196	234	256	283	300
- Manufacturing & Construction	34	37	31	6	8	64	20	22	23	28	26	29
- Transport & Communication	43	81	39	214	51	55	64	86	96	113	118	167
- Others	0	0	0	24	31	33	48	53	56	63	66	74
Debt Service	116	224	251	274	318	428	445	580	733	662	854	1108
- Domestic											417	634
- External											437	473
Food Subsidy	109	182	193	160	250	141	50	0	627	631	373	344
Other Subsidy	124	139	169	53	15	0	16	65	79	310	397	245
Contingency	5	1	1	0	136	318	2	10	0	1	370	308
Total Current Expenditures	1461	1849	2147	2503	2930	3421	3956	4730	6170	6740	7310	7900

/a Tax levied on land holdings. It was virtually abolished in FY74 together with the imposition of the moratorium on agriculture income tax but reinstated in 1976/77.
/b Includes electricity duties, estate duty on agricultural land, taxes on immovable property, gift taxes, capital gains tax, toll taxes, betterment tax on commercial establishments and other levies.
/c Includes receipts from nationalized insurance, other industrial operations and disinvestment of industrial units. For 1973/74 these are included under industries above.
/d Receipts of various Government departments, especially under general adminisration, social economic,agriculture and other services etc..

Source: Ministry of Finance.

Table 5.3
INCOME AND EXPENDITURE OF THE CENTRAL GOVERNMENT
Taka billion

	FY81	FY83	FY84	FY85	FY86	FY87	FY88	FY89	FY90	FY91	FY92 d/
Total Revenue	21.86	25.40	28.60	35.93	42.28	48.00	53.29	62.66	68.90	80.00	98.20
Tax	17.90	21.08	23.70	28.87	32.98	38.77	42.63	49.56	57.30	65.20	78.60
Non-tax	3.96	4.32	4.90	7.06	9.30	9.23	10.66	13.10	11.60	14.80	19.60
Total expenditure	-43.81	-57.80	-60.65	-65.86	-77.47	-93.06	-96.90	-118.11	-125.90	-137.00	-140.00
Current expenditure /a	-13.00	-19.20	-23.08	-26.61	-34.97	-41.59	-48.19	-56.06	-64.70	-72.30	-77.80
Food account deficit	-4.67	-6.56	-3.80	-4.28	-1.66	-0.18	-5.64	-3.93	-8.80	-7.40	-5.80
of which: foodstock change	(2.78)	(-0.03)	(0.27)	(1.96)	(0.27)	(0.12)	(5.10)	(-2.34)	(2.9)	(1.38)	(2.26)
Annual Development Program (ADP)	-23.69	-29.80	-30.11	-30.40	-36.60	-46.30	-37.96	-44.17	-47.20	-52.00	-51.18
Other capital expenditure and net lending /b	-1.65	-2.24	-3.71	-4.62	-4.32	-5.91	-4.09	-5.93	-6.20	-5.30	-5.50
Overall budget deficit	-21.03	-32.40	-32.05	-29.96	-35.19	-45.03	-42.01	-47.45	-57.00	-57.00	-41.80
Excluding foodgrain stocking	-18.28	-32.43	-31.78	-28.00	-34.92	-44.91	-37.51	-49.79	-54.10	-55.62	-39.56
Net foreign financing /c	16.44	28.25	27.87	28.67	31.51	40.36	41.43	48.71	48.60	51.80	48.80
Project aid	8.00	13.44	16.31	14.40	20.17	29.63	25.01	27.20	35.50	35.20	32.30
Commodity aid	5.64	9.00	9.63	9.62	11.64	11.13	14.07	18.50	13.50	16.30	14.70
Food aid	2.80	6.40	6.97	4.92	4.99	6.94	7.64	0.33	6.20	0.70	9.20
Commercial food borrowing	n.a.	1.23	-0.41	2.56	-2.27	-2.94	0.10	1.26	-0.80	-0.50	-0.70
Debt amortization	n.a.	-1.82	-1.63	-2.83	-3.02	-4.40	-5.39	-4.60	-5.80	-8.80	-6.70
Net domestic financing	5.90	4.15	4.36	1.30	5.58	4.66	1.19	-0.67	8.40	5.20	-7.10
Banking system	5.00	0.65	4.27	-1.90	0.95	3.37	-0.68	-4.47	6.50	1.70	-2.90
Other domestic	0.90	3.50	0.09	3.20	4.63	1.31	1.87	3.80	1.90	3.50	-4.20
(Annual percentage change)											
Total revenue	25.7	15.6	12.9	25.6	17.7	13.5	11.0	17.8	10.0	16.1	22.5
Total expenditure	11.3	34.4	4.9	8.9	17.6	20.1	6.1	14.8	14.3	8.8	2.2
Current expenditure /a	20.2	47.7	19.9	15.5	31.4	18.9	15.9	16.4	15.4	11.7	7.3
ADP	18.5	25.8	1.0	1.0	20.1	26.6	-18.0	16.3	6.9	10.2	-1.7
(As percent of GDP)											
Total revenue	9.4	8.7	8.1	8.8	9.1	8.9	8.9	9.5	9.3	9.6	10.9
Tax reveue	7.7	7.2	6.7	7.1	7.1	7.2	7.1	7.5	7.8	7.8	8.7
Non-tax revenue	1.7	1.5	1.4	1.7	2.0	1.7	1.8	2.0	1.6	1.8	2.2
Total expenditure	18.4	19.7	17.2	16.2	16.6	17.3	16.1	18.7	17.1	16.4	15.5
Current expenditure /a	5.0	6.5	6.5	6.5	7.5	7.7	8.1	8.5	8.8	8.7	8.6
ADP	10.1	10.2	8.5	7.5	7.8	8.6	6.4	6.7	6.4	6.2	5.7
Overall budget deficit	9.0	11.0	9.1	7.4	7.5	8.4	7.1	7.2	7.7	6.8	4.6
Excluding food stocking	7.8	11.1	9.0	6.9	7.5	8.3	6.3	7.6	7.3	6.7	4.4
GDP Mkt Prices	234.06	293.43	352.52	406.93	466.23	539.20	597.14	659.60	737.57	834.30	903.29

a/ Excludes food subsidies, which are included under the food account deficit
b/ Comprises non-ADP project expenditure, the Food for Work program, miscellaneous investment (non-development) and net loans and advances. A major part of gross lending by Government is included within the ADP.
c/ Including foreign grants.
d/ Based on estimates as of November 1992.

Source: Ministry of Finance and IMF and Bank Staff Estimates.

Table 5.4
ANNUAL DEVELOPMENT PROGRAMME
(Taka crore)

	1980/81 Revised Budget	1980/81 IMED Estimate	1981/82 Revised Budget	1981/82 IMED Estimate	1982/83 Revised Budget	1982/83 IMED Estimate	1983/84 Revised Budget	1983/84 IMED Estimate	1984/85 Revised Budget	1984/85 IMED Estimate	1985/86 Revised Budget	1985/86 IMED Estimate
Agriculture, Rural Development and Water Resources	754.8	789.8	882.0	783.4	956.8	838.2	1051.1	939.8	939.0	771.4	783.9	717.2
(Agriculture)	322.7	282.3	369.8	314.5	472.1	415.4	475.8	476.4	314.1	287.8	183.0	204.4
(Rural Development)	74.9	98.1	112.7	100.0	116.0	103.9	105.7	73.6	110.2	91.6	113.7	99.4
(Water and Flood Control)	357.2	408.9	399.5	368.5	368.4	318.8	469.8	389.3	514.7	392.8	477.2	413.4
Industry	336.7	277.6	367.7	270.0	314.5	247.8	332.5	233.8	239.8	249.1	590.8	536.0
Power, Scientific Research and Natural Resources	377.8	375.9	434.7	511.4	629.5	579.8	821.0	697.1	845.8	865.8	945.3	948.7
Transport	375.1	405.9	380.2	370.8	480.3	394.7	295.9	244.8	227.1	290.0	298.0	256.1
Communications	71.8	68.9	60.3	78.8	78.0	90.0	54.8	50.3	60.8	70.7	48.3	44.1
Physical Planning and Housing	146.7	155.8	177.4	146.8	149.6	130.8	147.2	163.8	108.2	114.0	102.9	114.0
Education and Training	97.9	97.0	107.1	86.1	106.8	105.2	133.4	128.4	128.8	125.2	151.7	128.1
Health	65.6	61.2	74.2	69.2	80.8	73.9	80.0	70.9	99.2	93.0	72.5	66.3
Family Planning	69.5	46.9	56.3	40.0	85.7	71.2	106.9	85.7	111.0	101.8	127.7	87.0
Social Welfare	24.2	19.1	29.8	20.5	13.8	12.1	15.5	14.2	19.3	15.8	14.7	13.5
Manpower and Employment	10.8	6.1	19.8	6.9	20.5	24.5	25.0	24.2	20.1	13.5	11.4	5.0
Cyclone Reconstruction	0.0	0.0	0.0	0.0	0.0	7.3	343.2	319.8	423.0	395.9	425.0	126.0
Other	0.0	0.0	96.0	7.9	201.4	105.7	188.2	34.4	287.8	83.4	524.8	384.7
Total ADP	2369.0	2364.5	2715.9	2391.1	3128.2 a/	2687.7	3584.7 b/	3006.0	3508.4	3166.1	4095.5	3429.4

	1986/87 Revised Budget	1986/87 IMED Estimate	1987/88 Revised Budget	1987/88 IMED Estimate	1988/89 Revised Budget	1988/89 IMED Estimate	1989/90 Revised Budget	1989/90 IMED Estimate	1990/91 Revised Budget	1990/91 IMED Estimate	1991/92 Revised Budget	1991/92 IMED Estimate
Agriculture, Rural Development and Water Resources	838.9	769.8	1030.5	798.4	1158.0	1016.0	1316.7	1325.4	1414.4	1208.9	1609.7	1278.9
(Agriculture)	252.9	190.9	333.2	258.7	363.4	280.8	384.4	262.7	424.92	307.2	466.86	423.45
(Rural Development)	143.9	108.5	137.6	91.0	130.8	99.9	256.7	177.6	286.09	222.3	392.13	319.77
(Water and Flood Control)	442.1	469.6	559.7	448.7	661.8	636.1	675.6	884.9	703.37	678.8	740	535.8
Industry	667.1	696.9	419.8	430.7	296.1	479.4	283.3	440.9	102.94	96.4	119.39	118.24
Power, Scientific Research and Natural Resources	1048.3	1153.0	1023.7	977.1	815.9	985.0	829.4	965.2	1146.36	747.72	1274.63	1069.38
Transport	436.1	441.1	469.8	466.3	604.5	694.2	539.7	750.2	622.04	630.1	858.58	837.09
Communications	43.6	37.9	96.8	96.7	127.7	164.8	171.8	170.6	110.6	113.61	163.28	164.24
Physical Planning and Housing	158.5	139.0	198.0	167.8	179.4	181.8	190.5	286.4	251.04	231.1	360.72	314.58
Education and Training	214.6	197.8	251.8	213.3	257.8	208.5	303.9	224.9	335.29	173.4	492.28	298.86
Health	80.4	73.3	87.8	83.3	163.0	85.1	127.8	87.8	164.86	141.1	178.22	137.34
Family Planning	142.4	104.8	170.4	140.8	214.1	166.6	298.2	125.9	296.4	310.4	338.78	271.02
Social Welfare	21.8	20.1	19.9	15.9	41.5	36.8	27.6	25.6	36.42	30.8	36.4	28.5
Manpower and Employment	9.9	7.4	5.8	2.8	4.0	2.9	4.8	2.9	7.27	4.7	7.2	2.5
Upazilas	335.0	322.1	370.8	379.6	200.0	204.4	200.6	296.7	120	118.8	232.21	235.71
Other	619.5	487.8	509.8	374.1	525.5	417.8	830.0	818.3	1511.7	1483.2	1469.75	1267.82
Total ADP	4513.4	4438.1	4650.8	4148.4	4595.3	4615.0	6102.3	5538.7	6121.8	5269.8	7150.0	6024.0

a/ Expected shortfall in implementation Tk. 149.24 crore.
b/ Expected shortfall in implementation Tk 152.18 crore.
c/ Excluding upazila development assistance of Tk. 200 crore which is included in sectoral expenditures.

Source: Ministry of Finance and Planning Commission.

Table 5.5
FINANCIAL PERFORMANCE OF PUBLIC SECTOR INDUSTRIAL CORPORATIONS
(Tk crore)

	Audited Actual										Actual Budget	Revised Budget
	1980/81	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92
A. NET PROFITS a/												
Bangladesh Jute Mills Corporation (BJMC) b/	25.5	-42.6	23.9	-29.8	-146.2	-158.3	-41.9	-143.1	-188.1	-370.9	-247.3	-308.5
Bangladesh Textile Mills Corporation (BTMC) b/	-18.4	-41.8	5.3	13.4	4.2	-51.9	-22.7	-34.2	1.5	-17.4	-63.5	-13.9
Bangladesh Sugar and Food Industries Corporation (BSFIC)	38.6	46.4	48.7	43.8	-21.5	-30.7	-27.8	-6.0	-19.4	26.4	-9.4	-22.4
Bangladesh Steel and Engineering Corporation (BSEC)	12.4	-12.0	-22.8	-15.4	-3.9	0.5	1.5	2.7	0.9	-22.3	-82.1	-81.8
Bangladesh Chemical Industries Corporation (BCIC)	5.5	7.1	39.6	26.3	15.8	15.5	-5.6	23.7	43.7	50.7	-30.4	-49.4
Bangladesh Forest Industries Development Corporation (BFIDC)	1.0	0.5	3.3	3.4	4.8	5.8	1.4	-1.4	1.9	-3.7	-5.7	12
Bangladesh Petroleum Corporation	-9.2	-278.9	59.7	200.0	206.4	261.0	339.5	237.5	341.2	94.6	546.1	518.2
Total	55.5	-321.0	154.7	241.7	59.5	41.9	244.5	79.2	181.7	-242.6	107.7	154.2
B. GROSS SALES												
Bangladesh Jute Mills Corporation (BJMC) b/	455.2	447.0	549.8	514.9	633.7	594.7	651.6	557.0	589.4	771.0	528.7	667.1
Bangladesh Textile Mills Corporation (BTMC) b/	188.2	201.1	256.0	299.2	298.5	294.1	289.3	347.0	378.0	403.2	417.6	423.2
Bangladesh Sugar and Food Industries Corporation (BSFIC)	260.1	300.5	318.6	368.2	143.6	252.3	409.4	444.6	375.8	444.0	450.8	555.8
Bangladesh Steel and Engineering Corporation (BSEC)	331.7	278.9	216.5	370.1	407.5	400.8	426.7	464.0	484.0	544.0	376.7	472
Bangladesh Chemical Industries Corporation (BCIC)	351.3	400.6	495.8	671.0	691.2	771.2	861.7	952.5	1226.4	1224.0	1275.4	1428.5
Bangladesh Forest Industries Development Corporation (BFIDC)	17.6	21.6	30.4	35.7	40.2	48.2	52.0	40.4	41.6	40.3	32.2	98.1
Bangladesh Petroleum Corporation	1136.2	1268.6	1391.5	1161.5	1266.7	1515.3	1217.7	1264.0	1449.7	1439.0	2286.3	2539.8
Total	2740.3	2913.2	3257.7	3420.6	3481.5	3876.6	3907.4	4069.6	4544.8	4865.6	5367.4	6184.5
C. PROFIT/SALES RATIO (%)												
Total	2.0	-11.0	4.7	7.1	1.7	1.1	6.3	1.9	4.0	-5.0	2.0	2.5

a/ Pre-tax profits or losses. Negative sign (-) denotes net losses.
b/ These are the accounts of the mills that are still in the public sector as of 1982/83.

Source: Monitoring Cell, Ministry of Finance.

Table 6.1
MONEY SUPPLY AND DOMESTIC LIQUIDITY, 1983-1992
(Tk billion)

	June 30, 1983	June 30, 1984	June 30, 1985	June 30, 1986	June 30, 1987	June 30, 1988	June 30, 1989	June 30, 1990	June 30 1991	June 30 1992
1. Credit (net) to Government	16.1	20.7	19.9	18.5	18.9	18.2	17.3	20.2	21.9	36.3
2. Credit to Other Public Sector	24.6	25.5	32.2	39.7	41.6	43.6	46.3	50.1	53.6	56.4
3. Credit to Private Sector	31.0	49.1	68.9	83.6	89.6	109.0	133.6	160.1	178.2	179.4
4. Total Domestic Credit (1+2+3)	71.7	95.3	121.0	141.8	150.1	170.8	197.2	230.4	253.7	272.1
5. Net Foreign Assets	-4.6	-0.8	-2.4	-1.4	1.8	6.0	7.8	4.3	17.5	40.2
6. Other Liabilities (net)	8.1	10.6	13.3	17.0	13.3	12.7	14.2	11.6	21.2	27.1
7. Total Liquidity (M2)	59.0	83.9	105.3	123.4	138.6	164.1	190.8	223.1	250.0	285.2
8. Currency Outside Banks	11.4	15.6	17.2	19.5	20.7	24.2	26.2	31.9	36.1	40.7
9. Demand Deposits	14.9	19.9	25.1	29.8	22.8	26.3	28.5	31.8	35.9	41.8
10. Currency and Demand Deposits (M1)	26.3	35.5	42.3	49.3	43.5	50.5	54.7	63.7	72.0	82.5
11. Time Deposits	32.7	48.4	63.0	74.1	95.1	113.6	136.1	159.3	178.0	202.7
Changes for Major Components (%) /a										
1. Credit (net) to Government and Public Sector	-0.7	13.5	12.8	11.7	4.0	2.1	2.9	10.5	7.4	22.8
Government	-3.0	28.6	-3.9	-7.0	2.2	-3.7	-4.9	16.8	8.4	65.8
Other Public Sector	0.8	3.7	26.3	23.3	4.8	4.8	6.2	8.2	7.0	5.2
2. Credit to Private Sector	31.4	58.4	40.3	21.3	7.2	21.7	22.6	19.8	11.3	0.7
3. Total Domestic Credit (1+2)	11.0	32.9	27.0	17.2	5.9	13.8	15.5	16.8	10.1	7.3
4. Total Liquidity (M2)	29.7	42.2	25.5	17.2	12.3	18.4	16.3	16.9	12.1	14.1

/a Percent changes over preceding period.
Data contained in the table are prepared on the basis of revised reporting system.

Source: Bangladesh Bank, Statistics Department.

Table 6.2

AGRICULTURAL CREDIT ISSUED BY MAJOR CREDIT INSTITUTIONS, 1979/80–1991/92

(Tk crore)

	1979/80	1980/81	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92(p)
Commercial Banks /a													
Short-term agricultural loans	87.4	103.8	96.0	148.0	298.1	349.0	184.2	186.3	227.20	199.85	204.78	167.01	270.22
Other agricultural financing /b	1.0	8.7	11.4	45.8	77.1	103.6	50.5	20.0	13.34	18.13	26.04	47.08	21.41
Fisheries financing	2.7	1.1	1.1	1.2	3.4	4.4	18.2	5.2	3.78	6.39	4.82	2.37	2.14
Tea production and development financing	6.7	2.8	3.6	2.4	2.7	6.7	6.3	6.8	5.23	5.48	6.35	4.98	2.16
Cold storage facilities for agricultural products	3.6	3.8	6.2	4.4	10.3	25.0	13.2	20.8	13.57	17.88	17.88	10.66	15.35
Total	101.3	117.03	117.26	200.94	381.54	488.67	252.7	208.3	263.12	239.73 /d	261.87	232.1	311.31
Bangladesh Krishi Bank & RAKUB													
Short-term agricultural loans	25.8	73.0	110.0	216.1	329.8	192.8	181.5	143.3	144.43	126.50	153.35	133.96	365.29
Other agricultural financing /b	66.8	66.7	92.7	120.3	186.8	312.2	137.8	105.6	114.46	172.47	126.50	91.87	84.05
Fisheries financing	4.6	7.4	7.0	12.1	24.2	15.3	10.4	5.2	6.23	4.79	8.8	2.45	2.89
Tea production and development financing	41.2	58.0	56.3	45.6	33.3	51.4	100.6	92.7	99.38	118.61	117.23	123.86 /f	145.91
Cold storage facilities for agricultural products	1.7	4.7	5.1	8.8	6.8	13.0	14.8	16.1	14.72	25.89	20.65	8.07	9.43
Total	142.0	209.7	271.6	400.8	592.4	614.7	365.1	364.0 /c	379.2	440.35	423.02	361.23 /g	607.57
Bangladesh Samabaya Bank													
Short-term agricultural loans	22.8	20.7	13.7	18.0	18.0	23.0	9.8	12.9	11.46	13.52	1.88	1.51	2.13
Other agricultural financing /b	3.1	5.0	3.7	3.6	3.3	5.8	4.4	4.2	2.51	4.18	0.22	0.76	3.06
Total	25.6	25.7	17.4	22.6	21.8	28.3	14.0	17.1	14.0	17.7	1.6	2.27	5.19
Totals by loan type													
Short-term agricultural loans	135.4	197.6	218.7	363.1	635.9	564.5	275.6	312.5	383.1	340.8	359.8	302.5	637.64
Other agricultural financing /b	72.6	77.4	107.7	169.7	278.7	421.1	192.8	129.8	130.31	186.73	156.65	139.71	108.52
Fisheries financing	7.6	8.6	8.8	13.4	27.6	19.6	28.6	18.4	10.01	11.16	8.02	4.82	5.03
Tea production and development financing	47.8	60.7	59.6	48.3	36.0	58.1	107.1	98.7	104.61	116.09	123.58	128.82	148.1
Cold storage facilities for agricultural products	5.2	8.3	11.4	10.8	17.8	38.0	27.7	36.8	28.29	43.77	38.53	19.75	24.78
Total	268.8	352.6	405.7	624.2	996.9	1131.7	631.8	590.3 /e	656.31	697.73 e/	666.78	595.6	924.07
Of which: Channelled through Cooperatives Under Bangladesh Rural Development Board													
Paddy	18.1	23.8	24.6	393.2	288.8	120.2	57.1	46.6	64.71	41.18	25.12	17.61	*
T. Aman	5.1	7.1	7.8	55.4	96.8	120.2	18.5	10.0	20.60	5.53	4.59	4.23	1.27
Boro	6.5	11.8	13.2	169.9	96.5	0.0	33.1	31.2	38.31	32.28	17.99	13.94	*
Aus/B. Aman	6.9	5.1	4.0	168.9	96.5	0.0	5.6	5.4	6.80	3.36	2.54	0.64	*
Wheat	0.8	1.1	0.0	6.6	33.2	0.0	0.7	0.4	0.27	0.20	-	-	*
Potato	0.6	0.8	0.4	3.7	0.0	0.0	1.0	1.1	0.63	1.20	1.1	1.53	*
Total	20.6	25.6	25.6	406.8	322.8	120.2	59.6	48.1	65.61	42.59	26.22	19.34	16

(p) = Provisional.

