HALF-YEARLY ASSESSMENT OF BANGLADESH ECONOMY: TRENDS AND CHALLENGES

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1. INTRODUCTION

The Unnayan Onneshan (UO), an independent multidisciplinary think tank, in its half yearly assessment of the economy for FY 2015-16, reveals that the exhibiting trends of sluggish private investment, declining growth in revenue collection, and underperformance in external sector set inertia on the growth in gross domestic product (GDP) for FY 2015-16.

The Unnayan Onneshan (UO), an independent multidisciplinary think tank, in its half yearly assessment of the economy for FY 2015-16, reveals that the exhibiting trends of sluggish private investment, declining growth in revenue collection, and underperformance in external sector set inertia on the growth in gross domestic product (GDP) for FY 2015-16.Considering the historical trend of the growth rate in GDP and assuming the same business scenario, the UO cautions that the rate of growth in FY 2014-15 is likely to fall below the target of 7 percent set in the annual budget.

Ambitious fiscal targets, both from income and expenditure sides, set for FY 2014-15 did not materialise at the end of the fiscal year, although the government has been struggling to boost up its revenue earning. Several issues like narrow tax base, concentrated tax sources and tax evasion as well as tax avoidance are causing the collection of revenue to fall below the target. The current status of revenue collection, however, implies that the target that was set in annual budget might be not achieved at the end of FY 2015-16. The allocation of Annual Development Program (ADP) has been continuously increasing over the last twenty years, whereas implementation has been consistently falling short of targets.

External sector is undergoing an unsatisfactory performance due mainly to recent decrease in the surplus in current account, which may threaten to exert pressure on country's balance of payments. In the first quarter of FY 2014-15, the economy experienced deficit in current account balance due to increase in import, decrease in export and foreign aid disbursement, although an increase in portfolio investment keeps the overall balance positive.

In addition to unsatisfactory trend in these major macroeconomic indicators, improvement in three basic dimensions of development – long and healthy life, access to knowledge, and decent standard of living – has not been evident of late in the country compared to that in other developing nations, as reflected in Human Development Report 2015. As a result, income inequality together with inequality in access to health and education, multidimensional poverty, and joblessness particularly among the youth is likely to undermine the development achieved by the county.

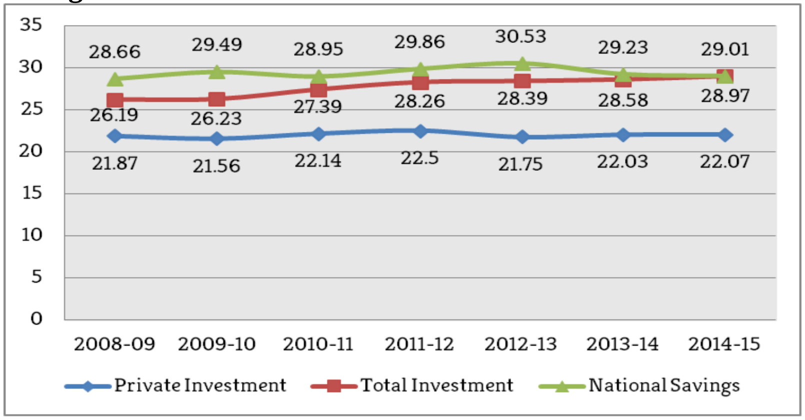
2. SAVINGS AND INVESTMENT

In an economy, savings and investment provide the most important economic link between the past, the present, and the future. An adequate rate of national savings is essential to achieving higher investment and consequently higher economic growth. Of late, the rate of growth in GDP has been constrained as investment especially the private investment has not been increasing at a satisfactory rate.

As regards stagnant private investment, the think tank shows that private investment as percentage of GDP increased by only 0.27 percent on average since FY 2008-09. Private investment stood 21.87, 21.56, 22.14, 22.50, 21.75, 22.03, and 22.07 percent of GDP in FY 2008-09, 2009-