/a Includes refinancing provided by Sonali Bank to TCCAs/KSSs through th

/b Includes agricultural term credit as well as financing for marketing, transport and agro-industries.

/c Includes Tk 84.26 crore under BKB and Tk 22.67 crore under Rajshahi Krishi Unnayan Bank for which breakdown by type of loan is not available.

/d Including Tk 62.28 crore disbursed by BRDB, for which breakdown is not available.

/e Including Tk. 46.50 crore disbursed by RAKUB for which breakdown is not available.

/f Including loans of Pubali Bank Ltd.

/g Includes Tk. 324.17 crore under BKB Tk. 37.06 under RAKUB

* Not available at present

Sources: Bangladesh Bank, Agricultural Credit Department; Bangladesh Krishi Bank; Bangladesh Samabaya Bank, Ltd.; and commercial banks.

Table 6.3
LOANS SANCTIONED BY DEVELOPMENT FINANCE INSTITUTIONS, 1979/80–1991/92
(Tk crore)

	1979/80	1980/81	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92 (Prov)
A. BANGLADESH SHILPA BANK (BSB)													
Loans sanctioned													
Food and allied products	28.9	49.5	20.3	9.5	0.4	1.0	9.9	9.1	9.2	1.4	17.7	0.3	3.5
Specialized textiles and handloom sector /a	25.4	43.1	41.5	2.5	13.6	48.3	69.9	56.9	96.0	35.3	199.4	72.0	2.7
Paper, board, printing and publishing /b	10.8	19.5	4.0	0.0	1.0	0.4	0.4	0.5	2.8	1.9	68.3	0.3	0.0
Tannery, leather and rubber industries	9.5	10.9	1.2	1.2	1.2	4.3	15.2	1.4	2.1	1.9	41.4	2.0	1.3
Chemicals, pharm. and allied industries	19.4	10.4	9.9	9.1	2.2	0.2	9.5	9.9	0.3	7.9	18.2	7.2	3.8
Engineering industries	13.8	15.6	20.6	2.5	2.9	8.3	2.4	3.3	3.3	3.1	8.7	0.3	0.2
Non–Metallic minerals /c	1.1	2.3	9.0	1.3	0.1	2.5	1.1	0.2	3.7	9.1	44.3	3.5	0.0
Miscellaneous industries	0.0	0.9	0.9	0.1	0.5	9.9	0.9	9.2	0.4	19.9	3.5	13.1	0.0
Sub–total	97.1	142.0	97.1	3.2	21.9	65.9	97.0	72.5	48.9	117.0	392.5	107.2	11.0
Service industries /d	12.1	19.9	12.1	9.7	9.5	0.3	2.1	2.8	3.1	2.9	10.9	6.1	0.3
Total Sanctions	109.2	160.9	109.3	9.9	22.4	66.3	99.1	75.3	52.0	120.2	403.4	113.3	12.4
Private sector	102.0	158.9	109.3	9.9	22.4	69.3	99.1	75.3	52.0	120.2	403.4	118.3	12.4
Public sector	9.0	0.0	0.0	0.0	0.0	9.0	9.0	0.0	0.0	0.9	0.0	–	–
Total Disbursements	35.2	52.4	64.8	62.2	69.9	28.3	12.2	27.9	30.9	46.3	63.1	31.5	40.8
End–fiscal year Resource Position													
Foreign Currency Resources (US$ million)													
Resources available from aid agreements	90.4	104.3	94.4	96.3	65.3	49.7	73.5	65.3	66.7	59.3	55.1/f	46.3/f	32.9
(–) Disbursements	12.0	15.0	17.3	23.9	11.8	7.7	2.3	7.0	7.0	9.4	8.1	3.8	1.4
Resources available for disbursement	48.4	89.8	76.7	72.9	53.5	42.0	71.3	58.3	30.7	49.0	47.0	42.5	31.5
(–) Funds committed but not yet disbursed	17.1	32.5	40.0	37.1	22.9	19.0	32.7	13.3	27.3	12.0	4.0	5.4	8.8
Resources available for commitment	81.3	57.3	35.7	35.8	30.5	25.1	99.9	40.9	32.4	37.9	42.1/f	37.1/f	27.7
(+) Cancellations & withdrawals	1.9	5.5	2.9	2.1	2.5	9.9	5.6	–	–	–	–	–	–
(–) Approvals not yet committed	32.3	47.0	64.1	31.0	12.1	24.8	32.5	20.1	9.3	25.5	10.5	18.4	8.7
Foreign currency resources avail. for approval	0.9	14.9	–25.7	6.9	21.0	1.2	11.6	19.9	22.9	12.4	–10.5	18.7	19.0
Local Currency Resources (Tk crore)													
Cash on hand/in banks	27.3	10.2	11.1	39.7	57.3	74.2	90.9	104.3	130.6	191.5	115.4	50.9	57.4
(+) Money at call	14.3	7.9	11.0	0.9	19.3 /e	3.0 /e	9.8 /e	4.5/ e	9.9	–	(4.7)	(19.0)	(22)
(–) Reserves on deposit	13.8	14.2	3.3	4.5	5.7	6.5	9.7	5.3	5.5	9.5	8.8	8.5	7.9
(–) Commitments & approvals not yet disb.	25.4	36.6	36.5	69.1	35.1	32.9	27.1	33.8	27.9	13.3	39.7	62.5	23.3
Local currency resources avail. for disb.	2.4	–23.7	–13.2	5.2	33.3	43.7	63.9	69.7	104.1	163.7	62.2/g	(40)/0	4.2

Table 6.3 (Continued)
LOANS SANCTIONED BY DEVELOPMENT FINANCE INSTITUTIONS, 1979/80–1991/92
(Tk crore)

	1979/80	1980/81	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92 (Prov)
B. BANGLADESH SHILPA RIN SANGSTHA (BSRS) /h													
Loans sanctioned													
Food and allied products	25.1	18.8	5.4	0.2	2.7	0.3	1.0	0.2	-	1.2	21.3	0.8	0.3
Specialized textiles and handloom sector /a	12.5	16.6	0.3	1.1	50.8	0.6	10.3	0.0	-	8.3	58.6	1.9	0.8
Paper, board, printing and publishing /b	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	1.7	-	-	-
Tannery, leather and rubber industries	1.8	0.0	0.4	0.0	0.9	0.0	0.0	0.0	-	-	1.5	-	-
Chemicals, pharm. and allied industries	17.5	7.8	1.8	3.2	1.8	0.8	0.2	0.0	-	7.8	13.8	-	-
Engineering industries	2.2	10.4	0.8	3.5	0.8	0.1	0.0	0.3	-	0.5	0.2	-	-
Non–Metallic minerals /c	2.2	10.3	0.0	0.0	4.3	0.0	0.8	0.0	-	3.7	18.0	0.6	1.7
Miscellaneous industries	0.9	1.3	0.0	1.5	1.0	1.0	0.0	0.2	-	0.4	0.3	-	-
Sub–total	62.7	65.2	8.7	9.5	62.5	2.8	12.3	0.7	-	23.7	110.5	-	2.8
Service industries /d	20.0	4.5	0.0	4.4	0.2	1.6	0.4	0.0	-	-	0.8	0.8	0.3
Total Sanctions	82.7	69.8	8.7	13.9	61.7	4.4	12.7	0.7	-	23.7	111.3	3.6	2.1
Private sector	82.7	67.5	8.7	9.8	60.1	2.8	12.7	0.7	-	23.7	111.3	3.6	2.1
Public sector	0.0	2.3	0.0	4.1	1.6	1.6	0.0	0.0	-	-	-	-	-
Total Disbursements	48.8	58.2	33.7	46.9	42.4	18.7	8.6	5.2	3.0	3.7	20.0	42.6	27.4

/a Includes jute and allied fibres.
/b Includes forestry and wood products.
/c Includes glass and ceramics.
/d Includes inland water and road transport, cinemas, hotels, and clinics.
/e Includes amount invested in the Government securities.
/f Includes Tied Loans

	1989/90	1990/91
–Romanian Credit	17.5	17.0
–Exim–Bank of India	-	-
–CMC Chinese Suppliers Credit	20.0	20.0
	37.5	37.0

/g Includes customers' deposits of short term maturities
/h Net of subsequent cancellations and adjustments.
Sources: BSB & BSRS.

/i Expecting new landing operation on forthcoming privatisation

Table 6.4
NOMINAL INTEREST RATES ON SELECTED SAVINGS ACCOUNTS AND CERTIFICATES
(percent per annum)

	Jan 1985	Sept 1985	July 1986	Sept 1987	Aug 1988	Dec 1989	Jan 1990	July 1990	Jan 1991	July 1991	Dec 1991	June 1992
Scheduled Banks' Deposit Rates:												
Special Notice Accounts	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50
Savings Accounts with Checking	8.50	8.50	8.50	9.00 /a	9.00	9.00	8.5–12	8.5–11.75	8–11.50	8.5–12	8–11.5	6(min.)/g
Fixed Deposits:												
Three months to under six months	12.00	12.00	12.00	12.00	12.00	12.00	10–14	10–13.75	10–13.75	10–13.75	9–13	7.5(min)/g
Six months to under one year	13.00	13.00	13.00	12.50 /b	12.50	12.50	10–14	10–13.75	10–13.75	10–13.75	10–13.75	/h
One year to under two years	14.00	14.00	14.00	13.25 /b	13.25	13.25	10–14	10–13.75	10–13.75	10–13.75	10–13.75	/h
Two years to under three years	14.50	14.50	14.50	13.75 /b	13.75	13.25	10–14	10–13.75	10–13.75	10–13.75	10–13.75	/h
Three years and over	15.00	15.00	15.00	14.25 /b	14.25	14.25	10–14	10–13.75	10–13.75	10–13.75	10–13.75	/h
Post Office Savings Bank Deposit Rate:												
Ordinary Deposits	11.50	11.50	11.50	11.50	11.50	11.50	11.50	11.50	11.50	11.50	11.50	8.00
Fixed Deposits:												
One year to under two years	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00
Two years to under three years	15.50	15.50	15.50	15.50	15.50	15.50	15.50	15.50	15.50	15.50	15.50	15.50
Three years and over	16.00	16.00	15.00	15.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00
Government Borrowing:												
Treasury Bills	8.50	9.00	9.00	8.00	8.00	8.00	8.00	7.50	7.50	7.50	7.00	7.00
Tap Treasury Bills /c	9.50	8.00	8.00	8.00	8.00	8.00	8.00	8.00	11.50	11.50	11.50	11.50
Ways and Means Advances	10.50	10.75	10.75	10.25	10.25	10.25	10.25	9.25	9.25	9.25	8.75	8.75
Two–year Special Treasury Bonds: /d												
Issued at discount	15.70	15.70	15.70	15.70	15.70	15.70	15.70	15.70	15.70	15.70	15.70	15.70
Issued at par	14.20	14.20	14.20	14.20	15.70	14.20	14.20	14.20	14.20	14.20	14.20	14.20
Savings Certificates:												
Eight–year Defense Savings Certificates	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	18.00
Six–year Bonus Savings Certificates	22.00	22.00	22.00	22.00	22.00	22.00	22.00	22.00	22.00	22.00	22.00	/i
Five–year Wage Earners Development Bonds	23.00	23.00	23.00	23.00	23.00	23.00	23.00	23.00	23.00	23.00	23.00	23.00
Five–year Savings Deposits	12.20	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	15.00
Three Year Savings Certificate /f	–	–	–	– –	19.55	19.55	19.55	19.55	19.55	19.55	19.55	15.00

/a 10.0% for rural areas.
/b Effective from January 17, 1987.
/c Since repaid by August 1985.
/d With affect from February 5, 1984 and repaid by June 1988.
/e With affect from February 24, 1981.
/f With affect from November 1 1988.
/g With effect from June 3 1992, the maximum interest rate will be decided by the bank themselves.
/h Banks are free to determine their rates.
/i No money would be invested/deposited in the Bonus Savings Certificate (Bonus Sanchaya Patra) from June 3, 1992. The Government has decided to discontinue the scheme.
Source: Bangladesh Bank, Research Department.

Table 6.6
NOMINAL INTEREST RATES ON ADVANCES, August 1977 – June 1992
(percent per annum)

	August 1977	Oct. 1980	January 1985	September 1985	July 1986	September 1987	August 1988	December 1989	January 1990	July 1990	January 1991	July 1991	Dec. 1991	June 1992
Bank Rate (Bangladesh Bank's lending and discount rate)	8.00	10.50	11.00	11.25	10.75	10.75	18.75	10.75	9.75	9.75	9.75	8.75	9.25	8.5/f
Schedule Banks Interest Rates on Loans and Advances:														
– Export credit for traditional items /a	18.50	12.00	12.00	12.00	8.00	8.00	8.00	9.00	8.0–11	8.0–11	8.5–11.8	8–12	7.5–11	7.5–10.8
– Export credit on non-traditional items /b	10.50	8.00	8.00	9.00	9.00	9.00	8.00	8.00	6.0–11	6.0–11	8.5–11.8	8–12	7.5–11	7.5–10.8
– Export credit on three non-traditional items /c	10.50	6.00	7.00	7.00	7.00	7.00	7.00	7.00	8.0–11	8.0–11	8.5–11.8	8–12	7.5–11	7.5–10.8
– Agriculture (production) including forestry and fishery /d	–	18.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	12–16	11–16	11–16
– Industry	11.00–12.00	14.00	14.50	12.00–14.50	9.00–14.00	5.00–14.00	8.00–14.00	8.00–14.00	13.0–17.00	12.5–16.8	12.5–16	12–17	11–16	/g
– Industry in less developed areas	11.50	13.00	13.00	13.00	10.00–13.50	10.00–13.50	10.00–13.50	10.00–13.00	16.00	16.00	10.00	9–12	8–13	8–13
– Loans for construction of houses:														
– In rural areas	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	..	..	..	..	..	..
– In urban areas	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	12–16	12–16	12–16	12–16	11–14	/g
– Special credits:														
– loans given in the Special Economic Zone of Chittagong Hill Tracts region	11.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
– small loan schemes, special credit for salt growers, self-employment, etc. /e	–	18.00	18.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	/g
														/g
– Advances for internal trading purposes	–	15.50	18.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	12–17	/g

/a Includes jute, jute goods and loose tea.
/b Includes packet tea and jute carpets.
/c Namely light engineering and electric goods, handicrafts and handloom products.
/d Includes service charge of 4% over the rate of 12% on short term loans and at 3% over the rate of 13% on other term loans are applied with effect from October 1, 1983.
/e Does not include services charges of 2% over the rate of 13% are applied with effect from April 1, 1984.
/f Effective from June 3,1992. Previously it was 9% (w.e.f. March 15,1992)
/g Lending rates to be decided by the bank themselves.

Source: Bangladesh Bank.

Table 7.1
AREA UNDER MAIN CROPS, 1980/81-1991/92
('000 hectares)

	1980/81	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92(p)
Foodgrains	11144	11240	11354	11508	11307	11094	11325	11035	10897	11122	11145	10840
- Rice	10540	10693	10823	10784	10452	10399	10609	10323	10224	10488	10435	10157
(Aus)	3181	3216	3229	3209	3004	2845	2904	2789	2684	2266	2111	1915
(Aman)	6172	6146	6128	6142	5838	6020	6053	5591	5101	5708	5776	5696
(Boro)	1186	1331	1466	1433	1610	1534	1652	1943	2439	2513	2548	2546
- Wheat	604	546	531	538	691	540	585	597	560	592	599	575
- Other Cereals /a	..	..	..	185	163	155	131	115	113	44	111	108
Pulses /a	..	..	..	763	744	708	683	699	564	704	696	689
- Gram	..	..	..	113	109	104	104	103	99	103	97	92
- Khesari	..	..	..	242	244	232	222	231	159	243	244	246
- Mashkalai	..	..	..	84	75	69	66	70	67	70	69	66
- Masur	..	..	..	240	233	223	213	217	163	209	210	209
- Matar	..	..	..	24	23	21	21	20	19	19	18	18
- Mung	..	..	..	60	60	59	57	58	57	60	58	56
Oilseeds /a	..	..	..	606	598	591	584	548	544	573	568	566
- Rape and mustard	..	..	..	364	385	370	343	316	334	339	339	340
- Til	..	..	..	102	86	92	85	82	76	86	83	81
- Groundnut	..	..	..	32	28	30	30	39	36	39	38	39
- Linseed	..	..	..	77	68	68	74	75	66	77	77	75
- Coconut	..	..	..	31	31	31	32	32	32	32	31	31
Fibres	657	601	610	612	705	1075	785	524	560	563	603	607
- Jute	649	584	590	594	691	1058	772	512	543	542	583	588
- Cotton	8	17	20	18	13	17	13	12	17	21	20	18
Drugs & Narcotics	147	151	149	148	147	145	139	142	141	140	135	134
- Tea	45	46	46	46	46	45	46	47	47	47	48	48
- Tobacco	53	56	53	53	53	54	46	47	46	45	38	37
- Betelnuts	37	36	36	36	36	34	34	35	35	35	36	36
- Betel leaves	12	13	13	13	13	12	13	13	13	13	13	14
Spices	127	133	133	132	131	125	122	124	125	127	127	124
- Rabi chillies	69	71	71	71	66	63	60	61	62	63	63	61
- Onion	31	34	34	34	35	34	33	34	34	35	35	34
- Garlic	16	13	13	13	13	13	13	13	13	13	13	13
- Turmeric	14	15	14	14	18	15	16	16	15	15	15	16
Tubers	174	176	180	179	177	165	157	174	163	169	174	177
- Potato	104	108	113	113	114	109	106	123	111	117	124	128
- Sweet potato	70	68	67	67	63	56	51	51	52	52	50	49
Sugar Plants	163	176	181	182	178	170	175	182	181	196	201	197
- Sugarcane	152	165	170	170	167	160	165	173	172	187	191	187
- Date palm	11	11	11	11	11	10	10	9	9	9	10	10
Fruits	121	128	127	125	124	122	124	129	125	127	127	127
- Banana	41	43	44	43	41	40	41	41	38	39	39	39
- Mango	45	46	47	46	46	46	47	49	49	49	49	49
- Pineapple	15	15	15	14	14	13	13	14	13	14	14	14
- Jackfruit	21	21	22	22	23	23	23	25	25	25	25	25
Vegetables												
- Brinjal	28	29	29	29	27	28	26	27	18	29	29	29

/a FY84-88 data for other cereals, pulses and oilseeds have been revised. Comparable data for earlier years are not currently available. Due to revisions noted above, data for FY81-83 are not shown.

p= provisional
Note: Crops with less than 10,000 ha average not shown separately.

Source: Bangladesh Bureau of Statistics.

Table 7.2
IRRIGATION SUMMARY, 1980/81–1990/91
('000 hectares)

	1980/81	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90	1990/91
BY METHOD											
Modern methods	1033	1130	1340	1506	1705	1721	1841	2390	2577	2756	2695
Tubewells	227	277	421	667	379	963	982	1467	1512	1676	1782
Low-lift pumps	681	720	763	667	681	609	660	527	658	657	674
BWDB gravity schem	125	133	156	172	145	149	199	396	407	423	239
Traditional methods	643	634	549	586	513	526	557	353	569	603	570
Swing-baskets	85	88	87	84	79	84	94	238	a/		
Doons	377	364	300	238	184	170	179	n.a.	a/		
Canals	28	34	8	134	147	163	156	116	170	176	173
Other	153	148	154	130	103	109	129	n.a.	399	427	397
Total, net	1676	1764	1889	2092	2213	2247	2398	2743	3146	3359	3265
of which:											
modern (%)	61.6	64.1	71.0	72.0	76.8	76.6	76.3	97.1	81.9	82.0	82.5
traditional (%)	38.4	35.9	29.0	28.0	23.1	23.4	23.2	12.9	18.1	18.0	17.6
BY CROP											
Aus	122	116	128	145	141	165	164	118	145	142	138
Aman	144	188	199	159	156	190	190	160	211	214	213
Boro	1021	1085	1165	1198	1285	1259	1363	1678	1867	2050	2128
Wheat	199	194	198	214	283	267	264	196	261	277	282
Other cereals	4	5	4	6	3	3	3	a/	a/	4	4
Pulses	6	3	2	2	3	4	3	a/	a/	8	2
Oilseeds	8	4	5	7	11	12	11	18	12	12	12
Potato	73	79	75	74	70	68	68	57	77	79	82
Vegetables	44	48	51	44	49	53	57	34	63	70	77
Sugarcane	10	10	7	8	8	11	11	7	12	13	10
Cotton	2	2	3	7	4	3	4	-	4	5	6
Others	47	50	53	56	60	63	61	79	88	67	73
Total, gross	1676	1764	1889	1920	2073	2098	2199	2348	2740	2936	3026
Errors and omissions	0	0	0	-39	1	0	0	-	-		
IRRIGATED AREA AS PERCENT OF TOTAL AREA UNDER PARTICULAR CROP											
Aus	3.8	3.6	4.0	4.6	4.5	5.8	5.6	4.3	3.4	6.3	6.5
Aman	2.3	3.1	3.2	2.6	2.7	3.2	3.1	2.9	4.1	3.7	3.7
Boro	86.1	80.0	79.5	85.5	31.5	82.1	82.5	86.4	76.5	81.5	83.5
Wheat	32.9	35.8	37.3	40.7	41.9	49.4	45.1	32.8	46.6	46.8	47.1
Other cereals	5.0	7.2	27.3	3.9	1.8	1.9	2.3	n.a.	n.a.	5.7	5.8
Pulses	1.4	0.8	0.5	0.2	0.4	0.5	0.4	n.a.	0.8	0.4	0.8
Oilseeds	1.5	1.4	1.5	1.1	1.8	2.0	1.9	3.3	2.2	2.3	2.2
Potato	70.0	72.5	66.4	67.3	63.1	62.4	64.2	46.3	69.4	67.5	66.1
Vegetables	36.9	36.1	52.0	32.4	35.6	37.6	39.3	n.a.	n.a.	31.7	34.7
Sugarcane	6.3	6.1	3.9	4.8	4.9	6.9	6.7	4.0	7.0	7	5.2
Cotton	22.7	14.0	16.6	41.2	36.4	17.6	30.8	-	23.5	26.8	26.3

Source: Bangladesh Bureau of Statistics.
a/ Included under "others"

Note: Irrigated area and percentage of total area under a particular crop has been changed due to the Agriculture census, 1983–84.

Table 7.3
PUBLIC SECTOR IRRIGATION PROGRAMS, 1980/81–1990/91

	1980/81	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92(P)
AREA IRRIGATED UNDER BWDB SCHEMES ['000 HECTARES]												
Gravity Schemes	122.7	130.2	152.8	172.5	149.7	172.4	198.6	395.9 /a	394.5	423.2	239.3	245.9
Deep Tube Wells [DTWs]	4.7	3.4	10.7	10.4	6.3	4.5	3.3	3.4	3.8	3	3.7	3.25
Low Lift Pumps [LLPs]	3.9	4.8	6.7	8.2	5.9	2.3	1.9	2.1	2.7	0.8	0.7	1.04
Total	131.3	138.4	170.2	191.1	161.9	179.2	203.8	401.4	401.0	427	243.7	250.2
BADC IRRIGATION PROGRAMS												
LOW LIFT PUMPS [LLPs]												
Number fielded	35951	37826	42181	43615	50661	51034	55397	65623	72663	79395	84739	89975
Avg. Cusecs per pump	1.80	1.71	1.82	1.65	1.65	1.65	1.65	1.65	1.65	1.65	1.65	1.65
Avg. area irrigated per cusec [ha]	9.3	8.7	8.9	5.9	5.9	6.02	5.89	5.13	4.6	3.84	3.11	3.28
Total area irrigated ['000 ha]	553.5	564.5	551.6	417.5	459.7	439.1	538.2	555.6	551.1	503.1	434.3	487.7
SHALLOW TUBE WELLS [STWs]												
Wells sunk	10900	20566	18687	6929	7738	765	1930	6244	12482	9243	3813	6225
Wells commissioned	10691	20517	18726	6919	7675	860	1965	6244	12482	9243	3813	6225
Wells in operation	20931	42843	62253	67803	73066	73058	80729	87203	99668	111718	115524	123045
Total area irrigated ['000 ha]	99.3	206.2	298.8	303.6	300.4	318.2	333.8	423.7	388.7	444.6	370.8	371.6
Avg. area irrigated per well [ha]	4.9	4.8	4.8	4.5	4.1	4.3	4.1	4.9	3.9	3.98	3.21	3.02
DEEP TUBE WELLS [DTWs]												
Wells sunk	1239	2088	2595	2406	1527	1295	1467	1253	3896	2348	2148	1520
Wells commissioned	688	1314	2522	2168	1987	1410	1471	1105	2171	2688	2516	2739
Wells in operation	10131	11491	13794	15519	16901	17883	18744	21698	23640	22402	22510	23660
Total area irrigated ['000 ha]	259.6	323.2	404.8	415.5	441.2	466.7	388.0	421.4	472.8	447	450	463.98
Avg. area irrigated per well [ha]	25.6	28.1	29.3	26.8	26.1	26.1	20.7	19.4	20.0	20	20	19.6
BANGLADESH KRISHI BANK												
STWs fielded	5714	4510	6116	11762	8633	4062	825	1677	2282	744	228	253
BRDB												
HAND TUBE WELL [MOSTI]												
Cooperatives [TCCA] involved	30	21	131	261	78	159	} 23696	n.a./b	–	–	–	–
MOSTI distributed	4187	2145	50000	69550	43480	30315	}					

(P)= Provisional

/a Including a total of 225,000 hectare irrigation of F.C.D.I. small scheme and water control structures.

/b BRDB HTW scheme discontiued from 1988.

Note: (i) Comparison with BBS data suggest that data for tube well and LLP acreage irrigated may be overreported by implementing agencies.

(ii) See attached sheet.

Source: Bangladesh Bureau of Statistics, Bangladesh Water Development Board, Bangladesh Agricultural Development Corporation, Bangladesh Krishi Bank, and Integrated Rural Development Programme.

Table 7.4

COMMERCIAL FERTILIZER DISTRIBUTION BY TYPE AND REGION, 1980/81-1991/92

('000 metric tons)

	1980/81	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92
BY TYPE												
Urea	569.5	518.8	629.1	708.1	831.8	794.90	915.1	1028.5	1135.1	1367.7	1323.30	1529.50
Triple super-phosphate [TSP]	218.4	208.5	206.0	260.7	345.7	297.40	335.7	389.8	416.0	480.7	514.70	456.70 e/
Di-ammmonium phosphate [DAP]	41.3	48.5	73.2	93.8	0.4	0.10	65.9	0.0	0.0	0.0	0.00	0.00
Muriate of potash [MP]	45.8	44.8	50.4	63.2	69.3	59.90	0.0	86.0	94.2 b/	119.0	149.70	136.90 f/
Hyper-phosphate [HP]	2.8	0.4	0.1	1.0	0.3	0.20	0.0	0.0	0.0	0.0	0.00	0.00
Super phosphate [SP]	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	11.40	34.20
Ammonium sulfate [AS]	0.0	0.0	0.0	0.0	0.0	0.0	0.0	} 6.4	c/	c/	0.50	4.50
Potassium sulfate [PS]	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	61.60	70.4	0.00	0.00
NitroPhosKa [NPK]	10.5	7.5	6.8	0.2	·10.2	0.0	0.0	0.0	0.0	0.0	3.10	2.30
Triple phosphate [TP]	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	c/	c/	0.00	0.00
Zinc sulfate and oxy-sulfate	0.2	0.8	0.5	0.7	1.2	0.7	1.4	1.8	2.8	5.2	2.70	3.60
Gypsum	0.0	0.0	0.4	1.3	1.4	3.3	2.8	1.4	c/	c/	101.70	115.40
Total	888.7	829.3	968.4	1129.0	1260.2	1156.5	1320.9	1507.5	1709.7	2043.0	2107.1	2283.3
BY REGION												
Rajshahi	268.7	252.1	304.3	390.8	404.1	390.0	454.4	510.6	543.6	422.0	157.1	844.8 g/
Dinajpur	45.9	40.8	62.1	68.7	79.2	57.40	65.30	89.3	102.1	89.5	34.60	n.a.
Rangpur	57.0	50.6	63.4	85.8	84.1	83.30	98.80	92.6	97.1	93.1	30.20	n.a.
Bogra	70.8	71.1	74.2	91.4	84.3	93.10	113.30	100.3	118.4	94.5	24.40	n.a.
Rajshahi	59.6	56.2	65.9	87.2	94.9	80.40	96.20	93.8	106.0	71.7	38.90	n.a.
Pabna	35.3	33.4	48.7	58.0	61.6	75.80	80.80	134.8	120.0	73.2	29.00	n.a.
Khulna	132.3	116.8	127.2	156.3	188.9	166.6	200.3	258.7	314.3	212.3	307.4	525.2
Kushtia	43.3	37.1	36.3	51.7	60.5	55.40	60.30	78.8	88.8	34.6	14.70	n.a.
Jessore	41.3	39.6	41.2	55.2	66.6	52.90	68.80	79.8	64.0	21.1	4.80	n.a.
Khulna	16.9	15.0	17.5	19.8	27.8	28.10	29.40	51.0	109.1	126.2	272.50	n.a.
Barisal	24.8	20.0	25.2	24.6	27.7	25.30	33.50	38.9	43.1	19.5	10.50	n.a.
Patuakhali	6.3	4.9	7.0	5.1	6.2	4.90	8.30	10.4	9.3	10.9	4.90	n.a.
Dhaka	241.2	236.5	274.5	313.5	355.3	352.8	360.6	407.1	419.5	165.2	434.6	616.5
Jamalpur		24.6	29.9	38.3	42.1	43.0	47.50	53.2	56.6	29.8	6.50	n.a.
Mymensingh a/	108.8	70.7	67.2	93.7	118.3	100.40	122.20	131.4	111.4	39.6	16.60	n.a.
Tangail	35.8	37.7	46.2	48.8	50.5	41.20	51.90	44.2	56.8	19.1	3.90	n.a.
Dhaka	82.0	87.8	91.3	108.1	113.9	139.0	107.90	141.6	155.1	59.4	400.20	n.a.
Faridpur	14.7	15.7	20.0	24.9	30.5	29.20	31.10	38.7	39.6	17.3	7.40	n.a.
Chittagong	247.0	224.1	262.4	268.5	311.9	247.0	305.6	337.4	270.7	178.2	1208.0	296.8
Sylhet	26.9	25.8	29.7	37.9	46.6	35.30	43.30	54.5	45.9	22.9	99.80	n.a.
Comilla	121.7	111.2	125.0	121.5	127.7	108.40	134.60	147.4	110.6	25.3	478.90	n.a.
Noakhali	33.2	29.0	28.5	26.7	39.4	34.70	44.90	57.1	48.0	11.6	14.20	n.a.
Chittagong	60.7	53.1	75.5	74.7	85.2	58.0	71.80	65.4	50.6	109.6	611.90	n.a.
Chittagong HT	4.5	6.0	3.8	7.7	13.1	13.60	11.0	13.0	15.6	6.8	5.20	n.a.
Total	889.2	829.3	968.4	1129.1	1260.2	1156.4	1320.9	1513.8	1548.1	2042.7 d/	2107.1	2283.3

a/ Kishoreganj included in Mymensingh through 1980/81.

b/ Including PS, TP and other types of fertilizer.

c/ Included under PS

d/ Includes 162.1 thousand M.T. sold directly by BCIC to private dealers for which district wise breakdown is not available.

e/ Import Share : BADC 70%; Private Sector 30%.

f/ Import Share : BADC 83%; Private Sector 17%.

g/ Detailed district wise offtake from 1991/92 cannot be shown accurately in an open market situation where distributers are free to buy and sell wherever there is demand.

Source: Bangladesh Agricultural Development Corporation,IFDC/ Bangladesh Bureau of Statistics

Table 7.5
PRODUCTION OF MAIN CROPS, 1980/81–1991/92
(thousand metric tons except as noted)

	FIVE YEAR AVERAGES															
	70/75	75/80	80/85	85/90	1980/81	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92
Foodgrains	11065	13101	15392	16961	14975	14598	15311	15865	16210	16189	16590	16547	16650	18827	18938	19395
– Rice	10872	12615	14172	15852	13882	13630	14216	14508	14623	15039	15406	15413	15544	17857	17852	18251
(Aus)	2670	3138	3128	2859	3289	3270	3066	3222	2783	2828	3130	2993	2856	2488	2328	2178
(Aman)	6075	7337	7728	8111	7963	7209	7603	7936	7931	8542	8267	7690	6857	9202	9167	9269
(Boro)	2128	2140	3317	4882	2630	3152	3546	3350	3909	3671	4010	4731	5831	6167	6357	6804
– Wheat	109	429	1166	1016	1092	967	1095	1211	1463	1043	1091	1048	1022	890	1004	1065
– Other cereals /b			54	90	..	..	..	146	124	107	93	86	84	80	80	79
Pulses /b			531	477	..	..	..	527	534	498	487	615	395	490	503	499
– Gram			84	74	..	..	..	86	81	77	82	76	64	70	71	65
– Khesari			177	160	..	..	..	170	183	167	164	182	118	170	177	185
– Mashkalai			58	48	..	..	..	60	56	45	43	52	47	52	52	50
– Masur			164	150	..	..	..	162	165	160	149	159	125	155	157	153
– Matar			15	13	..	..	..	14	15	14	14	14	13	12	14	14
– Mung			19	32	7	8	9	35	35	33	35	33	28	31	32	32
Oil seeds /b			476	442	..	..	..	468	484	469	438	448	420	437	449	404
– Rape and mustard			270	227	..	..	..	254	286	261	229	222	207	217	228	243
– Til			52	49	..	..	..	57	47	54	49	49	43	49	49	45
– Groundnut			32	40	..	..	..	33	31	34	34	48	45	41	41	47
– Linseed			39	42	..	..	..	41	37	37	43	43	41	48	55	49
– Coconut			83	84	..	..	..	83	83	83	83	86	84	82	78	19
Fibres																
– Jute ('000 bales)	5371	5302	4959	5757	4943	4646	4881	5216	5111	8660	6753	4701	4436	4639	5302	5273
– Cotton ('000 bales)	7	5	39	43	10	54	58	46	29	28	22	39	39	85	146	77
Drugs & narcotics																
– Tea	25	36	40	41	40	39	41	43	38	44	38	41	44	39	46	45
– Tobacco	39	48	49	41	48	51	81	48	50	47	40	42	39	38	34	34
– Betelnuts	22	25	24	22	25	24	24	24	22	23	22	22	22	23	24	24
– Betel leaves	54	56	63	63	60	61	72	61	62	61	62	65	63	65	67	69
Spices	336	303	237	254	195	242	251	249	251	248	240	256	256	272	267	272
– Rabi chillies	50	46	41	42	37	43	43	42	42	41	39	41	43	47	47	47
– Onion	158	142	129	139	98	132	140	136	140	136	130	141	139	148	143	144
– Garlic	46	40	41	38	38	42	43	43	40	38	36	39	38	39	38	40
– Turmeric	22	23	26	35	25	25	25	25	29	31	35	35	36	38	39	41
Tubers	1522	1648	1819	1676	1703	1776	1893	1879	1842	1715	1617	1834	1633	1578	1720	1849
– Potato	797	866	1115	1121	999	1084	1167	1166	1159	1103	1069	1276	1089	1066	1237	1379
– Sweet Potato	725	782	704	555	704	692	725	713	683	612	548	558	544	512	483	470
Sugar plants																
– Sugarcane /a	6417	6575	7052	6975	6599	7136	7477	7169	6878	6640	6898	7207	6707	7423	7682	7446
– Date palm (juice)	472	376	351	235	378	379	343	343	312	279	288	221	201	206	208	206
Fruits	1426	1376	1222	1211	1213	1230	1280	1181	1207	1207	1226	1243	1156	1223	1218	1213
– Banana	588	594	682	665	652	684	710	675	690	691	703	684	609	637	624	628
– Mango	343	243	182	182	203	184	199	159	163	159	155	160	159	175	179	183
– Pineapple	104	141	147	140	163	155	159	136	132	128	133	145	137	157	182	148
– Jackfruit	186	200	211	245	204	207	212	211	222	229	235	254	251	254	263	256
Vegetables																
– Brinjal	205	179	181	158	178	185	187	182	171	167	162	164	115	182	186	185

/a Based on total area and mill farm yield estimates; probably substantially overestimated.
/b Revised data for 1984–88 period. Comparable figures for earlier years not available.

Source: Bangladesh Bureau of Statistics.

Table 7.6
PUBLIC FOODGRAIN DISTRIBUTION SYSTEM OPERATIONS
('000 metric tons)

	—FIVE-YEAR AVERAGES—															
	70/75	75/80	80/85	85/90	1980/81	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90	990/91	1991/92
Opening Stocks	256	550	812	1030	791	1240	616	611	800	1017	976	761	1498	909	1148	1040
Domestic Procurement	100	396	426	457	1017	303	192	268	349	349	188	375	416	959	783	1016
Imports	1981	1564	1559	1912	1075	256	1843	2028	2590	1202	1767	2922	2137	1534	1577	1563
Total Availability	2337	2510	2796	3400	2884	1799	2651	2907	3739	2568	2931	4048	4051	3402	3508	3618
Statutory rationing	386	410	309	184	349	312	308	293	282	160	210	189	203	156	235	169
Priority categories /a	312	710	655	613	611	665	648	641	712	467	668	586	724	623	673	076
Modified rationing	919	367	381	200	182	491	368	399	465	103	257	307	334	0	0	0
Relief	215	55	172	550	55	75	156	120	452	205	248	603	815	881	918	427
Food-for-Work & Canal Digging	0	239	391	497	349	370	338	441	458	468	480	468	611	457	458	498
Marketing Operations /b	1	19	34	10	0	110	0	51	8	8	40	0	0	0	0	0
Open Market Sales /c	0	31	94	198	0	46	118	107	201	129	217	344	255	47	87	275
Total Distribution	1833	1840	2036	2252	1546	2069	1936	2052	2578	1540	2120	2496	2942	2164	2371	2345
Losses	122	117	101	41	105	102	104	67	139	52	62	55	148	90	97	66
Exports & repayments in kind	0	0	4	0	0	20	0	0	0	0	0	0	0	0	0	0
Closing Stocks	472	556	859	875	1249	616	611	800	1017	976	751	1498	962	1148	1040	1220

/a Includes: essential priorities; other priorities; large employers; & direct sales to flour mills.
/b Marketing operations involve direct sale of grains to dealers at subsidized prices.
/c OMS in paddy and rice were initiated during 1981/82; wheat OMS began in 1078/79.

Source: Food Planning and Monitoring Unit, Ministry of Food.

Table 7.7
SEASONALITY OF PUBLIC FOODGRAIN DISTRIBUTION SYSTEM OFFTAKE, 1980/81–1991/92
('000 metric tons)

Month	MULTI-YEAR AVERAGES 75/80	80/85	85/90	1980/81	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92
July	153	125	120	107	90	115	87	228	84	92	106	112	145	140	170
August	157	137	146	107	89	131	99	258	93	109	219	148	162	145	184
September	177	161	196	134	163	196	171	292	125	161	295	248	159	155	228
October	200	235	232	145	249	281	214	286	164	240	292	278	187	236	295
November	154	185	198	125	190	171	175	262	132	196	233	255	172	216	216
December	118	148	167	90	163	128	129	236	115	121	217	235	148	182	162
January	145	171	221	110	156	178	162	251	148	197	204	316	242	262	223
February	160	197	235	142	214	191	218	222	155	220	234	343	225	241	234
March	163	198	248	161	214	187	232	196	159	246	249	329	258	240	181
April	156	182	218	160	232	140	227	152	161	243	187	300	191	178	173
May	140	156	164	144	182	128	202	122	139	171	121	238	152	212	164
June	141	110	108	121	126	93	136	77	65	135	78	140	123	163	115
Total	1866	2035	2252	1546	2068	1935	2051	2577	1540	2121	2495	2942	2164	2870	2345
(Monthly Average)	156	170	188	129	172	161	171	216	128	177	208	245	180	198	195

Source: Ministry of Food and World Food Programme, Dhaka.
Food Planning and Monitoring Unit

Table 7.8
AUS AND AMAN PRODUCTION BY DISTRICT, 1980/81-1991/92
('000 metric tons rice equivalent)

	1980/81	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92
AUS												
Rajshahi	868.2	939.6	822.7	895.9	827.8	803.2	748.1	811.8	605.0	471.1	446.5	430.8
Dinajpur	190.7	183.8	183.4	198.0	198.5	169.8	145.7	145.9	133.0	82.1	88.5	77.7
Rangpur	295.9	330.8	320.9	279.5	281.1	290.8	245.3	247.7	217.0	156.7	155.0	152.7
Bogra	136.1	120.8	115.1	112.7	85.7	84.3	90.9	39.4	31.0	21.0	24.2	10.0
Rajshahi	115.8	184.8	119.8	200.6	178.9	154.8	169.8	103.4	162.0	156.0	137.1	155.8
Pabna	129.5	140.0	100.8	107.7	105.8	103.9	87.4	75.2	62.0	55.3	41.7	34.8
Khulna	758.0	591.8	573.2	636.8	618.6	601.8	759.4	869.6	787.0	639.2	626.0	624.4
Kushtia	143.8	127.7	96.9	136.8	159.3	170.8	197.8	209.6	194.0	150.0	166.4	140.9
Jessore	227.8	208.7	175.7	168.0	141.7	156.7	240.4	227.8	230.0	172.1	150.7	189.0
Khulna	81.7	46.9	58.4	58.0	30.2	32.2	37.4	50.8	59.0	46.0	48.8	57.1
Barisal	229.5	148.4	173.0	192.1	139.8	172.0	195.8	263.9	213.0	202.9	181.8	169.8
Patuakhali	75.0	60.9	69.2	82.2	46.0	70.8	88.2	118.8	91.0	66.8	81.1	67.9
Dhaka	897.5	930.8	945.9	958.0	800.0	812.9	873.8	852.4	726.0	680.7	564.3	538.7
Jamalpur	137.1	120.2	140.1	130.0	114.8	119.8	107.8	87.0	70.0	60.8	58.8	55.1
Mymensingh /a	358.2	378.4	361.6	378.0	352.1	343.5	331.7	368.6	253.0	254.2	229.1	241.9
Tangail	115.3	107.8	111.8	93.8	71.8	76.0	79.1	64.8	64.0	49.5	47.8	37.8
Dhaka	165.3	182.0	184.4	195.8	154.6	123.7	143.9	109.0	108.0	109.5	90.1	73.1
Faridpur	123.7	143.0	148.6	160.8	107.0	149.8	211.7	224.9	233.0	206.8	139.0	131.8
Chittagong	784.7	807.7	725.1	730.8	638.1	609.2	748.0	659.5	736.0	696.7	669.4	584.6
Sylhet	209.4	254.8	203.0	179.4	147.8	163.1	230.2	177.4	227.0	263.2	269.0	182.7
Comilla	220.7	232.9	237.2	239.8	197.4	160.8	202.3	208.8	209.0	162.0	177.2	173.4
Noakhali	180.4	145.5	142.1	164.2	146.5	149.8	204.5	157.8	225.0	172.7	128.0	107.8
Chittagong	120.2	138.4	116.5	118.1	118.3	103.6	80.8	87.6	54.0	73.2	87.8	92.9
Chittagong H.Tracts b/	34.0	36.2	26.2	30.4	18.8	21.5	17.2	14.2	11.0	10.9	12.0	12.8
Bandarban c/	::	::	::	::	11.6	10.8	13.3	13.3	10.0	14.7	15.4	16.3
Total	3288.5	3269.6	3066.9	3221.8	2782.9	2827.1	3129.4	2993.1	2856.0	2487.7	2328.2	2178.8
AMAN												
Rajshahi	2401.8	2394.3	2437.7	2594.9	2566.1	2692.2	2536.7	2245.2	2353.0	3141.8	3328.6	3254.7
Dinajpur	505.8	450.6	481.8	506.2	529.1	546.8	525.1	504.8	624.0	763.1	793.4	713.8
Rangpur	886.6	834.7	868.4	885.8	928.1	930.9	887.8	868.4	844.0	1070.7	1112.2	1129.2
Bogra	396.4	356.8	362.0	395.8	426.7	445.8	410.1	351.8	328.0	456.7	486.2	506.5
Rajshahi	534.1	521.8	516.4	560.8	525.4	557.8	510.1	420.3	450.8	675.5	731.0	710.8
Pabna	201.2	230.3	231.8	246.7	157.7	212.5	203.6	100.3	109.0	173.8	203.6	194.3
Khulna	1698.3	1544.4	1629.5	1779.0	1897.1	2067.8	1917.5	1942.6	1711.0	2336.1	2207.2	2351.0
Kushtia	76.6	69.7	68.2	81.8	107.1	119.0	114.1	128.1	141.0	176.7	185.4	190.9
Jessore	297.8	271.8	295.8	333.0	322.4	412.6	380.7	361.8	344.0	538.8	529.2	630.8
Khulna	516.8	472.8	501.1	526.8	622.7	607.8	497.8	524.0	461.0	654.8	627.8	655.3
Barisal	462.7	411.8	430.8	463.2	481.0	531.8	546.8	516.6	453.0	573.2	531.8	484.3
Patuakhali	342.3	318.1	333.5	371.8	363.9	396.3	379.2	410.8	312.0	395.0	332.8	391.8
Dhaka	1764.6	1582.5	1692.2	1639.0	1587.8	1763.5	1760.4	1551.3	1082.0	1523.9	1498.3	1550.4
Jamalpur	271.4	231.8	249.9	240.8	242.5	283.5	263.1	228.1	175.0	218.2	218.6	246.0
Mymensingh /a	742.4	629.2	687.8	634.8	698.5	756.7	708.5	693.9	524.0	696.5	656.7	661.7
Tangail	201.8	187.8	204.2	205.1	158.8	177.9	193.5	160.3	40.0	170.4	176.9	145.2
Dhaka	343.0	320.2	319.9	317.1	301.3	308.7	335.9	257.1	148.6	241.8	240.8	261.0
Faridpur	196.8	213.7	230.7	241.8	186.9	255.7	258.8	211.7	176.0	196.2	194.5	246.2
Chittagong	2020.0	1687.8	1844.1	1925.0	1880.8	2019.2	2052.2	1961.8	1730.0	2198.2	2136.6	2112.2
Sylhet	577.6	517.3	534.2	573.5	505.6	583.7	552.6	578.8	376.0	578.0	627.1	580.1
Comilla	513.5	449.0	502.8	501.7	482.6	533.4	524.3	496.5	424.0	667.9	611.9	528.9
Noakhali	422.8	320.1	350.8	385.1	423.1	418.6	418.8	316.7	372.0	379.3	303.8	368.8
Chittagong	446.8	358.8	410.2	415.1	422.8	430.8	509.8	514.4	514.9	526.6	537.7	580.4
Chittagong H.Tracts /b	59.4	42.9	46.3	49.8	46.6	53.2	46.9	44.8	45.0	48.8	56.4	54.8
Total	7962.7	7208.4	7603.5	7936.9	7930.8	8542.2	8266.9	7690.3	6856.0	9202.1	9167.0	9268.9

/a Kishoreganj included in Mymensingh
/b Khaghrachari and Rangamati included in Chittagong Hill Tracts.
/c From 1967/68 to 1982/83 included in Chitagong Hill Tracts.
::= Not Available
Source: Bangladesh Bureau of Statistics.

Table 7.9
PRODUCTION OF BORO AND WHEAT BY DISTRICT, 1980/81-1989/90
('000 metric tons, rice equivalent)

	1980/81	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92
BORO												
Rajshahi	307.8	461.2	550.7	668.4	738.4	1022.4	1113.9	1394.0	1602.7	1757.8	1885.9	1976.14
Dinajpur	21.0	26.0	31.7	35.2	38.4	52.9	71.3	87.2	142.9	166.1	169.9	204.73
Rangpur	78.9	107.5	126.9	128.2	154.5	280.7	340.9	391.8	439.3	461.8	452.7	471.88
Bogra	71.1	110.1	129.9	193.0	226.1	270.5	249.7	378.0	428.8	438.8	473.9	489.89
Rajshahi	97.6	115.2	132.2	169.8	159.1	237.8	289.2	319.8	346.1	418.8	512.7	522.71
Pabna	41.5	102.4	130.3	140.8	191.3	180.7	162.8	219.3	245.6	272.3	276.7	285.98
Khulna	169.0	225.7	264.0	215.9	355.4	234.1	246.8	365.9	609.2	615.0	667.8	709.15
Kushtia	4.1	7.3	9.0	6.8	10.2	18.4	21.1	26.8	45.6	53.1	61	67.46
Jessore	28.4	63.3	79.5	78.1	151.3	81.0	115.8	210.8	401.3	316.7	358.1	367.42
Khulna	39.8	41.2	44.9	42.4	80.0	74.9	59.8	78.4	90.8	90.8	100.3	117.15
Barisal	88.1	97.9	112.5	75.1	94.5	50.0	45.3	45.1	67.7	151.8	146.1	146.42
Patuakhali	10.6	16.0	18.2	13.4	19.6	8.8	5.3	4.3	4.1	3.0	3.8	10.73
Dhaka	1001.0	1321.3	1456.8	1262.8	1525.3	1278.3	1472.2	1717.3	2081.4	2180.1	2244.1	2287.72
Jamalpur	62.8	115.1	131.5	117.9	172.4	140.6	169.5	222.4	236.2	246.2	262	278.9
Mymensingh a/	450.9	569.4	565.2	528.7	647.4	503.0	603.0	731.1	816.1	815.3	814.5	896.27
Tangail	132.8	209.7	266.4	223.8	235.1	229.5	229.8	217.8	237.4	255.0	237.3	245.07
Dhaka	296.1	320.6	360.4	301.2	296.5	263.0	309.8	330.8	430.8	512.2	580.8	586.86
Faridpur	56.4	106.1	132.9	90.8	171.8	142.9	160.0	215.7	360.8	351.4	348.8	300.62
Chittagong	1152.5	1143.8	1275.1	1204.9	1290.0	1135.8	1177.5	1254.3	1538.0	1813.5	1559.4	1832.19
Sylhet	500.2	396.0	418.2	430.0	464.8	379.3	386.9	351.0	430.1	394.7	467.2	535.32
Comilla	245.3	308.7	336.2	287.3	317.7	303.1	304.0	436.7	577.1	592.7	555.4	615.67
Noakhali	115.2	132.4	193.4	151.4	186.5	135.1	170.8	179.7	245.2	314.9	321.6	364.65
Chittagong	271.1	263.4	298.1	308.4	292.2	293.1	284.4	284.8	267.0	290.8	198.8	293.84
Chittagong H. Tractsb/	20.8	23.4	26.8	27.3	29.5	25.1	31.4	22.3	18.8	21.3	18.8	22.41
Total:	2630.2	3152.0	3546.2	3348.5	3908.1	3671.0	4010.2	4730.8	5831.3	6168.8	6356.7	6804.28
WHEAT												
Rajshahi	608.5	453.8	543.5	588.1	684.3	454.9	535.2	435.3	443.0	437.3	530.7	557.2
Dinajpur	148.6	130.9	113.0	143.1	119.2	88.6	114.8	96.5	110.0	134.4	156.8	146.4
Rangpur	193.8	127.4	169.9	173.8	198.2	109.4	165.3	131.1	133.3	116.8	122.5	134.7
Bogra	59.5	48.3	52.2	91.7	79.8	81.1	49.3	44.4	39.2	38.8	40.7	33.7
Rajshahi	118.9	72.3	109.3	112.3	154.4	108.4	109.6	93.2	87.2	78.3	92.3	104.7
Pabna	83.6	75.0	90.1	107.4	134.7	86.5	96.0	71.1	73.3	68.3	118.8	137.8
Khulna	196.7	199.7	196.3	197.8	248.7	170.2	157.6	222.5	203.8	149.0	156.7	186.5
Kushtia	117.7	108.4	132.1	131.3	136.1	94.3	73.2	97.4	96.2	67.5	72.4	80.3
Jessore	67.8	76.2	56.3	59.3	100.3	58.9	70.6	104.5	91.3	66.2	74.2	75.6
Khulna	8.3	13.3	5.1	4.7	5.6	10.4	9.7	6.8	7.3	6.5	5.1	5.7
Barisal	2.8	2.8	4.5	1.3	4.4	6.7	4.0	13.9	9.0	5.7	4.8	4.7
Patuakhali	0.1	0.0	0.3	0.0	0.1	0.2	0.1	0.3	0.3	0.1	0.3	0.1
Dhaka	153.4	183.8	228.3	281.6	350.1	265.8	242.5	256.0	250.6	206.5	223.5	253.3
Jamalpur	6.5	10.8	17.3	30.3	48.5	31.3	39.7	37.4	36.8	33.9	39.3	42
Mymensingh a/	20.3	22.0	32.1	40.2	47.3	43.2	41.2	39.3	42.2	35.8	37.8	43.3
Tangail	41.3	36.7	38.2	39.8	46.6	49.3	47.1	39.7	37.0	31.7	28.6	33.7
Dhaka	31.8	36.2	47.3	50.5	78.0	75.8	51.6	64.1	51.8	48.4	50.3	61.3
Faridpur	50.7	76.4	94.1	100.5	140.3	65.7	62.9	74.5	82.4	57.0	67.3	73
Chittagong	133.0	130.0	124.8	154.0	173.8	152.9	155.6	134.3	125.1	97.3	93.4	87.2
Sylhet	7.9	8.3	13.8	0.8	15.9	8.8	11.9	10.5	11.2	8.5	12.1	10.8
Comilla	122.9	120.9	109.3	143.7	154.7	140.3	141.7	122.3	112.8	86.8	81.1	78.7
Noakhali	1.5	0.8	1.4	1.9	3.0	2.4	2.1	2.0	1.8	1.9	0.2	0.4
Chittagong	0.4	0.3	0.2	0.3	0.3	0.3	0.2	0.1	-	-	-	-
Chittagong H. Tracts b/	0.3	0.0	0.0	0.0	0.0	0.1	0.0	0.0	-	-	-	-
Bandarban /c	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	-	-	-
Total:	1092.5	987.4	1096.4	1211.4	1463.8	1042.9	1091.1	1048.0	1022	890	1004.3	1086

a/ Kishoreganj included in Mymensingh
b/ Khagrachari and Rangamati included in Chittagong Hill Tracts.
/c From 1967/68 to 1982/83, included in Chittagong Hill Tracts.
::= Not available
Source: Bangladesh Bureau of Statistics.

Table 7.10
JUTE PRODUCTION BY DISTRICT, 1980/81–1991/92

	1980/81	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92
	('000 bales of 400 lb.)											
Rajshahi	1784.0	1501.5	1614.9	1625.8	1773.4	3067.3	2384.8	1616.7	1687.0	1578.7	1574.4	1639.9
Dinajpur	182.4	165.8	150.8	142.2	177.0	216.0	242.8	250.9	179.0	128.6	189.7	169.5
Rangpur	1012.3	937.0	876.4	1014.7	1097.7	1634.3	1447.8	017.8	897.0	877.8	1168.8	1128.4
Bogra	168.3	177.1	166.9	121.1	110.6	356.3	176.0	98.8	165.0	171.9	142.4	131.2
Rajshahi	165.1	90.5	142.0	161.4	188.7	481.4	343.2	182.8	190.0	166.7	180.2	168.7
Pabna	255.9	122.2	179.4	186.4	190.8	379.6	174.4	169.7	256.0	235.6	195.7	246.1
Khulna	864.6	783.0	927.8	992.5	1061.7	1571.9	1052.5	933.4	896.0	957.8	1101.1	1186.8
Kushtia	202.8	191.6	253.5	288.4	378.8	474.9	298.8	237.8	298.0	347.8	394.6	428.7
Jessore	511.1	504.3	560.8	567.8	501.4	888.1	584.3	605.4	459.0	487.4	570.7	623.3
Khulna	102.8	70.5	100.1	121.8	169.0	196.1	150.6	74.0	111.0	107.8	120.8	120.8
Barisal	36.7	14.5	11.8	12.5	10.4	0.2	16.3	13.4	25.0	13.5	13.0	12.1
Patuakhali	1.2	1.8	1.7	1.8	1.8	1.7	2.0	2.1	1.0	1.4	1.7	2.2
Dhaka	1929.2	2025.0	2033.8	2281.8	1966.7	3427.4	2674.0	1611.3	1666.8	1850.8	2064.0	2017.3
Jamalpur	228.2	256.9	253.3	263.7	211.5	292.8	222.4	209.7	258.0	294.8	322.5	284.1
Mymensingh	566.6	708.6	672.8	738.1	614.9	1207.0	893.1	535.3	377.0	377.8	446.7	388.4
Tangail	272.9	188.6	206.8	277.7	194.7	340.3	289.7	259.6	237.0	313.2	334.8	359.3
Dhaka	436.1	447.1	419.4	416.7	431.8	011.3	563.5	379.6	346.0	323.2	385.0	338.3
Faridpur	425.4	425.4	481.4	582.4	516.8	776.1	685.3	527.0	450.8	541.7	576.1	666.5
Chittagong	374.7	335.2	305.8	315.8	307.1	594.4	642.2	239.7	186.0	252.9	282.3	229.6
Sylhet	18.8	28.6	16.7	11.5	10.1	46.7	23.6	8.7	3.0	0.1	7.7	3.6
Comilla	289.5	285.4	275.4	292.7	286.3	530.3	010.7	223.8	175.0	227.1	244.8	220.7
Noakhali	65.1	10.4	12.7	10.7	10.0	16.1	7.4	6.8	8.0	11.1	3.4	5.3
Chittagong	0.6	0.0	0.4	0.8	0.2	0.9	0.0	-	-	-	-	-
Chittagong H. Tracts	0.7	0.0	0.8	0.8	0.8	1.1	0.2	0.3	-	6.8	6.8	0.3
Total:	4942.5	4845.7	4881.4	5215.7	5116.8	8660.9	6753.8	4701.8	4436.0	4630.2	5301.4	5273.2
	('000 metric tons)											
Rajshahi	323.7	272.4	292.9	295.0	321.8	556.5	432.7	293.3	306.1	286.4	340.8	333.7
Dinajpur	33.1	30.1	27.4	25.8	32.1	39.1	44.1	45.4	32.5	23.0	34.4	30.7
Rangpur	183.7	170.6	177.6	184.1	199.2	296.5	262.6	166.5	162.7	159.3	211.3	204.4
Bogra	30.8	32.1	30.8	22.0	21.7	64.6	32.1	17.8	29.9	31.2	25.8	23.8
Rajshahi	30.0	18.0	25.8	29.3	34.2	87.3	62.3	33.1	34.5	30.8	32.7	30.3
Pabna	46.4	22.2	32.8	33.8	34.8	68.3	31.8	30.8	46.4	42.7	35.5	44.6
Khulna	155.1	142.1	168.8	180.1	182.6	285.0	191.0	169.4	162.4	173.7	199.8	215.3
Kushtia	36.8	34.8	46.0	52.5	66.7	86.2	54.4	43.2	54.2	63.0	71.8	77.6
Jessore	92.7	91.8	101.7	102.9	91.6	161.1	106.0	109.6	83.3	86.4	103.5	113.1
Khulna	18.6	12.8	10.2	22.1	30.8	35.9	27.2	13.8	20.1	19.8	21.8	21.8
Barisal	6.7	2.6	2.1	2.3	1.9	1.8	3.0	2.4	4.8	2.4	2.5	2.2
Patuakhali	0.2	0.3	0.3	0.3	0.8	0.3	0.4	0.4	0.2	0.8	0.8	0.4
Dhaka	350.9	367.0	369.9	414.9	357.2	621.3	485.2	346.8	302.6	335.7	374.5	366.9
Jamalpur	41.0	46.8	46.0	47.8	38.4	53.1	40.4	38.8	46.8	53.6	58.3	47.8
Mymensingh	102.8	128.5	122.1	133.9	111.3	219.6	162.8	97.1	68.4	68.8	81.1	70.8
Tangail	49.6	34.2	37.8	50.4	36.3	01.4	52.6	47.1	43.8	56.0	60.7	65.2
Dhaka	79.5	81.1	76.1	76.1	78.3	147.3	106.9	68.8	62.8	58.8	69.9	01.8
Faridpur	77.2	77.2	87.8	106.7	93.7	140.8	124.3	96.6	01.8	96.8	104.3	120.9
Chittagong	68.9	60.8	56.4	57.8	56.7	107.8	116.5	43.5	33.7	45.9	47.8	41.8
Sylhet	3.4	5.2	3.0	2.1	1.8	6.8	4.8	1.8	0.8	1.8	1.4	0.8
Comilla	52.3	51.8	50.0	53.1	51.8	96.3	110.8	40.6	31.8	41.2	44.4	40.8
Noakhali	11.8	3.8	2.8	1.8	1.8	2.8	1.8	1.2	1.5	2.0	0.8	1.0
Chittagong	0.1	0.1	0.1	0.1	0.0	0.6	0.0	0.0	6.0	0.0	0.0	0.8
Chittagong H. Tracts	0.1	0.2	0.1	0.1	0.1	0.2	0.1	0.1	0.0	1.2	1.2	0.0
Total:	898.8	842.6	885.7	946.3	927.8	1571.2	1225.8	852.8	804.0	841.7	961.9	958.6

Note: i) Kishoreganj included in Mymensingh.
ii) Bandarban, Khagrachari and Rangamati included in Chittagong Hill Tracts.
Source: Bangladesh Bureau of Statistics.

Table 7.11
SUPPLY AND DISPOSITION OF RAW JUTE, 1978/79–1991/92
('000 bales)

	1978/79	1979/80	1980/81	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92
Opening stocks	692	2331	4219	3252	1850	1339	730	1000	4265	3899	3207	2343	1095	1244
Production, total	6530	6035	4985	4686	4920	5256	5150	8660	5461	4338	4439	4639	5302	5273
– Jute	6442	5963	4943	4646	4881	5216	5111	8610	5422	4310	4403	4604	5262	5223
– Mesta	88	72	42	40	39	40'	39	50	39	28	36	35	40	50
Adjustment /a	191	1203	-202	-369	594	0	612	–	14	–	–	–	–	–
Market arrivals	6721	7238	4783	4317	5514	5256	4538	8458	5261	3968	4039	4216	4682	4543
Total supply	7413	9569	9002	7569	7364	6595	5268	9458	9526	7867	7246	6559	5777	5787
Mill consumption	2809	2982	3356	3346	3329	3369	3050	2850	3356	3224	3168	3327	2888	2870
– BJMC mills	2809	2864	3251	3191	3150	1880	–	–	1866	1857	1798	1827	1490	1393
– Private mills	..	118	105	155	179	1489	–	–	1490	1367	1370	1500	1398	1477
Other consumption	300	300	400	400	400	350	400	250	200	400	400	400	400	400
Losses	5	100	50	62	50	30	20	30	30	61	118	96	44	32
Total domestic uses	3114	3382	3806	3808	3779	3749	3470	3130	3586	3685	3686	3823	3332	3302
Registered exports	1968	1968	1944	1911	2246	1902	1410	2301	2241	1345	1617	2064	1600	1533
Total disposition	5082	5350	5750	5719	6025	5651	4880	5431	5827	5030	5303	5887	4932	4835
Closing stocks	2331	4219	3252	1850	1339	844	1000	4279	3899	3207	2343	1095	1244	1352

Total supply = market arrivals + opening stocks.
Total domestic uses = mill consumption + other consumption + losses.
Total disposition = total domestic uses + registered exports.

/a Difference between estimated crop size and estimated market arrivals.

Source: Ministry of Jute, BJMC.

Table 7.12
PUBLIC FOODGRAIN PROCUREMENT BY DISTRICT, 1980/81-1991/92
('000 metric tons, rice equivalent)

Division/District	5-YEAR AVERAGES 75/80	80/85	85/90	1980/81	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92
Rajshahi	196.9	253.3	385.0	482.0	177.9	121.3	227.3	260.7	281.3	159.8	303.1	326.2	854.4	721.9	810.2
Dinajpur	74.2	103.1	118.1	190.5	89.1	54.8	99.5	81.8	96.7	42.2	85.9	90.4	280.1	260.4	373.4
Rangpur	36.8	53.4	65.8	82.3	26.3	26.3	67.0	65.3	62.0	34.0	62.6	52.0	118.7	110.4	141.1
Bogra	24.5	34.5	120.5	50.5	13.8	20.5	35.8	51.8	57.3	51.0	83.9	131.7	277.0	215.4	213.8
Rajshahi	53.0	45.7	60.2	122.3	40.1	14.4	14.2	36.8	44.9	22.7	53.2	41.3	138.9	89.3	103.6
Pabna	3.1	17.1	18.4	36.0	8.5	5.4	10.8	25.0	20.4	0.1	17.5	10.3	39.1	40.4	78.2
Khulna	65.7	34.5	31.7	108.0	0.3	12.0	13.9	32.9	31.9	4.3	27.5	56.5	38.1	28.0	49.1
Kushtia	5.2	4.2	4.7	10.3	1.1	0.3	1.4	8.0	0.4	1.2	4.2	10.0	1.8	1.2	7.0
Jessore	8.0	7.5	20.1	8.1	0.3	2.7	5.1	21.5	13.4	2.5	20.8	41.1	22.9	15.1	26.7
Khulna	11.3	6.5	3.7	25.9	2.3	1.0	1.0	2.9	1.7	0.1	2.1	5.2	9.0	12.8	14.8
Barisal	15.4	9.5	1.4	27.0	0.6	2.0	2.4	0.8	4.1	0.5	0.4	0.2	1.9	0.1	0.0
Patuakhali	25.7	9.8	1.7	36.7	2.3	6.0	3.9	0.1	8.4	0.0	0.0	0.0	1.9	0.0	0.7
Dhaka	62.8	68.9	24.8	201.2	66.0	31.4	18.3	29.0	20.0	8.9	20.1	18.2	55.4	25.1	42.0
Jamalpur /a	2.5	14.4	2.1	35.1	22.0	5.5	5.1	4.3	0.8	0.1	1.3	1.0	0.0	2.1	0.2
Mymensingh	50.4	27.2	17.3	99.6	0.3	17.8	3.4	0.7	3.7	7.8	15.3	15.3	44.4	21.4	33.0
Tangail	2.2	8.9	2.6	22.9	6.7	2.2	1.4	9.4	8.0	0.1	1.3	0.6	2.3	1.0	1.2
Dhaka	6.0	10.6	1.0	38.2	6.4	5.3	1.2	1.3	2.2	0.4	0.0	0.1	1.5	0.5	1.0
Faridpur	1.7	7.8	1.7	5.4	28.7	0.5	0.3	4.4	9.0	0.5	0.0	1.2	0.3	0.1	0.1
Chittagong	71.4	68.1	15.3	225.5	52.0	27.3	8.2	25.8	15.3	15.4	23.8	15.3	11.8	0.8	13.0
Sylhet	30.0	28.3	8.8	92.3	27.4	12.2	3.1	9.5	2.2	8.3	17.0	9.3	0.3	7.0	8.8
Comilla	15.1	15.4	4.4	41.7	18.2	3.2	3.0	15.0	8.0	4.5	2.9	2.4	3.3	0.4	0.2
Noakhali	11.1	10.6	0.3	45.8	1.2	3.4	1.0	0.6	1.1	0.1	0.1	0.0	0.4	0.2	0.0
Chittagong	11.7	7.0	0.7	29.6	3.4	1.9	0.3	0.1	1.4	0.7	0.9	0.4	0	0.0	2.7
Chittagong Hill Tracts	2.5	5.8	2.1	10.1	7.4	1.8	1.8	2.4	1.0	0.8	2.9	3.1	1.8	1.3	1.8
Total	396.5	425.4	457.9	1010.7	302.8	192.1	266.7	349.0	349.1	188.5	374.5	410.2	959.7	785.5	1014.9

/a Jamalpur was a subdivision of Mymensingh until December 26, 1978.

Note: 1.0 ton rice equivalent = 1.0 ton wheat = 1.5 ton paddy.

Source: Ministry of Food.

Table 7.13
PUBLIC PROCUREMENT OF AMAN RICE AND PADDY BY DISTRICT, 1980/81-1991/92
(metric tons, rice equivalent)

	5-YEAR AVERAGES 75/80	80/85	85/90	1980/81	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92
Rajshahi	163001	114620	124542	262658	60308	71393	71651	122341	21179	45562	49382	384244	160075	327936
Dinajpur	65914	61747	57644	122766	36537	43668	44602	62410	12614	23455	20659	163072	86088	181210
Rangpur	32799	20354	23770	44341	15847	11275	9436	27196	7777	9611	9486	65869	36553	59757
Bogra	16773	7517	25308	16391	4422	8219	5424	17105	374	7137	11125	90797	25445	56648
Rajshahi	43972	23369	14929	72266	3396	7812	12170	14277	357	6333	2102	51578	8666	27627
Pabna	3543	1634	2891	6694	104	710	10	1435	57	26	19	12928	3323	22694
Khulna	57178	19865	5851	77248	8361	7374	397	10896	55	472	319	17611	1344	27294
Kushtia	2089	229	168	1006	53	58	26	111	1	37	17	672	51	3195
Jessore	3791	761	1684	3639	65	40	46	532	0	288	229	7372	283	14716
Khulna	10906	4678	1177	20684	258	960	35	91	1	34	9	5755	944	8730
Barisal	14745	4580	1168	17666	1966	2414	240	3811	34	107	63	1827	66	1
Patuakhali	25648	9620	1653	34253	6019	3912	51	6351	10	5	4	1885	-	653
Dhaka	41529	16478	3228	66785	11162	1646	1385	1822	23	462	18	13819	139	5732
Jamalpur /a	1336	3425	873	14194	1502	522	44	556	0	10	0	3798	103	1696
Mymensingh	28260	10565	1964	41480	9022	773	1057	616	8	365	18	8816	36	3829
Tangail	952	651	222	3102	61	27	63	21	1	16	0	1071	-	64
Dhaka	1829	1575	33	7309	249	170	124	0	4	60	0	103	-	143
Faridpur	1152	263	137	700	328	154	97	629	12	12	0	31	-	
Chittagong	43965	23197	2615	94606	13549	3367	2440	3496	1262	2148	2987	3180	1116	2041
Sylhet	14993	7105	293	29535	5365	246	33	284	2	22	2	1157	-	4
Comilla	7278	2251	146	8585	2092	359	200	42	19	74	0	594	-	
Noakhali	10604	6929	309	29069	3405	1562	601	1074	11	13	25	422	-	25
Chittagong	7261	3708	351	17065	1222	130	57	656	720	2	376	-	-	287
Chittagong Hill Tracts	1829	3204	1616	10352	1465	1070	1549	1440	510	2037	2584	1007	1116	1725
Total	305673	174160	136235	501297	93380	83780	75873	138555	22519	48644	52704	418754	162674	363003

/a Jamalpur was a subdivision of Mymenshingh until December 26, 1978.
Note: 1.0 ton rice equivalent = 1.0 ton wheat = 1.5 ton paddy.
Source: Ministry of Food.

Table 7.14
PUBLIC PROCUREMENT OF BORO AND IRRI RICE AND PADDY AND WHEAT, 1980/81–1991/92
(metric tons, rice equivalent)

	5-YEAR AVERAGES														
	75/80	80/85	85/90	1980/81	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92
BORO AND IRRI															
Rajshahi	5782	47963	204878	69796	47016	44696	37185	41249	70850	94584	196243	225801	435410	811543	511530
Dinajpur	411	12512	48862	12876	12817	11070	13998	11800	19813	17089	47572	56650	103186	150288	182534
Rangpur	278	5841	26770	8800	899	5185	10084	4235	11372	11828	29119	39928	41607	57183	58558
Bogra	603	11733	67984	8780	9682	13684	7603	18765	22785	44178	71093	119291	182573	182940	151967
Rajshahi	3982	12912	30840	30147	17372	10729	2203	4110	13446	17828	39778	36649	82149	77106	67682
Pabna	506	4965	10721	9184	6048	4047	3297	2349	3434	3861	10681	9934	25886	35081	50771
Khulna	789	2160	5156	8428	809	636	7	921	26	929	3276	7970	13581	21578	16818
Kushtia	83	429	194	1670	335	55	0	85	0	247	147	40	534	647	2096
Jessore	96	23	4018	86	0	0	0	26	8	311	2130	7765	9679	10894	9568
Khulna	40	770	782	2090	474	575	7	705	0	110	627	58	3118	9982	5160
Barisal	564	887	182	4322	0	8	0	105	20	248	331	107	52	0	0
Patuakhali	4	·· 52	11	258	0	0	0	..	0	13	40	0	0	0	0
Dhaka	16506	37244	17920	81700	57681	17950	9744	8144	4850	8407	16848	17875	41818	24754	36447
Jamalpur /a	520	4775	935	10536	9197	5228	1831	82	45	69	527	952	3084	1892	3750
Mymensingh	13722	18829	15431	47533	26379	7832	5170	6233	2755	7810	14787	16251	35552	21328	29890
Tangail	570	4318	844	12266	5479	1110	725	2020	1428	84	879	559	1272	1008	1158
Dhaka	1690	8966	529	19776	19578	3779	1018	672	449	287	412	83	1415	521	820
Faridpur	33	357	180	1589	48	1	0	137	175	157	243	30	295	7	29
Chittagong	15845	29085	11112	82880	43808	9829	3740	5089	3691	10588	20880	11962	8630	8615	11535
Sylhet	10987	17181	8271	47586	25418	6486	2434	3848	1886	8035	16972	9330	5132	7878	8832
Comilla	2387	6616	2125	18884	11161	2489	1068	440	930	2180	2854	1994	2068	357	190
Noakhali	289	588	49	2616	0	18	3	302	0	113	104	7	18	162	0
Chittagong	1680	2743	174	10258	2689	418	125	25	711	0	88	69	0	0	2456
Chittagong Hill Tracts	482	1774	494	3558	4340	408	112	454	164	280	672	582	811	218	58
Total	38822	116482	230169	252774	149317	73110	50676	56389	79417	114809	239056	263609	499289	566486	575391
WHEAT															
Rajshahi	22087	81690	47546	129677	7871	13254	108756	147842	87182	44136	59298	12138	34980	50242	70746
Dinajpur	4508	21446	12182	38201	2002	6289	35468	25367	14484	12508	14847	5117	13828	15080	28700
Rangpur	3248	26375	18146	27870	2529	5282	44547	51686	22829	14389	24888	2627	11220	22876	22821
Bogra	6234	14804	7215	25287	475	240	19440	27579	17383	7331	5844	1272	4484	7036	5217
Rajshahi	4161	9211	7286	18639	2328	272	4367	20427	17176	4586	7115	2302	5104	3489	8311
Pabna	3887	10047	5788	19680	537	1221	5914	22081	15550	5364	6604	820	304	1970	4697
Khulna	5710	9378	17380	5580	466	3015	6270	31582	14483	3339	23886	38182	6963	6006	5022
Kushtia	2540	2856	4376	3287	466	232	1370	7928	6318	968	4033	9978	589	498	1694
Jessore	2904	6179	11111	2022	0	2588	4848	21427	6318	2169	18415	23050	5606	3846	2443
Khulna	257	445	1781	163	0	181	62	1811	1578	0	1438	5134	758	1668	886
Barisal	8	96	92	66	0	4	0	418	257	202	0	0	0	0	0
Patuakhali	0	0	1	0	0	0	0	..	2	0	1	0	0	0	0
Dhaka	4494	10456	3582	25994	2696	1203	3328	18105	13597	427	2579	1245	62	168	863
Jamalpur /a	576	3196	307	7931	557	730	2582	4198	160	55	1242	62	15	84	799
Mymensingh	180	1075	78	1580	1380	14	15	2374	290	1	70	0	21	0	81
Tangail	700	3101	1424	7398	157	29	567	7357	6289	50	806	3	1	0	0
Dhaka	2489	1802	370	7298	409	248	18	1040	1708	45	79	3	14	0	0
Faridpur	561	1290	1403	1771	163	182	141	4141	5167	276	383	1177	11	84	33
Chittagong	6604	7871	2802	14385	2227	3968	1931	16858	8017	3537	1003	436	18	27	0
Sylhet	158	810	254	1715	105	313	324	1596	71	1196	0	0	0	0	0
Comilla	6418	6918	2146	12466	1615	3643	1808	15289	7937	2339	0	436	18	27	0
Noakhali	21	123	2	109	507	0	0	0	8	0	0	0	0	0	0
Chittagong	0	18	169	92	0	0	4	0	0	0	847	0	0	0	0
Chittagong Hill Tracts	4	0	31	1	0	0	0	0	0	0	156	0	0	0	0
Total	38845	109816	71090	175806	13229	23592	121280	215187	123259	51436	86763	51961	42011	56443	76631

/a Jamalpur was a subdivision of Mymensingh until December 26, 1978.
Note: 1.0 ton rice equivalent = 1.0 ton wheat = 1.5 ton paddy.
Source: Ministry of Food.

Table 8.1
INDUSTRIAL PRODUCTION INDICES
[1973/74 = 100]

	Weights (%)										
	[Mfg Index]	[Ind Index]	1980/81	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90	1990/91
Food Products	10.45	10.17	141	142	106.	113	160	174	135	186	213
Fish processing	0.40	0.39	82	36	147	233	209	251	340	552	384
Flour milling	0.43	0.42	37	40	87	86	119	183	181	179	159
Bakeries	0.59	0.57	191	..	47	170	50	162	171	180	182
Sugar & molasses	4.95	4.82	160	166	97	81	201	196	119	203	271
Edible oils & fats	0.49	0.48	149	131	49	96	167	215	194	224	222
Vegetable ghee	1.04	1.01	93	117	105	107	96	114	81	85	48
Tea	2.55	2.48	137	136	143	133	129	137	140	137	144
Beverages	0.89	0.87	168	241	202	199	213	216	358	534	392
Distilling & spirits	0.47	0.46	197	340	181	169	128	176	117	108	92
Non-alcoholic beverages	0.42	0.41	135	131	172	233	299	260	815	976	731
Tobacco Products	13.65	13.28	125	124	121	121	123	118	121	103	119
Textiles	47.39	46.11	114	111	111	100	116	113	107	111	97
Cotton textiles	22.57	21.96	118	114	117	110	120	122	111	119	110
Jute manufacturing	24.27	23.61	114	109	105	91	109	106	101	104	86
Rayon & other synthetic textiles	0.55	0.54	71	87	161	117	210	61	55	57	57
Paper and Paper Products	0.95	0.92	124	114	160	170	172	171	160	175	168
Paper	0.52	0.51	142	118	165	180	185	181	179	201	184
Newsprint	0.29	0.28	115	113	174	180	177	185	163	172	178
Particle board & hardboard	0.14	0.14	78	99	111	115	97	102	78	90	87
Chemicals and Chemical Products	10.46	10.18	166	237	264	282	287	390	398	392	389
Chemical fertilizers	4.87	4.74	146	234	280	329	339	487	553	137	527
Basic industrial chemicals	0.17	0.17	93	95	103	118	149	126	121	191	134
Paints, varnishes, lacquers	0.22	0.21	115	140	157	142	151	151	166	329	214
Medicines & pharmaceuticals	2.84	2.76	191	270	284	285	247	267	309	171	359
Disinfectants & insecticides	0.28	0.27	375	389	474	306	362	276	145	50	106
Matches	2.06	2.02	162	209	211	219	237	222	239	219	176
Petroleum Products	1.42	1.38	333	256	285	252	284	247	258	278	310
Non-Metallic Minerals	0.74	0.72	534	452	410	482	502	505	553	553	455
Glass	0.16	0.15	114	220	228	139	218	214	206	251	229
Cement	0.58	0.56	650	614	480	551	585	585	649	636	518
Iron and Steel	12.09	11.76	195	128	154	164	147	123	128	108	92
Non-Electric Machinery	0.46	0.45	361	720	1062	409	285	53	282	294	305
Electric Machinery	0.89	9.87	296	349	507	655	729	603	679	660	449
Electric motors	0.12	0.12	74	213	181	107	46	74	107	102	45
Electric fans	0.37	0.36	247	320	388	409	449	436	329	289	146
Lamps & bulbs	0.02	0.02	311	457	557	565	914	628	684	746	835
Communications equipment	0.27	0.26	528	499	869	1348	1561	1177	1480	1466	1034
Cables & wires	0.11	0.11	142	271	385	394	397	326	510	705	500
Transport Equipment	0.28	0.27	125	88	74	82	73	91	116	133	107
Shipbuilding	0.04	0.04	177	110	128	81	46	109	96	104	108
Motor vehicles	0.15	0.15	86	62	58	88	74	75	87	100	58
Bicycles & rickshaws	0.09	0.09	147	117	81	73	85	109	168	200	189
Other	0.33	0.32	66	80	63	123	98	55	71	60	83
Jute baling & pressing	0.30	0.29	67	85	66	131	103	55	71	60	83
Rubber products	0.01	0.01	62	167	109	107	91	167	117	145	218
Ice making	0.02	0.02	81	2	13	11	19	-	-	-	-
Index of Manufacturing Production /a	100.00	97.29	143	142	147	144	156	160	160	163	164
Public sector	77.50	75.40	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Private sector	22.50	21.89	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Index of Mining Production /b		0.29	144	220	245	265	301	374	390	423	436
Index of Electricity Production /b		2.42	210	298	360	377	407	517	559	615	635
Index of Industrial Production		100.00	145	146	152	149	162	162	169	174	166

/a Weights shown in second column apply to the overall index of industrial production.
/b Entirely in the public sector.
Note: The index of manufacturing production covers approximately 93% of value added in large and medium-scale manufacturing. Excluded are among others, the manufacturing of footwear, leather, furniture and all small and cottage industries (which include spinning, dyeing and handloom weaving).
Source: Bangladesh Bureau of Statistics.

Table 8.1A
INDUSTRIAL PRODUCTION INDICES BASED ON 1981/82 AS BASE YEAR
(1981/82 = 100)

	Weight	1982/83	1983/84	1984/85	1985/86	1986/8	1987/88	1988/89	1989/90	1990/91	1991/92 (p)
Manufacture of Food Beverages and Tobacco	14.85	91.80	83.31	81.11	86.05	105.95	112.84	110.21	145.22	146.63	136.77
Fish & Seafood (Shrimps and Froglegs)	1.09	85.33	38.87	158.81	250.82	227.54	270.77	366.01	594.39	480.37	452.86
Vegetable Oil	1.10	118.00	94.49	58.86	55.47	77.83	116.77	97.81	117.78	113.45	115.02
Tea	3.64	96.49	99.01	109.24	101.48	100.98	103.20	107.11	106.19	113.89	116.86
Flour Milling	0.60	83.58	94.17	111.60	125.97	140.23	163.43	169.29	161.11	145.12	96.66
Sugar	5.66	87.87	74.81	43.77	40.80	89.98	88.17	59.13	90.93	121.72	159.40
Beverage Industries	0.65	74.40	84.82	97.58	117.97	125.48	136.72	135.60	333.32	239.65	265.15
Tobacco Manufacturing	2.09	88.96	93.24	81.22	61.04	93.56	88.98	87.22	77.87	86.24	81.82
Textile Wearing Apparel and Leather Industrie	41.38	100.41	104.66	133.02	133.18	184.54	168.83	167.16	192.93	206.37	237.36
Cotton textile	8.33	101.74	104.59	109.52	97.62	101.87	105.63	118.03	113.31	120.13	121.04
Jute textile	30.19	97.19	92.78	88.64	77.08	81.99	89.88	87.21	90.05	73.98	70.73
Garments	0.72	182.04	528.21	2274.76	2796.12	4962.34	4077.67	4046.31	5464.71	6894.11	8827.45
Leather & leather products	0.97	88.06	133.72	117.44	161.30	207.07	222.32	196.19	243.89	166.98	181.36
Mfg. of footwear	0.56	138.48	150.67	181.36	210.88	210.88	223.27	80.23	79.87	104.87	77.68
Jute bailing	8.81	131.82	110.23	103.41	231.36	196.06	176.62	202.11	172.19	199.85	170.27
Manufacture of Wood and Wood Products Including Furniture	0.70	132.67	152.61	189.30	187.50	186.29	199.09	187.11	180.44	176.94	179.91
Wood product except furniture	0.48	130.81	146.77	172.73	179.73	171.81	183.58	160.31	137.67	130.19	132.34
Wooden furniture	0.22	137.83	163.46	179.90	204.43	217.85	232.92	252.18	273.78	278.94	299.90
Manufacture of Paper Products: Printing & Publishing	3.03	93.94	104.65	133.40	146.38	152.96	162.98	161.32	186.56	199.50	261.61
Mfg. of paper & paper products	1.66	76.28	81.10	118.18	127.91	128.50	129.86	68.30	130.39	128.14	123.71
Printing, publishing & allied product	1.37	115.34	133.11	160.64	166.77	182.58	203.11	323.61	252.39	288.39	406.58
Manufacture of Chemicals and Chemical Petroleum & Rubber	23.16	101.07	140.81	137.71	149.24	124.64	156.50	161.53	176.43	173.58	199.61
Drugs and pharmaceuticals	10.21	84.66	92.00	96.15	103.06	53.06	53.77	128.81	83.12	97.83	120.89
Mfg. of industrial chemicals	7.44	102.99	190.97	192.16	213.61	201.16	310.12	204.16	344.99	328.84	370.62
Fertilizer	6.64	109.21	197.22	194.48	227.42	211.24	338.73	389.16	389.90	368.74	417.94
Mfg. of other chemical products	4.62	279.94	166.39	136.75	147.87	153.22	131.56	141.11	116.99	105.90	121.85
Petroleum refining	0.20	80.97	89.89	83.19	83.65	85.84	83.71	92.39	86.66	95.69	86.39
Mfg. of rubber products	0.82	136.42	153.66	154.66	163.67	173.49	168.58	127.19	130.28	103.78	95.69
Manufacture of Non–Metallic Mineral Products	1.66	111.79	83.75	100.19	186.61	213.39	216.92	239.15	239.67	217.47	174.66
Mfg. of pottery china and earthen ware	0.30	190.19	122.17	139.45	537.74	537.74	315.55	837.18	823.06	787.18	811.11
Mfg. of glass and glass products	0.81	96.93	109.67	112.00	97.15	145.56	192.58	200.56	132.44	101.17	129.36
Mfg. of other non–metallic mineral products	0.97	93.82	81.16	83.93	115.66	141.75	196.76	106.82	104.56	90.43	85.60
Bricks	0.28	93.49	81.20	109.48	160.06	256.93	444.12	108.11	107.40	105.88	90.46
Cement	0.69	93.96	53.03	73.56	89.50	96.02	96.02	105.19	103.41	84.15	83.57
Basic Metal Industries	6.56	60.36	61.56	82.05	64.37	58.37	52.81	60.24	63.52	57.48	42.76
Iron and steel basic industries	6.56	60.36	61.86	82.05	64.37	58.37	52.81	60.24	63.82	57.48	42.76
Manufacture of Fabricated Metal Products Machinery & Equipments	5.61	119.93	128.22	159.33	161.54	153.16	148.17	144.32	149.06	134.21	146.42
Mfg. of fabricated metal	6.50	81.32	106.94	135.96	204.19	204.06	132.30	121.25	120.96	121.54	128.55
Mfg. of fabricate metal & equipment	6.59	92.02	149.56	226.78	221.63	226.05	248.41	225.60	183.54	181.01	190.77
Mfg. of machinery (non–electric)	1.58	196.11	144.94	166.65	141.91	136.75	140.11	136.21	103.17	117.99	89.49
Mfg. of electric machinery	2.16	102.65	129.43	153.46	161.29	162.79	155.70	150.43	196.10	149.24	157.32
Mfg. of transport equipments	0.78	48.83	75.94	124.79	129.34	74.73	77.96	88.11	106.58	96.14	161.66
TOTAL	100	97	106	123	128	145	147	151	170	174	182

(p) Provisional.

Source: C.M.I. (Current Production), B.B.S.

Table 8.2

JUTE AND COTTON MILLING STATISTICS

	1980/81	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92
BJMC JUTE MILL STATISTICS												
Number of mills	77	77	40	36	34	33	33	33	35	35	35	35
Labor force, permanent /a	175885	167085	116401	108705	104832	101309	98819	102785	100801	100425	91431	86328
Number of looms (annual average)												
Installed	25791	25791	18289	16308	16295	15808	15808	15808	15808	15808	15808	15808
Operating (Normal Shift)	23789	24167	16848	15343	15507	13343	14914	14880	14059	13589	12772	12402
Hessian production												
('000 meters)	711601	661548	598257	589418	487984	388827	481191	403248	442182	376021	341579	
(metric tons)	205413	197488	166198	160382	140368	102009	137877	115544	122273	107005	91328	77589
Sacking production												
('000 meters)	669848	744789	369918	257929	307276	278712	306117	291213	336924	375817	297888	
(metric tons)	308881	329277	157838	103042	127808	128085	137272	128628	146786	167881	129585	133117
Carpet backing (CBC) production	71278	56274	60054	66342	53314	43887	54281	35307	44881	41752	35012	42457
Other production	3751	3788	6330	8184	6123	1291	2128	5538	2998	5558	4634	5467
Total production (metric tons)	590123	586806	399415	337930	327303	275082	331558	285017	316918	322306	260807	258584
Raw jute consumption												
Millions of bales	3.35	3.29	2.29	1.88	1.85	1.54	1.84	1.83	1.79	1.29	1.50	1.34
Bales per ton of production	5.67	5.61	5.73	5.55	5.66	5.60	5.55	5.62	5.65	5.68	5.59	5.18
COTTON MANUFACTURING CAPACITY AND PRODUCTION /b												
Number of mills	56	56	31	32	35	35	36	36	36	36	36	36
Installed capacity												
Spindles	1057480	1032238	608331	623080	661108	712582	724588	721858	730382	762804	773388	773788
Looms	7582	6848	3137	3108	3111	3118	3106	3104	3282	3480	3626	3626
Capacity in operation												
Spindles	863112	786199	521474	512840	520760	474183	535123	527449	576036	633850	640386	627511
Looms	5208	4531	2272	2318	2400	2209	2234	2296	2525	2820	2869	2788
Yarn Production												
Metric tons	48245	43223	29002	29434	29028	25208	27453	27071	28757	31862	29792	29682
32-count equivalent	56228	49849	35884	36129	35518	31435	35092	34536	38207	42809	42488	42179
Cloth Production												
'000 meters	78813	66291	35588	34520	37274	33887	34575	37684	41000	47868	43453	44010
'54-pick equivalent	81239	71705	39839	37887	39809	35591	37720	41306	44556	51932	47344	47816
Raw Cotton Consumption (MT)	46409	44521	30811	29288	28752	25500	28500	27873	31882	34028	32822	33182

/a In addition to the permanent labor force, the mills hire seasonal workers (badli) during harvest time. The number of badlis is around 25,000 each year.

/b Data shown for 1982/83 and beyond are not directly comparable with those for earlier years, as BTMC disinvested itself of a number of its mills during 1982/83 and 1983/84.

Notes: – Capacity data are annual averages.

- At the end of June 1989, BTMC had 44 enterprises under its control: 24 spinning mills, 12 composite spinning & weaving mills, 4 specialized mills, 1 engineering unit, and 3 enterprises without any physical assets.

- Two (2) expansion units (one in spinning and one in weaving) of existing textile mills have come into operation during 1988–89 and another two (2) expansion units (one in spinning and one in weaving) are expected to come into operation in 1989–90.

Source: Bangladesh Textile Mills Corporation, Bangladesh Jute Mills Corporation/ Bangladesh Bureau of Statistics.

Table 8.3
SUGAR AND PULP AND PAPER MILL STATISTICS
(metric tons, unless specified otherwise)

DIVISION District Mill	Start-up Date	Capacity /a Installed	 Achievable/b	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92
SUGAR														
DHAKA		35562	34498	35098	31888	24913	14999	16164	26859	31369	15205	32986	38273	3126
Dhaka														
Deshbandhu Sugar Mills /c	1934	2032	3000 *	573	369	194	39	0	678	1156	296	1552	1395	96
Faridpur														
Faridpur Sugar Mills	1977	10161	10161	13382	12960	11851	6294	5780	10100	12680	6718	13301	15891	1474
Jamalpur														
Zeal Bangla Sugar Mills	1960	10161	10161	13156	11262	8203	6420	7917	11248	12521	6969	18106	13874	9600
Mymensingh														
Kaliachapra Sugar Mills	1971	10161	10161	7984	7277	4686	2246	2467	4833	4818	1232	3027	7113	5967
National Sugar Mills /d	1933	3048	1016	0	0	0	0	0	0	0	0	0	0	0
KHULNA		35561	35561	54022	43560	41839	22432	17731	39747	45682	34282	40601	61442	49697
Jessore														
Mobarakganj Sugar Mills	1969	10161	10161	16236	14787	13582	7679	3610	11062	13647	10766	11598	21817	19744
Kushtia														
Kushtia Sugar Mills	1966	15240	15240	19921	16345	15063	8394	7871	16037	17482	10031	14791	20069	15459
Carew & Co. Ltd. /c	1938	10160	10160	17865	12428	13196	6366	6250	12648	14553	13483	14212	19556	15489
RAJSHAHI		128066	124028	113061	105907	84801	50418	48703	115318	101209	60533	110278	146396	114809
Bogra														
Jaipurhat Sugar Mills	1963	20320	20320	22011	21224	15880	9098	5938	14786	13222	11147	18806	22272	14582
Dinajpur														
Panchagarh Sugar Mills	1969	10161	10161	8928	10379	9257	6898	6160	9942	10867	7378	5295	10181	11164
Thakurgaon Sugar Mills	1959	15240	15240	16892	10310	8828	5018	4173	7506	9750	5456	6555	14396	11593
Setabganj Sugar Mills /c	1933/1962	12500	12500	0	8118	8185	2320	2710	5028	6031	4754	6535	11756	7917
Natore														
Natore Sugar Mills	1984	15000	15000	0	0	0	618	5437	17981	12938	5327	15939	21549	18881
Rajshahi														

Table 8.4
PRODUCTION OF SELECTED INDUSTRIAL PRODUCTS BY PUBLIC SECTOR CORPORATIONS /a
(units as shown)

		AVERAGE 85/90	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92 (P)
Jute Textiles	'000 metric tons	512.7	586.8	569.9	600.6	521.4	451.7	539.7	527.3	509.7	528.3	433.9	414.0
Hessian		190.9	197.4	228.2	238.8	208.4	162.5	203.5	218.8	188.3	177.2	158.8	135.6
Sacking		220.7	329.3	241.6	256.8	223.5	217.6	248.0	228.8	240.4	266.8	202.6	196.1
Carpet Backing		70.2	56.6	94.0	96.4	80.8	66.8	80.8	66.4	70.4	67.2	57.2	62.6
Others		10.2	3.8	8.1	8.8	8.2	4.8	7.8	12.4	10.8	18.1	15.6	17.7
Cotton Textiles													
Cloth	mill. yds	68.8	72.8	65.8	66.2	68.8	64.8	65.0	67.1	70.8	75.1	65.4	64.4
Yarn	mill. lbs	103.2	95.3	99.7	102.0	106.2	94.7	99.8	102.8	107.2	111.6	123.2	133.5
Paper and Board													
Newsprint	'000 metric tons	47.0	39.8	26.7	26.7	46.0	48.4	46.6	49.7	43.9	46.3	47.8	47.9
Paper		43.2	32.1	26.1	27.7	38.7	42.0	43.2	42.4	41.5	46.8	43.1	41.0
Rayon Yarn		1.1	0.9	1.8	1.2	1.8	0.8	1.1	1.3	1.2	1.2	1.2	-
Hardboard	mill. sq.ft.	17.0	11.1	18.4	14.4	17.2	17.4	18.8	18.7	17.8	18.2	17.1	16.6
Particle Board	'000 tons	1.8	2.5	0.8	2.4	2.3	2.3	2.9	1.8	1.4	1.9	1.8	1.9
Steel Ingots	'000 metric tons	81.8	108.9	47.4	72.2	101.4	95.5	82.1	70.0	86.3	78.0	57.8	38.8
Engineering Products													
Diesel Engines	'000	1.9	1.8	4.7	4.7	7.8	4.8	2.8		1.8	1.2	2.2	1.0
Pumps		18.8	18.2	25.7	21.2	15.2	8.1	3.9	2.1	28.8	18.5	12.6	8.0
Commercial and Heavy Vehicles		1.8	1.8	0.4	1.9	1.0	1.3	1.8	1.4	1.7	2.4	1.8	1.1
Radios		112.7	185.8	112.0	102.8	213.8	163.8	146.3	77.3	101.7	67.8	21.9	18.8
Television sets		78.4	27.8	33.8	50.8	54.2	71.8	76.1	73.0	79.2	82.8	57.2	44.8
Petroleum Products	'000 tons	985.7	1136.0	816.0	1004.2	928.2	934.4	958.2	920.2	1031.8	968.1	1068.9	1000.8
Fertilizers	'000 metric tons												
Urea		1177.3	345.4	371.8	727.8	741.8	836.0	846.6	1285.8	1448.8	1472.1	1420.9	1640.1
TSP		128.5	58.8	70.2	81.2	57.9	100.8	125.7	116.9	142.8	148.3	110.7	80.8
Ammonium Sulphate		7.8	11.6	12.3	11.0	8.8	10.8	8.8	8.8	9.1	3.0	1.6	4.6
Glass Sheets	mill sq. feet	11.8	8.4	18.1	12.8	12.8	7.9	12.0	12.2	11.2	14.8	12.1	14.8
		0.0											
Matches	mill. gross boxes	16.6	11.8	11.8	12.1	13.4	18.6	14.8	18.8	12.1	12.4	10.5	12.5
Food and Allied Product													
Soyabean Oil	'000 metric tons	19.3	18.4	21.9	18.8	8.1	8.2	18.8	23.6	20.8	25.7	24.8	24.9
Fish Processing	mill. lbs	7.8	2.5	2.4	1.1	0.8	7.1	8.4	7.8	10.4	7.6	5.3	5.8
Soft Beverages	'000 cases	2737.3	401.8	568.9	731.8	986.6	1346.0	1486.0	1846.5	3385.0	5610.8	3838.9	4818.0
Cigarettes	million	14292.8	13776.8	15776.8	14843.0	14383.0	14385.0	14762.0	14031.0	14088.0	13667.8	13604.8	12676.0
Biscuits and Bread	'000 metric tons	6.0	9.2	8.7	..	2.0	0.3	5.2	8.6	7.8	8.8	8.1	-
Sugar		147.2	202.2	177.8	157.2	88.8	82.5	181.6	178.8	109.7	183.8	246.1	186.4
Molasses		66.2	81.8	79.2	69.7	42.2	38.2	85.2	81.9	49.7	76.1	112.8	-
Salt	'000 metric tons	0.0	570.8	241.8	654.6	643.6	0.8	0.0					
Cement	'000 metric tons	318.8	328.2	306.7	288.3	240.2	292.1	309.7	310.0	344.0	337.4	274.8	272.5
Limestone	'000 metric tons	33.4	44.8	32.1	33.8	40.8	22.1	44.7	32.9	29.8	38.8	42.5	42.6
Sulphuric Acid	'000 metric tons	6.0	2.1	8.1	4.3	4.5	8.0	7.8	5.4	5.5	5.2	6.5	3.8
Caustic Soda		6.0	8.1	8.7	8.1	8.8	8.8	8.8	8.2	7.8	8.8	6.0	7.8
Hydrochloric Acid		2.4	1.1	1.4	1.8	1.4	1.8	2.1	2.3	2.8	3.4	2.8	8.0
Chlorine		8.8	4.2	4.8	4.2	4.8	4.8	8.7	5.8	4.8	5.3	5.5	4.7
Natural Gas	mill. cubic feet	140676.4	64781.0	72104.0	83080.8	94580.8	106720.2	106720.8	147368.1	155843.6	184872.3	172733.7	188849.9
Electricity	mill. kWh	6315.9	3034.6	3432.8	3968.2	4592.8	4800.2	5569.8	6545.8	7118.1	7548.8	8270.8	8878.1

/a Includes private sector production of tea, cigarettes, and matches, jute and cotton textile, plastic board, radio and TV, fish processing, soft beverage and bread and biscuit.
(P)= Provisional
Sources: Ministry of Industry, corporations, Planning Commission, and Bangladesh Bureau of Statistics.

Table 8.5
NATURAL GAS STATISTICS, 1979/80–1991/92
(million MMCF)

	1979/80	1980/81	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92
PRODUCTION													
Sylhet	7024	7040	7101	6943	3829	3080	3795	3744	4384	3513	2389	2018	1898
Chhatak	1961	2082	1692	1971	1778	1187	0	31	0	0	0	0	0
Rashidpur	0	0	0	0	0	0	0	0	0	0	0	0	0
Titas	31695	33410	42944	48473	57825	57367	45030	53069	60126	70248	78235	82158	81967
Kailastila	0	0	0	54	2901	5007	4295	5911	6089	7037	7785	8261	7335
Habiganj	4967	7418	13410	14717	16762	18124	32736	33741	34111	32380	29768	27660	28195
Bakhrabad	0	0	0	0	355	6693	15290	24190	38799	41127	48423	51540	52961
Semutang	0	0	0	0	0	0	0	0	0	0	0	0	0
Kutubdia /b	0	0	0	0	0	0	0	0	0	0	0	0	0
Begumganj	0	0	0	0	0	0	0	0	0	0	0	0	0
Feni	0	0	0	0	0	0	0	0	0	0	0	0	5940
Beanibazar	0	0	0	0	0	0	0	0	0	0	0	0	0
Kamta	0	0	0	0	0	3134	6141	4657	3934	1818	1238	1200	190
Jalalabad	0	0	0	0	0	0	0	0	0	0	0	0	0
Belabo	0	0	0	0	0	0	0	0	0	0	0	0	0
Fenchuganj	0	0	0	0	0	0	0	0	0	0	0	0	0
Meghna	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	45657	49947	64847	72158	83450	94592	106257	125373	147443	155924	167831	172835	188474
CONSUMPTION BY SECTOR													
Power	15855	18518	22248	27706	30184	38293	39778	51821	62071	65136	74489	81559	91940
Fertilizers	18799	17609	26112	25220	31834	30698	35401	37967	50978	53406	55605	54185	57903
Industrial	7161	8055	9079	9781	10447	13362	16618	19392	17351	15358	15335	14917	14588
Commercial	1078	1342	1681	1818	2058	2232	2458	2730	2930	3128	3102	2937	2908
Households	2582	3390	4218	5217	5785	6320	6787	6841	7590	9282	10175	10625	11469
Total	45455	48911	63333	69842	80288	91103	101050	118771	140920	146290	159016	164123	178798

MEMORANDUM ITEMS:

Field	Year of Dis-covery	Estimated Recoverable Gas Reserves (In Trillion Cubic Feet) Proven + + Probable	Possible	Total	Condensate Recovery (BBL/MMCF)	Methane Content (vol %)	Calorific Value Gross (BTU/CFT)
Sylhet	1955	0.12	-	0.12	3.4	96.63	1050.66
Chhatak	1959	1.11	5.27	6.38	0.1	97.90	1005.71
Rashidpur	1960	1.31	1.67	2.98	3.6	98.00	1012
Titas	1962	1.23	0.14	1.37	1.4	97.33	1031.55
Kailastila	1962	2.48	-	2.48	10.9	96.57	1056
Habiganj	1963	1.58	-	1.58	0.1	97.60	1023.91
Bakhrabad	1969	0.61	2.99	3.60	1.9	94.20	1057.73
Semutang	1969	0.10	-	0.10	0.4	96.94	-
Kutubdia /a	1977	0.47	-	0.47	N/A	95.72	1041.69
Begumganj	1977	0.02	0.03	0.05	0.4	95.46	1045.61
Feni	1981	0.06	-	0.06	3.0	95.71	1049.19
Kamta	1982	0.17	-	0.17	0.2	95.38	1061.95
Beanibazar	1981	0.11	1.32	1.43	16.0	93.68	1043.33
Fenchuganj	1988	0.21	-	0.21	2.6	96.66	-
Jalalabad	1989	0.90	-	-	17.5	93.5	-
Belabo	1990	0.13	-	-	2.5	-	-
Meghna	1990	0.104	-	-	2.06	-	-
Total		10.72	11.42	22.25			

BBL = barrel.
BTU = British Thermal Unit is = 0.25 kilocalories .
CFT = cubic feet.
MMCF = million standard cubic feet.
Note: (i) The estimated recoverable gas reserveis on the basis of abandonment ofpressure at 110 PSI.
(ii) Net gas reserve position after adjustment of cumulative production till January 1992
/a Offshore field.
Source: Petrobangla.

Table 8.6
ELECTRICITY PRODUCTION AND CONSUMPTION
[GWH EXCEPT AS NOTED]

	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92
Installed capacity [MW]	857.0	919.2	1121.0	1141.0	1171.2	1607.2	2146.2	2365.3	2352.2	2349.9	2397.7
Gross Generation	3036.4	3432.7	3966.2	4527.6	4800.3	5586.9	6541.4	7114.8	7731.9	8270.2	8890.0
Net Generation	2896.1	3294.2	3803.2	4325.9	4572.3	5301.9	6140.6	6717.1	7301.6	7823.4	8376.5
Final consumption	2028.3	2398.6	2703.4	2840.7	3306.8	3485.3	3772.7	4695.0	4704.7	4870.6	6021.4
Billed consumption [million Taka]	2041.1	3231.7	3619.5	4052.8	5771.6	6278.4	7661.8	9674.0	10291.0	11498.4	12220.1
CONSUMPTION BY SECTOR											
Domestic	339.1	438.6	517.4	633.0	715.8	825.6	885.4	1044	1164.7	1383.5	1070.2
Commercial	270.8	235.9	251.6	250.0	278.1	308.7	391.1	531.4	380.1	425.0	421.2
Industrial	1339.1	1473.7	1689.2	1607.0	1562.5	1728.1	1843.2	2330.5	2504.4	2256.3	1471.1
Agriculture	29.6	37.4	87.5	56.0	51.1	56.2	62.9	95.3	73.7	91.4	85.3
Others /a	49.7	212.9	157.7	296.0	699.3	565.8	590.2	693.8	581.9	714.4	2973.5
Total	2028.3	2398.6	2703.4	2842.0	3306.8	3484.4	3772.8	4695.0	4704.8	4870.6	6021.3
Losses (Utility only)/b	1008.1	1034.1	1262.8	1685.6	1493.5	2101.6	2768.6	2419.7	3027.2	3399.6	2868.6
as % of gross generation	33.2	30.1	31.8	37.2	31.1	37.6	42.3	34.0	39.1	41.1	32.3

/a Includes bulk sale to DESA (Dhaka Electric Supply Authority seperated from the Bangladesh Power Development Board and functioning since October 1 1991); and REB (Rural Electrification Board).

/b Includes station auxiliary use.

Source: Bangladesh Power Development Board.

Table 8.7
RAILWAY STATISTICS

	1980/81	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92
Route length (km) /a	2884	2884	2887	2892	2892	2918	2792	2746	2746	2746	2746	2746
Broad gauge	974	974	974	978	978	980	970	924	924	924	924	924
Meter gauge	1910	1910	1914	1914	1914	1938	1822	1822	1822	1822	1822	1822
Narrow gauge	0	0	0	0	0	0	0	0	0	0	0	0
Locomotives, total	410	417	410	386	306	290	291	307	307	307	307	306
Diesel, total	240	253	302	299	288	290	291	307	307	307	307	306
Broad gauge	52	64	76	76	75	75	75	75	75	75	75	75
Meter gauge	188	189	226	223	213	215	216	232	232	232	232	233
Steam, total /b	170	164	108	87	18	0	0	0	0	0	0	0
Broad gauge	54	50	22	18	18	0	0	0	0	0	0	0
Meter gauge	116	114	86	69	0	0	0	0	0	0	0	0
Broad gauge	4149	4302	4292	4086	4080	4073	4073	4073	4073	3798	3788	3711
Meter gauge	12568	12705	12684	12587	12434	12357	12283	11884	11884	11738	11760	11451
Total units	16717	17007	16976	16668	16514	16430	16356	15957	15957	15536	15548	15162
Total 4-wheeler units	19388	19668	20186	19862	19720	19629	19545	19086	19077	18678	18684	18282
Freight Carried ('000 metric tons)	2984	3230	2988	2939	2986	2341	1984	2510	2486	2419	2517	2506
Rice	181	273	249	241	282	203	132	185	192	186	346	422
Paddy	141	238	94	104	76	61	47	47	34	20	16	14
Wheat	478	573	880	704	674	427	373	643	621	471	571	593
Raw jute	218	216	224	228	226	171	166	143	133	113	79	80
Jute goods	26	30	22	18	30	12	14	21	15	0	8	12
Sugarcane	360	384	290	365	218	218	254	307	143	285	290	74
Sugar	31	50	78	55	56	37	26	61	32	13	17	19
Salt	102	70	65	119	113	82	62	81	65	65	58	57
Fertilizer	338	367	323	298	419	404	317	362	457	408	248	408
Cement	155	86	83	175	130	119	77	83	91	132	114	108
Coal	86	81	49	40	29	59	34	72	69	90	74	63
Petroleum products /c	184	179	118	90	84	100	75	117	88	120	119	108
Total ton-km	786855	844488	813878	778835	822917	812225	502584	678287	665000	643478	650000	718388
Fuel Consumption (metric tons)												
Coal	23688	23400	16278	16331	16886	14783	1787	1186	1422	1788	1389	1883
Diesel oil	35358	40385	39503	44856	44898	44898	50417	50344	50238	49992	45967	44374
Furnace oil	49418	37036	18679	5819	2191	1122	839	927	854	808	806	559

/a Total track mileage in 1978/79 was 45
/b Including 3 narrow gauge steam loco
/c Excluding fuel for the railways and for the military.

Source: Ministry of Communications.

Table 8.8
TRANSPORT STATISTICS

	Units	1978/79	1979/80	1980/81	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90	1990/91
INLAND WATER TRANSPORT														
BIWTC Fleet														
Total	(No.)	633	591	591	586	555	544	533	524	484	430	419	378	343
Self-propelled barges		9	6	6	6	6	3	3	8	8	3	8	8	7
Inland & river barges b/		313	287	287	255	229	232	246	239	246	198	194	166	147
Inland tugs		28	28	29	29*	29	27	26	24	24	22	34	33	30
Mainland tugs		26	24	23	28	23	21	19	19	19	19	19	19	18
Coasters c/		24	23	23	23	25	21	20	20	20	20	20	20	20
Country Boats														
Cargo	('000)	92	92	94	96	98	202	209	217	226	236	246	256	261
Passenger	('000)	170	171	177	180	183	374	389	404	421	437	456	475	484
ROAD TRANSPORT STATISTICS														
Road Mileage, total a/	(miles)	2927	3002	3536	4095	4618	4969	6446	6950	7341	7655	8053	8463	::
high	(miles)	2533	2608	2662	2686	2968	3188	3862	4041	4213	4484	4697	4916	::
low	(miles)	394	394	874	1409	1650	1781	2584	2909	3128	3171	3356	3548	::
Buses operating, private	(No.)	6195	5747	6362	6383	7330	15164	15971	16860	17644	18472	20948	23886	23693
Trucks operating, private	(No.)	11089	11473	11413	13263	14236	23430	24053	24719	25449	26154	29424	30329	31538
Bullock carts (est.)	('000)	135	137	138	139	141	609	621	632	643	653	665	677	689

a/ Data cover only roads constructed and maintained by the Roads and Highways Department. "High" roads are roads with cement, concrete, bituminous concrete or bituminous surface; "low" roads are roads with stone, gravel, brick, or earth surface, but which are properly aligned and have drainage structures.
b/ Including jute boats and flats.
c/ Can travel up the main river routes.
::= Not available

Source: Bangladesh Bureau of Statistics.

Table 9.1
CONSUMER PRICE INIDICES

	1980/81	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92
DHAKA MIDDLE INCOME [1973/74 = 100]												
Food	244.89	268.18	312.77	350.47	387.89	429.46	483.42	535.42	565.88	606.23	647.93	663.75
Fuel & Lighting	293.06	376.71	461.27	466.39	502.64	538.30	542.20	562.09	621.18	674.25	945.12	1006.39
Housing	348.64	374.66	402.19	416.61	453.74	506.62	550.76	647.71	723.31	808.12	867.17	892.91
Clothing	176.78	194.87	200.46	224.96	255.15	274.23	292.59	318.08	347.96	374.45	399.42	410.31
Miscellaneous	232.89	264.59	299.09	335.36	392.25	419.36	459.52	524.37	597.62	707.49	720.57	765.92
Overall	254.97	296.50	325.94	357.47	396.58	436.08	481.18	536.02	578.89	632.74	689.3	724.39
Percent increase	12.8	19.3	8.9	9.7	10.9	9.3	10.4	11.4	8.0	9.3	8.9	5.1
DHAKA GOVERNMENT EMPLOYEES [1969/70 = 100]												
Food	603.64	697.43	725.47	824.25	933.53	1024.32	1169.71	1255.52	1362.97	1461.27	1557.9	1641.63
Fuel & Lighting	657.47	817.75	883.19	894.14	1057.34	1210.31	1263.71	1329.85	1508.50	1806.18	1908.84	1955.44
Housing	879.89	933.17	1040.85	1057.00	1113.86	1286.60	1415.86	1669.96	1882.78	2055.2	2212.88	2275.5
Clothing	653.56	724.55	792.56	837.05	925.93	967.90	1034.27	1132.91	1269.03	1336.96	1394.23	1467.87
Miscellaneous	531.46	878.27	634.93	712.56	795.78	917.96	877.15	977.32	1109.56	1263.35	1329.78	1416.49
Overall	628.28	708.84	757.98	832.94	931.47	1014.33	1129.89	1241.17	1370.48	1497.75	1592.14	1671.13
Percent increase	12.0	12.8	6.8	9.9	11.8	8.9	11.4	0.9	10.4	9.3	6.3	5.0
CHITTAGONG INDUSTRIAL WORKERS [1969/70 = 100]												
Food	583.12	646.36	679.33	801.25	907.99	980.11	1116.55	1187.93	1242.69	1325.14	1417.25	1477.32
Housing	874.83	687.01	766.32	929.86	1037.50	1082.19	1122.97	1139.85	1189.20	1266.48	1364.45	1382.95
Clothing	783.94	897.52	1023.79	947.63	1066.91	1264.60	1409.37	1487.63	1542.33	1701.33	1893.77	1974.96
Miscellaneous	501.56	533.67	553.73	606.47	695.44	718.19	741.01	759.28	811.28	961.18	1001.38	1080.7
Overall	578.55	662.25	707.56	807.03	913.96	989.60	1105.20	1165.95	1219.85	1316.17	1412.66	1472.41
Percent increase	7.3	14.5	6.8	14.1	13.3	8.3	11.7	5.5	4.8	7.8	7.4	4.2
KHULNA INDUSTRIAL WORKERS [1969/70 = 100]												
Food	524.81	617.30	640.63	712.87	789.09	978.96	1029.00	1081.26	1183.39	1266.19	1290.24	1358.02
Housing	535.06	582.48	626.05	736.45	867.51	942.56	996.42	1012.56	1081.80	1126.54	1236.4	1249.86
Clothing	720.40	781.28	734.74	781.90	862.84	1057.42	1269.65	1397.02	1550.49	1816.34	1847.66	1947.35
Miscellaneous	467.51	811.76	526.05	562.34	600.82	689.23	737.89	736.33	820.24	952.22	1036.84	1096.3
Overall	536.19	617.88	635.88	706.01	784.37	882.33	1017.75	1067.43	1169.04	1251.75	1310.37	1374.42
Percent increase	8.1	14.8	2.9	11.0	11.1	12.5	15.3	4.0	9.5	7.1	4.7	4.9
NARAYANGANJ INDUSTRIAL WORKERS [1969/70 = 100]												
Food	582.41	653.52	681.79	774.72	862.97	930.58	1052.18	1159.12	1229.25	1318.11	1399.09	1456.27
Housing	653.95	816.36	769.49	806.36	913.53	1035.11	1131.55	1179.78	1259.72	1331.96	1483.75	1547.31
Clothing	774.52	932.00	955.46	891.11	1078.96	1257.59	1371.20	1535.97	1681.96	1832.55	2058.32	2115.53
Miscellaneous	515.27	585.85	593.29	604.44	674.06	725.19	757.69	789.78	866.74	1013.73	1062.63	1159.96
Overall	587.29	689.37	707.13	770.96	868.73	950.45	1059.36	1157.76	1236.96	1335.69	1434.14	1496.25
Percent increase	9.0	17.4	2.9	9.0	12.7	9.4	11.5	9.3	6.8	8.0	7.4	4.3
RURAL CONSUMER PRICE INDICES FOR SELECTED DISTRICTS [1973/74 = 100]												
Dhaka	218.0	261.0	282.0	315.0	358.0	389.0	420.0	454.0	479.60	510.32	556.01	591.46
Chittagong	217.0	265.0	298.0	344.0	360.0	391.0	456.0	489.0	507.80	539.91	581.66	615.9
Rajshahi	219.0	267.0	274.0	295.0	340.0	364.9	408.0	439.0	467.40	495.93	543.02	576.59
Khulna	204.0	252.0	280.0	284.0	320.0	333.0	391.0	415.0	445.40	489.96	524.49	559.56
Sylhet	224.0	275.8	290.0	329.0	354.0	375.9	437.0	477.0	::	::	::	::
Rangpur	203.0	250.0	276.0	305.0	368.0	381.0	430.0	465.0	::	::	::	::
Bangladesh (rural)	214.0	262.0	278.0	312.0	353.0	369.0	424.0	458.0	475.05	504.03	551.3	586.23

Notes: Dhaka middle income index refers to families with 1973/74 incomes of Tk 300 to Tk 999.
Dhaka government employees index refers to non-gazetted employees with monthly salaries of Tk 100 to Tk 400 in 1969/70.

::= Not available

Source: Bangladesh Bureau of Statistics.

Table 9.2
NATURAL GAS AND PETROLEUM PRODUCT PRICES, 1980–1992

NATURAL GAS TITAS SYSTEM	Effective Dates June 7, 1980	June 7, 1981	July 1, 1982	une 30, 1983	une 27, 1984	June 30, 1985	June 27, 1986	June 19, 1987	July 1, 1988	July 1, 1989	July 1, 1990	July 1, 1991	May 1, 1992
BULK USERS													
Cost of Gas/MCF (ex-field),	5.96	7.75	9.50	10.00	11.45	13.80	16.85	21.72	24.97	28.18	29.66	30.86	31.89
including excise duty /a	4.50	6.00	8.00	9.50	9.50	12.80	15.72	20.30	23.28	25.96	25.96	27.25	27.25
INDUSTRIAL													
Cost of Gas/MCF (ex-field),	6.48	15.48	18.00	22.65	22.65	29.13	37.06	37.06	43.79	51.02	54.17	58.89	61.44
including excise duty /a	5.00	14.00	17.50	21.65	21.65	28.13	35.73	35.73	41.99	48.01	48.01	52.81	52.81
OTHER USERS													
Cost of Gas/MCF (ex-field),	6.48	15.48	18.00	22.65	36.65	49.25	61.06	81.06	71.17	-	-	58.89	61.44
including excise duty /a	5.00	14.00	17.50	21.65	33.85	46.45	57.76	57.76	67.16	-	-	52.81	52.81
END USERS PRICES/MCF INCLUDING EXCISE DUTIES													
Bulk Cunsumers													
Power Generation	7.75	9.30	10.50	11.50	13.05	18.86	10.09	24.82	28.54	33.00	37.96	39.07	43.04
Fertilizer Production	7.75	9.30	10.50	11.50	14.05	18.66	18.09	24.82	28.54	28.54	32.82	33.98	37.37
Industrial Consumers	18.00	27.75	31.00	36.00	36.00	43.20	52.14	52.14	59.96	70.00	80.50	85.28	93.72
Commercial Consumers	19.00	28.00	31.00	36.00	45.20	54.24	65.30	85.00	97.75	110.00	128.50	134.22	134.22
Household Consumers													
Metered	16.00	20.00	27.00	34.00	34.00	40.80	44.88	56.10	56.10	66.00	74.75	74.75	82.11
Unmetered/month													
– Stove (one burner)	22.00	25.00	35.00	45.00	45.00	60.00	66.00	80.00	92.00	100.00	115.00	115.00	126.00
– Stove (two burners)	40.00	45.00	65.00	80.00	80.00	100.00	110.00	130.00	150.00	170.00	195.00	195.00	215.00
– Additional burner (each)	14.00	16.00	27.00	34.00	34.00	41.00	45.00	56.00	64.00	74.00	85.00	85.00	93.00
– Oven (each)	34.00	38.00	58.00	74.00	74.00	89.00	97.00	121.00	139.00	161.00	185.00	185.00	203.00
– Additional oven (each)	17.00	19.00	29.00	37.00	37.00	45.00	49.00	61.00	70.00	81.00	93.00	93.00	102.00
– Grill (each)	34.00	38.00	58.00	74.00	74.00	89.00	97.00	121.00	139.00	161.00	185.00	185.00	203.00
– Additional grill (each)	17.00	19.00	29.00	37.00	37.00	45.00	49.00	61.00	70.00	81.00	93.00	93.00	102.00
– Water heater up to 20 gallons	66.00	76.00	117.00	147.00	147.00	177.00	194.00	242.00	278.00	322.00	370.00	370.00	407.00
– Water heater above 20 gallons	84.00	93.00	146.00	184.00	184.00	221.00	242.00	303.00	348.00	403.00	463.00	463.00	509.00
– Dryer (each)	101.00	112.00	176.00	220.00	220.00	265.00	291.00	364.00	419.00	485.00	558.00	558.00	314.00
– Refrigerator (each)	84.00	93.00	117.00	147.00	147.00	177.00	194.00	242.00	278.00	322.00	370.00	370.00	407.00
– Gas light, garden/external use	10.00	20.00	27.00	34.00	34.00	41.00	45.00	56.00	64.00	74.00	85.00	85.00	93.00
– Gas light, internal use	0.00	10.00	14.00	17.00	17.00	21.00	23.00	28.00	32.00	37.00	43.00	43.00	47.00
Minimum Charges/Month													
Domestic (unmetered)	19.00	20.00	27.00	34.00	34.00	41.00	63.00	84.00/c	97.00/c	112.00/c	129.00/c	85.00	93.00
Commercial	95.00	140.00	155.00	180.00	180.00	272.00	327.00	/b	/b	/b	/b	/b	/b

Continued...

Table 9.2 (Continued)
NATURAL GAS AND PETROLEUM PRODUCT PRICES, 1980–1992

PETROLEUM PRODUCTS /c TAKA/IMPERIAL GALLON	July 1980 Ex-Ref	July 1980 Ex-depot	May 1981 Ex-Ref	May 1981 Ex-depot	September 1981 Ex-Ref	September 1981 Ex-depot	July 1982 Ex-Ref	July 1982 Ex-depot	March 1983 Ex-Ref	March 1983 Ex-depot	July 1984 Ex-depot	June 1986 Ex-Ref	June 1986 Ex-depot	June 1987 Ex-Ref	June 1987 Ex-depot	June 1988 Ex-Ref	June 1988 Ex-depot	Oct 1990 Ex-Ref	Oct 1990 Ex-depot	July 1992 Ex-Ref	July 1992 Ex-depot
Premium Gasoline (with HOBC)	42.97	48.66	45.85	52.52	48.14	54.86	62.58	69.30	60.84	75.86	76.15	54.42	61.51	54.42	61.51	54.42	61.31	58.14	66.33	62.92	64.96
Regular Gasoline (MS)	40.40	46.37	42.16	48.36	44.27	50.52	57.65	63.80	60.43	66.66	67.19	52.32	58.65	52.32	58.80	52.32	60.56	53.76	62.01	56.60	58.64
Jet Fuel (JP-1)	26.72	28.31	29.43	31.25	30.00	32.75	40.17	42.02	40.17	42.02	42.56	36.14	60.14	36.14	60.14	36.14	60.14	71.16	74.60	71.60	73.24
Kerosene (SKO)	18.09	17.66	20.73	22.50	21.69	23.63	30.71	32.81	30.71	32.81	32.82	27.91	30.50	27.91	30.60	27.91	30.56	60.56	62.33	56.56	60.56
Diesel Oil (HSD)	20.23	22.50	20.02	22.50	20.96	23.63	30.00	32.81	30.00	32.81	32.82	27.91	30.50	27.91	30.50	27.91	30.50	56.10	62.33	60.96	60.96
Fuel Oil (FOHS)	11.81	13.00	15.12	16.66	15.86	17.61	22.71	24.84	22.71	24.84	24.56	19.26	21.37	19.29	21.37	19.26	21.37	31.18	33.69	30.10	32.32
Liquefied Petroleum Gas (LPG)* /a /c	50.00	54.36	50.00	54.31	50.00	54.36	50.00	56.36	96.00	105.00	105.00	49.50	113.50	49.56	113.60	49.80	113.56	115.72	156.60	117.60	179.60

/a Price was raised to Tk 75/cylinder with effect from 12 August 1982.
/b '50% of the sanctioned load.
/c Ex-refinery and ex-depot at Chittagong. In July, 1984 prices were fixed in liters with minor adjustments in ex-depot prices as shown. Ex-refinery prices were not changed.
* Per 12.5 kg

Source: Titas Gas Company and Bangladesh Petroleum Corporation.

Table 9.3
ELECTRICITY TARIFF STRUCTURE
OF THE BANGLADESH POWER DEVELOPMENT BOARD
(Effective September 1, 1991)

Consumer Group	Minimum Charge	Unit Rates	
Category A: Residential Light and Power	Tk. 100 per month	- Monthly consumption up to 200 KWh	Tk 1.65/KWh
		- Monthly consumption from 201 KWh to 700 K KWh	Tk 2.75/KWh
		- Monthly consumption over 700 KWh	Tk 4.50/KWh
Category B: Agricultural Pumping (up to 50 KW)	Tk 125/HP per month during season.	- For all units consumed per month	Tk 1.75/KWh
Category C: Small Industrial Consumer (up to 50 KW)	Not Applicable	- Without time-of-day meter	Tk 2.75/KWh
		- With time-of-day meter	
		- Off-peak hours	Tk 2.10/KWh
		- Peak hours	Tk 4/KWh
Category D: Non-residential Light and Power (up to 50 KW)	Tk 100/KW of sanctioned load per month	- For all units consumed per month	Tk 2.20/KWh
Category E: Commercial (up to 50 KW)	Tk 125/KW of sanctioned load per month	- Without time-of-day meter	Tk 3.70/KWh
		- With time-of-day meter	
		- Off-peak hours	Tk 2.45/KWh
		- Peak hours	Tk 5.00/KWh
Category F: Medium Voltage General Purpose (up to 5 MW)	Tk 80/KW of sanctioned load but not less than Tk 8000/month	- Without time-of-day meter	Tk 2.45/KWh
		- With time-of-day meter	
		- Off-peak hours	Tk 1.90/KWh
		- Peak hours	Tk 4.80/KWh
Category G: Extra-high Voltage General Purpose (132 KV and up to 150 MW)	(Abolished)		
Category H: High Voltage General Purpose (33 KV and up to 15 MW other than REB/PBS)	Tk 80/KW of contracted load	- Without time-of-day meter	Tk 2.25/KWh
		- With time-of-day meter	
		- Off-peak hours	Tk 1.75/KWh
		- Peak hours	Tk 4.50/KWh
Category I: High Voltage Bulk Supply for REB/Palli Biddyut Samity	Not applicable	- For all units consumed per month	Tk 1.41/KWh
Category J: Street Light and Water Pumps (having sanctioned load up to 50 KW)	Not applicable	- For all units consumed per month	Tk 2.50/KWh

Source: Bangladesh Power Development Board

Table 9.4
WHOLESALE PRICES OF CONSUMER GOODS IN URBAN AREAS
(Taka per unit shown)

Items	Traditonal Units	1980/81	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92
Masur	maund	380.16	455.14	400.83	418.42	396.42	585.03	700.33	749.78	754.98	822.16	899.51	911.45
Khesari	maund	251.62	230.90	213.48	301.09	239.45	245.81	412.07	354.48	409.77	561.67	529.63	427.73
Potatoes, local (best quality)	maund	112.28	103.11	79.02	122.99	124.36	142.23	192.97	156.66	226.81	245.57	168.33	164.97
Rohu fish (large cut pieces)	maund	962.00	1037.00	1097.00	1272.78	1460.00	1905.13	2371.17	2284.87	2208.60	2542.51	2457.06	2506.31
Chicken eggs, fresh	100	91.20	101.00	107.00	121.69	144.46	177.93	182.33	183.36	215.00	225.00	230.45	242.13
Chillies, dry (superior quality)	maund	1050.78	987.66	612.70	1152.06	1441.36	016.69	964.00	1592.01	1297.99	1288.29	1887.48	2483.17
Turmeric (Haldi, best quality)	maund	456.30	476.17	554.08	1325.84	1574.18	1441.00	958.33	936.35	1252.83	1279.70	1267.53	1606.43
Mustard oil, local (best quality)	maund	1092.02	995.35	1004.69	1394.27	1463.53	1320.57	1487.33	1473.46	1570.05	1745.83	1734.08	1959.52
Ghee (cow)	maund	2497.00	3105.00	3240.00	3326.90	4218.38	5107.47	5390.80	5741.00	6314.54	6872.10	6940.00	6925.49
Coconut oil, imported (sup. quality)	maund	1082.56	1117.48	1006.50	1485.57	1884.81	1480.11	1297.17	1662.11	1941.01	2065.66	2039.77	2415.62
Vegetable oil (Pakvan)	35 lbs.	378.06	391.32	452.45	569.02	754.08	697.25	694.38	734.58	724.26	708.00	699.17	1873.67
Tobacco leaf (Motihari, sup. quality)	maund	910.16	839.87	783.58	994.86	1111.54	1079.12	1038.60	1095.51	1341.28	1543.56	1371.29	1464.60
Betelnut (Tanti, whole, dry, sup. quality)	maund	1226.49	1200.59	873.45	1230.83	1801.39	2038.51	1691.17	1575.38	1457.72	1889.51	2776.92	2566.41
Betel leaf (medium size)	6400	291.38	395.81	478.49	461.55	544.76	529.69	538.33	817.80	1184.00	1442.00	757.18	1107.20
Firewood, Gazari	100 maunds	2361.00	2837.00	2933.00	2908.09	3698.21	5341.73	5715.98	5748.77	9102.50	4079.53	5153.54	5264.48
Kerosene, white	4 gallons	83.00	103.00	140.25	135.72	136.65	136.13	130.16	131.92	132.00	132.00	213.84	243.12
Cigarettes (Capstan)	250	95.52	108.18	125.72	123.30	128.86	159.99	150.56	164.63	175.50	216.00	213.01	235.98
Matches (box of 40)	gross	28.90	34.36	43.09	38.75	40.80	64.52	68.17	59.35	70.17	87.00	78.22	78.89
Paper, 10 lbs. foolscap	ream	90.11	95.56	109.54	115.40	120.82	117.39	119.83	120.74	142.26	173.00	173.13	173.39
Cycle tyre, imported (Master Service)	dozen	783.88	736.85	1140.61	1473.69	1722.05	2027.50	1968.79	2294.51	2594.00	2529.00	2815.04	2609.52
Cycle tubes (Deshi)	dozen	268.26	262.20	256.93	257.03	345.01	413.78	443.23	358.39	836.00	880.00	1442.40	821.28
Longcloth (medium quality)	40 yards	429.00	502.00	549.00	645.00	727.00	712.07	748.94	737.45	810.53	819.31	763.72	838.74
	Metric Units												
Masur	kg	14.19	16.99	14.96	15.66	14.80	15.67	18.75	20.09	20.23	22.03	24.10	24.42
Khesari	kg	9.39	8.62	7.97	11.24	8.94	6.59	11.04	9.50	10.98	15.05	14.19	11.46
Potatoes, local (best quality)	kg	4.19	3.85	2.95	4.59	4.64	3.81	5.17	4.20	6.08	6.58	4.43	4.42
Rohu fish (large cut pieces)	kg	25.81	27.82	29.44	34.16	39.17	51.11	63.53	91.22	59.18	68.13	65.83	67.15
Chicken eggs, fresh	hundred	91.20	101.00	107.00	121.69	144.46	177.93	182.33	183.36	215.00	225.00	230.45	242.13
Chillies, dry (superior quality)	kg	39.22	36.87	19.14	43.00	53.80	16.60	25.83	42.65	34.78	34.52	50.57	66.53
Turmeric (Haldi, best quality)	kg	17.03	17.77	20.68	49.49	58.76	38.61	25.67	26.09	33.57	34.29	33.80	43.04
Mustard oil, local (best quality)	kg	40.76	37.15	37.50	52.04	54.63	35.38	39.85	39.48	42.07	46.78	46.46	52.50
Ghee (cow)	kg	67.00	83.31	86.93	89.27	113.19	136.84	144.43	153.83	169.20	184.14	185.96	185.55
Coconut oil, imported (sup. quality)	kg	40.41	41.71	37.57	55.45	70.36	39.66	34.75	44.53	52.01	55.35	54.65	64.72
Vegetable oil (Pakvan)	kg	23.81	24.65	28.50	35.84	47.50	43.92	43.73	46.27	45.62	44.60	44.04	50.20
Tobacco leaf (Motihari, sup. quality)	kg	33.87	31.35	29.25	37.13	41.49	28.91	27.82	29.36	35.94	41.36	36.74	39.24
Betelnut (Tanti, whole, dry, sup. quality)	kg	45.78	44.81	36.33	45.94	67.24	54.62	45.31	42.21	39.06	50.63	74.40	68.75
Betel leaf (medium size)	thousand	45.53	61.85	74.76	72.12	85.12	82.76	84.11	127.78	185.00	225.31	118.31	173.00
Firewood, Gazari	metric ton	632.57	760.10	785.82	779.12	1060.24	1431.24	1531.45	1540.29	1635.00	1093.00	1380.75	1411.39
Kerosene, white	liter	4.56	6.64	7.71	7.46	7.51	7.48	7.16	7.26	7.26	7.26	11.76	13.37
Cigarettes (Capstan)	thousand	382.08	432.72	502.88	493.20	515.44	639.96	602.24	658.52	702.00	864.00	852.02	943.92
Matches (box of 40)	thousand	200.69	238.61	299.24	269.10	283.33	448.10	473.40	412.15	486.11	604.00	543.19	525.90
Paper, 10 lbs. foolscap	thousand	180.22	191.12	219.08	230.80	241.64	244.56	249.65	251.54	295.83	380.42	360.48	403.23
Cycle tyre, imported (Master Service)	each	65.32	61.40	95.05	122.81	143.50	168.96	164.07	161.21	216.17	210.75	209.67	217.46
Cycle tubes (Deshi)	each	22.36	21.85	21.41	21.42	28.83	34.48	36.94	29.87	69.67	73.33	120.20	68.44
Longcloth (medium quality)	meter	11.19	13.68	14.96	17.57	19.81	19.40	20.48	20.16	22.15	22.40	20.86	22.91

Note: All prices shown represent simple averages of weekly average prices during the fiscal year for the urban centers covered.

Source: Bangladesh Bureau of Statistics.

Table 9.5
WHOLESALE PRICE INDICES OF AGRICULTURAL AND INDUSTRIAL PRODUCTS
(1969/70 = 100)

	Weights, in % of total	1980/81	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92
DHAKA													
AGRICULTURAL PRODUCTS	67.87	535.83	605.80	616.30	751.78	929.00	933.00	1050.43	1148.25	1221.95	1329.41	1374.48	1429.17
Food	41.08	561.27	635.22	631.79	742.62	839.00	012.00	1072.20	1118.05	1196.22	1271.57	1307.52	1388.38
Raw materials	25.94	494.72	557.13	594.47	763.97	1069.00	952.00	1005.92	1184.38	1253.96	1410.60	1471.59	1484.32
Fuel	0.85	561.18	669.41	534.12	797.74	1092.00	1298.00	1358.63	1417.35	1488.24	1647.06	1647.10	1717.18
INDUSTRIAL PRODUCTS	32.13	594.09	652.60	728.01	780.95	857.00	011.00	930.50	969.56	1057.80	1134.92	1241.91	1348.44
Food	7.96	567.08	590.45	611.15	780.28	957.00	1038.00	1025.44	1111.60	1269.43	1378.77	1426.00	1499.94
Raw materials	6.38	503.29	517.24	587.54	683.87	726.00	769.00	801.80	809.95	901.88	954.23	975.24	985.82
Fuel and lighting	6.16	621.92	769.80	960.47	956.42	977.00	1020.00	1021.92	1043.74	1054.52	1068.51	1490.01	1660.59
Manufactures	11.63	647.64	707.31	762.02	733.85	796.00	843.00	888.08	920.59	999.51	1102.32	1130.35	1277.92
ALL PRODUCTS	100.00	554.55	620.84	652.20	760.96	906.00	926.00	1011.93	1090.84	1169.21	1266.92	1331.01	1403.24
CHITTAGONG													
AGRICULTURAL PRODUCTS	67.87	541.20	622.47	644.23	760.26	896.00	1004.00	1136.53	1146.81	1232.31	1340.22	1364.82	1390.81
Food	41.08	576.63	662.59	674.76	776.09	844.00	1023.00	1167.69	1156.47	1210.01	1314.81	1335.52	1372.31
Raw materials	25.94	485.43	528.10	593.68	738.67	677.00	967.00	1080.62	1126.81	1247.40	1374.71	1404.63	1412.51
Fuel	0.85	531.76	596.47	711.76	642.35	877.00	1210.00	1265.69	1287.45	1414.90	1530.59	1565.88	1510.42
INDUSTRIAL PRODUCTS	32.13	603.67	667.01	760.61	806.56	864.00	915.00	932.12	990.44	1057.58	1148.33	1315.90	1349.99
Food	7.96	596.10	633.54	676.00	841.83	954.00	1058.00	1112.24	1202.14	1286.06	1422.24	1564.95	1490.17
Raw materials	6.38	526.80	523.35	599.37	704.70	760.00	784.00	785.25	805.97	900.18	1045.92	1114.26	1101.63
Fuel and lighting	6.16	642.86	809.09	1017.05	1067.33	1083.00	1112.00	1085.04	1154.87	1155.51	1096.78	1554.15	1727.95
Manufactures	11.63	630.18	693.46	771.97	709.37	744.00	783.00	808.43	859.67	935.68	1044.37	1129.84	1157.20
ALL PRODUCTS	100.00	561.27	636.78	681.73	774.87	885.00	076.00	1070.25	1096.57	1178.17	1278.57	1349.10	1377.70
BANGLADESH													
AGRICULTURAL PRODUCTS	67.87	508.93	580.79	596.20	726.93	883.00	010.00	1023.29	1087.18	1174.59	1278.10	1297.24	1332.56
Food	41.08	545.40	623.95	633.35	725.02	817.00	911.00	1029.88	1073.04	1152.50	1231.28	1236.27	1285.04
Raw materials	25.94	449.42	508.48	533.96	729.51	969.00	818.00	1002.69	1096.93	1200.82	1338.55	1385.47	1399.67
Fuel	0.85	531.76	701.18	689.41	770.79	1013.00	1291.00	1327.65	1399.04	1442.38	1536.47	1549.41	1580.34
INDUSTRIAL PRODUCTS	32.13	603.02	667.44	740.83	788.23	854.00	904.00	915.10	964.32	1033.84	1118.43	1232.52	1302.01
Food	7.96	562.94	594.72	627.76	779.10	937.00	1014.90	1010.90	1103.27	1212.31	1326.88	1375.88	1411.63
Raw materials	6.38	529.78	513.79	582.44	697.18	722.00	736.00	753.15	774.72	881.03	978.88	1011.91	1028.69
Fuel and lighting	6.15	661.04	834.90	993.02	978.30	999.00	1039.00	1004.65	1054.95	1071.75	1063.31	1470.74	1620.63
Manufactures	11.63	644.63	712.21	771.37	747.00	794.00	848.00	892.02	924.78	974.70	1081.51	1129.23	1209.81
ALL PRODUCTS	100.00	540.99	608.63	642.67	746.86	875.00	014.00	988.54	1047.75	1129.37	1225.44	1276.45	1322.94
Annual Increase (%)		7.90	12.50	5.60	16.20	17.20	4.50	8.16	5.99	7.79	8.51	4.16	3.64

Note: The wholesale price indices (base 1969/70 = 100) are prepared for six urban centers in Bangladesh (Dhaka, Chittagong, Khulna, Rajshahi, Sylhet and Rangpur) and cover 44 individual items. Weights are assigned in proportion to the gross value of production for each item in the base year 1969/70. The national index represents the unweighted average of the indices for the six urban centers.

Source: Bangladesh Bureau of Statistics.

Table 9.6
PUBLIC FOODGRAIN RATION QUOTAS AND ISSUE AND SALES PRICES
[Tk/maund] [Maund = 37.326 kg]

	Rice		Wheat		Adult Cereal Quotas (seers/week) [seer = 2.057 lbs.]			
Effective Date	Wholesale Issue	Retail Sale	Wholesale Issue	Retail Sale	Total	Rice	Wheat	Rice/ Wheat Ratio
Nov. 1, 1965 /a	25.40	26.40	17.62	18.80				
Jan. 1, 1970	29.62	30.80	19.62	20.80				
Jan. 11, 1971	29.00	30.00						
Jan. 15, 1973	28.82							
March 19, 1973					3.00	0.75	2.25	0.33
July 1, 1973	38.82	40.00	28.82	30.00				
Sep. 3, 1973	38.00		28.00					
May 27, 1974	58.00	60.00	48.00	50.00				
February 24, 1975					2.50	0.50	2.00	0.25
September 6, 1975					2.50	1.50	1.00	1.50
Dec. 20, 1975	68.00	70.00	53.20	55.00				
Feb. 7, 1976	87.00	90.00	67.00	70.00				
August 31, 1976					3.00	2.00	1.00	2.00
October 10, 1976					4.00	2.50	1.50	1.67
March 5, 1977					3.00	2.00	1.00	2.00
December 3, 1977					3.00	1.50	1.50	1.00
Dec. 31, 1977	97.00	100.00	77.00	80.00				
May 19, 1979	117.00	120.00	37.00	90.00				
May 3, 1 980	137.00	140.00	107.00	110.00	3.00	1.00	2.00	0.50
Nov. 13, 1980	136.00	140.00	106.00	110.00				
January 3, 1981					2.50	0.75	1.75	0.43
Apr. 11, 1981 /b	151.20	155.20	112.00	116.00				
Dec. 12, 1981 /c	171.00	175.00	120.00	124.00	2.00	0.50	1.50	0.33
July 3, 1982 /d	191.00	195.00	130.00	134.00				
July 13, 1983 /h					2.00	0.50	1.50	0.33
Jan. 3, 1983 /e	209.00	215.00	139.00	145.00				
Dec. 31, 1984 /f	262.00	268.00	167.00	172.80				
Dec. 1, 1985	269.60	275.00	175.00	181.00				
June 15, 1986	283.00	289.00	186.00	192.00				
Dec. 29, 1986 /g					1.50	0.00	1.50	
Aug. 3, 1987	288.80	294.80	191.80	197.80				
Jan. 4, 1988	313.00	319.00	197.80	203.70				
June 6, 1988	313.80	324.60	204.80	210.80				
July 17, 1989	344.40	350.40	221.80	227.80				
Feb. 26, 1990	349.80	355.80	225.00	231.00				
July 12, 1990	367.30	373.27	236.66	242.63	1.50	0.50	1.00	0.50
Feb. 25, 1991	367.30	373.27	236.66	242.63	1.5	0	1.5	
May 10, 1992	423.29	429.26	255.32	261.29	1.5	0	1.5	

/a For wheat since April 15,1981.

/b Since April 11, 1981, ex-godown/ex-mill issue prices payable by ration dealers have been differentiated slightly in accordance with the distance of the dealers' shop from the nearest MOF warehouse or the mill, while retail prices have been maintained at uniform level throughout the statutary rationong areas. As of Jan.3 1983, the actual issue prices vary by up to TK.0.5 per maund for rice paddy and wheat.

/c For wheat, effective December 12,1981 the issue price for wheat sold to flour mills and large employers was set at Tk. 129/maund.

/d For wheat, effective July 3,1982 the issue price for wheat sold to flour mills and large employers was set at Tk. 139/maund.

/e For wheat, effective Jan.3,1982 the issue price for wheat sold to flour mills and large employers was set at Tk.150 /maund.

/f For wheat, effective April 1,1985.

/g Applicable for statutory rationing areas.

/h Effective on July 18, 1983, ration quotas are set in kilograms.

Notes: The wholesale issue price is the ex-godown/ex-mill price charged to ration dealers(and includes the cost of gunnies), while the retail sales price is the price charged to ration card holders buying their permissible quota at ration shops. The difference between wholesale issue price and retail sales price, thus, represents the official margin for the ration shop dealers.

Source: Ministry of Food

Table 6.7
DAILY WAGES FOR UNSKILLED LABOR /a
(Tk/day)

	1979/80	1980/81	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92
AGRICULTURE [WITHOUT FOOD]													
current	12.46	13.97	15.46	17.05	18.56	24.29	29.53	32.92	32.30	31.39	::	::	::
1973/74 prices /b	6.20	6.53	5.01	6.18	6.23	6.88	8.00	7.76	7.06	6.51	::	::	::
Index, 1973/74 = 100	93	98	89	92	94	103	120	116	106	98	::	::	::
FISHERY													
current	16.34	18.34	21.56	21.46	19.80	22.51	25.42	31.27	::	::	::	::	::
1973/74 prices /b	7.63	8.57	8.23	7.73	6.35	6.38	6.80	7.38	::	::	::	::	::
Index, 1973/74 = 100	112	126	121	114	93	94	101	109	::	::	::	::	::
SMALL SCALE RURAL INDUSTRY /d													
current	11.94	13.90	15.59	16.38	24.25	28.86	31.45	39.50	40.19	43.69	50.17	52.59	54.52
1973/74 prices /b	5.94	6.50	5.95	6.90	7.77	8.18	8.52	9.32	8.81	9.20	9.95	9.54	0.34
Index, 1973/74 = 100	118	129	118	117	154	162	169	185	175	183	197	189	185
COTTON TEXTILE WORKERS													
current	14.77	16.90	17.97	19.88	21.63	24.04	28.68	32.17	35.67	38.95	43.71	46.04	48.04
1973/74 prices /c	7.54	7.97	7.33	7.90	7.62	7.54	8.17	8.12	8.45	8.64	8.90	8.9	8.90
Index, 1973/74 = 100	136	144	132	141	138	136	148	147	153	156	162	161	161
JUTE TEXTILE WORKERS													
current	13.36	16.49	17.57	19.35	20.22	20.81	28.29	32.71	33.10	39.12	43.9	45.78	47.96
1973/74 prices /c	6.82	7.78	7.17	7.59	7.12	6.52	8.06	8.26	7.84	9.68	9.04	8.85	8.89
Index, 1973/74 = 100	90	103	95	100	94	86	107	109	104	115	120	117	118
MATCH INDUSTRY WORKERS													
current	12.58	13.80	16.40	18.82	20.12	20.57	22.01	24.36	30.53	35.59	40.75	44.88	48.69
1973/74 prices /c	6.42	6.51	6.69	7.38	7.08	6.45	6.27	6.15	7.23	7.89	8.4	8.66	9.02
Index, 1973/74 = 100	101	102	105	119	111	101	99	97	114	124	132	137	142
ENGINEERING INDUSTRY WORKERS													
current	13.33	15.39	18.22	20.33	22.78	26.00	36.43	34.40	30.64	38.69	48.12	53.54	58.71
1973/74 prices /c	6.90	7.26	7.44	7.97	8.02	8.15	10.38	8.69	7.26	8.58	9.91	10.35	10.88
Index, 1973/74 = 100	109	116	119	127	128	130	166	139	116	137	158	165	174
VEGETABLE OIL INDUSTRY WORKERS													
current	12.39	13.72	15.40	16.05	16.47	18.14	20.93	23.43	26.30	30.69	36.18	39.33	43.52
1973/74 prices /c	6.32	6.47	6.29	6.29	5.80	5.69	5.96	6.92	6.23	6.81	7.44	7.61	8.06
Index, 1973/74 = 100	114	117	114	114	105	103	108	107	118	123	135	138	146
CONSTRUCTION WORKERS													
current	17.21	18.29	21.74	23.30	24.56	26.36	33.32	38.98	45.24	50.84	52.35	52.53	53.05
1973/74 prices /c	8.78	9.16	9.87	9.14	8.65	8.26	9.49	9.84	10.72	11.27	10.77	10.19	9.83
Index, 1973/74 = 100	124	129	125	129	122	117	134	139	151	159	152	144	139

/a Based on average wage rates for Dhaka, Chittagong, Rajshahi and Khulna Divisions.
/b Deflated by rural consumer price index.
/c Deflated by the average of the consumer price indices for industrial workers in Chittagong, Khulna and Narayanganj.
/d Refers to skilled workers.
::= Not available

Table 9.8
WAGE DIFFERENTIALS

	1978/79	1979/80	1980/81	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92
UNSKILLED INDUSTRIAL WORKERS : UNSKILLED AGRICULTURAL WORKERS														
Agriculture	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	n.a	n.a	n.a
Fishing	0.91	1.23	1.31	1.39	1.26	1.01	0.93	0.88	0.95	n.a.	n.a.	n.a	n.a	n.a
S.S. Industry	0.88	0.96	0.99	1.01	0.96	1.24	1.19	1.07	1.20	1.24	1.39	n.a	n.a	n.a
Cotton Textile	1.09	1.10	1.21	1.16	1.17	1.10	0.99	0.97	0.98	1.10	1.24	n.a	n.a	n.a
Jute Textile	0.99	1.07	1.18	1.14	1.13	1.03	0.86	0.96	0.99	1.02	1.25	n.a	n.a	n.a
Matches	0.93	1.01	0.99	1.06	1.10	1.03	0.85	0.75	0.74	0.95	1.13	n.a	n.a	n.a
Engineering	9.90	1.07	1.10	1.18	1.19	1.16	1.07	1.23	1.04	0.95	1.23	n.a	n.a	n.a
Vegetable Oil	0.91	0.98	0.98	0.99	0.94	0.84	0.75	0.71	0.71	9.81	0.98	n.a	n.a	n.a
Construction	1.26	1.38	1.38	1.40	1.37	1.25	1.09	1.13	1.18	1.40	1.62	n.a	n.a	n.a
SKILLED WORKER : UNSKILLED WORKER														
INDUSTRY														
Cotton textiles	1.28	1.27	1.31	1.35	1.33	1.37	1.31	1.40	1.56	1.42	1.36	1.31	1.27	1.27
Jute textile	1.35	1.27	1.20	1.24	1.29	1.37	1.31	1.36	1.47	1.52	1.33	1.28	1.27	1.27
Matches	1.26	1.22	1.23	1.34	1.44	1.36	1.35	1.39	1.43	1.39	1.32	1.33	1.29	1.30
Engineering	1.81	1.87	1.80	1.83	1.80	1.66	1.56	1.37	1.68	1.79	1.97	1.36	1.40	1.38
Vegetable oils	1.24	1.26	1.26	1.20	1.26	1.44	1.46	1.45	1.52	1.58	1.44	1.38	1.32	1.27
CONSTRUCTION	1.98	1.94	1.98	1.98	2.04	2.04	1.98	1.90	1.97	2.05	1.95	1.90	1.92	1.94
AGRICULTURE	1.18	1.17	1.17	1.23	1.30	1.44	1.40	1.61	1.50	n.a.	n.a.	n.a.	n.a.	n.a.
FISHERY	1.34	1.30	1.26	1.28	1.31	1.62	1.64	1.69	1.98	n.a.	n.a.	n.a.	n.a.	n.a.

Source: Bangladesh Bureau of Statistics.

Table 9.9

AGRICULTURAL WAGE RATES

(Tk/day, without food)

Division/District	1980/81	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89
Rajshahi	12.23	13.88	14.82	16.70	21.67	26.22	27.00	25.87	24.03
Dinajpur	10.50	11.83	14.00	14.33	22.50	25.00	27.91	27.15	23.86
Rangpur	14.80	15.17	14.33	16.83	24.00	26.25	24.33	22.49	20.85
Bogra	10.00	12.08	15.00	15.00	18.33	25.00	25.83	25.35	24.64
Rajshahi	14.00	16.67	14.92	14.42	18.00	24.83	27.75	26.47	25.48
Pabna	11.83	14.67	15.83	17.92	25.00	30.00	29.16	27.90	25.54
Khulna	13.57	13.93	14.73	18.37	22.47	28.04	28.67	28.86	28.67
Kushtia	11.17	10.92	11.58	18.67	18.17	28.33	21.25	23.84	25.16
Jessore	12.50	12.92	18.58	16.58	19.50	24.16	32.50	28.74	25.92
Khulna	15.00	15.17	16.58	15.58	22.00	30.00	29.58	28.48	29.39
Barisal	16.42	15.83	16.00	18.00	23.75	27.72	32.50	32.51	33.72
Patuakhali	13.75	14.83	16.92	22.00	27.92	30.00	27.50	30.71	29.17
Dhaka	13.80	15.11	16.58	19.27	21.88	27.45	30.67	30.60	30.52
Mymensingh /a	11.87	14.17	14.71	17.38	20.98	28.96	30.96	30.91	29.81
(Mymensingh)	12.50	13.50	15.00	18.75	20.67	33.33	30.25	30.52	29.81
(Kishoreganj)	11.33	14.83	14.42	16.00	21.25	24.58	31.66	31.29	-
Tangail	14.50	15.00	15.00	21.33	25.00	27.33	29.00	29.81	29.34
Dhaka	16.25	21.25	23.50	25.75	25.00	29.09	32.42	32.63	35.41
Faridpur	12.58	14.08	16.00	14.50	16.50	22.91	30.00	29.03	28.01
Chittagong	16.43	18.60	22.08	24.98	31.88	36.43	41.79	40.61	42.35
Sylhet	15.00	15.42	20.00	23.92	29.50	30.16	34.58	34.79	35.98
Comilla	16.00	17.08	18.75	25.42	30.08	32.27	35.42	30.70	30.70
Noakhali	16.42	19.42	22.75	24.75	33.33	37.50	40.42	37.24	45.72
Chittagong	18.50	20.25	24.25	21.25	33.83	42.08	48.75	52.17	55.43
Chittagong Hill Tracts	17.25	20.83	24.75	29.58	31.67	40.16	44.44	47.84	43.8
Country Average	14.01	15.38	17.05	18.58	24.45	29.53	32.92	32.30	31.39

REAL WAGE RATES

(Tk/day, without food, 1973/74 prices)

Division/District	1980/81	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89
Rajshahi	5.83	6.34	6.39	6.25	6.25	7.11	6.37	5.67	4.99
Dinajpur	5.17	4.73	6.07	4.70	6.11	6.78	6.58	6.96	4.95
Rangpur	6.93	6.07	6.19	6.52	6.52	7.11	6.74	4.83	4.28
Bogra	4.57	4.52	6.47	5.06	6.89	6.78	6.09	5.56	5.11
Rajshahi	7.09	5.87	6.44	4.89	6.59	6.73	6.54	5.80	5.29
Pabna	5.40	6.49	6.77	6.07	7.36	6.13	6.86	6.12	5.30
Khulna	6.95	5.62	6.66	6.47	7.02	7.60	6.76	6.33	5.96
Kushtia	5.47	4.81	4.45	6.57	6.99	7.68	6.01	5.23	5.22
Jessore	6.13	5.13	9.22	6.84	6.09	5.55	7.67	6.30	6.38
Khulna	7.36	6.02	5.89	5.49	6.88	8.13	6.96	6.25	6.10
Barisal	7.58	6.28	5.16	6.99	7.42	7.51	7.67	7.13	7.00
Patuakhali	6.74	5.88	3.61	7.76	8.73	6.13	6.49	5.73	5.05
Dhaka	5.48	6.12	6.07	6.37	5.12	7.44	7.23	5.71	6.38
Mymensingh /a	5.73	5.17	5.32	6.95	5.61	7.85	7.30	6.78	6.08
Tangail	5.65	5.75	5.32	6.77	7.02	7.41	6.84	6.54	6.09
Dhaka	7.45	8.14	8.33	8.17	7.02	7.88	7.65	7.16	7.36
Faridpur	5.00	5.40	5.32	4.60	4.63	5.21	7.08	5.37	5.81
Chittagong	7.44	6.81	7.67	7.46	8.70	9.87	9.86	8.88	8.79
Sylhet	6.69	6.81	6.80	7.27	8.33	3.17	9.16	7.63	7.46
Comilla	6.89	6.36	6.46	7.73	8.50	3.75	8.36	6.73	5.37
Noakhali	7.33	9.80	7.84	7.52	9.42	10.15	9.53	9.17	9.49
Chittagong	8.52	7.64	9.48	6.18	8.90	11.40	11.50	11.44	11.50
Chittagong Hill Tracts	7.95	7.85	8.65	8.60	8.33	10.88	10.48	10.45	9.11
Country Average	6.53	6.90	6.13	6.34	6.93	8.00	7.76	7.08	6.61

/a Including Jamalpur.

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Note: National, division, and district figures shown are unweighted averages of wage rates in constituent administrative units.

Source: Bangladesh Bureau of Statistics.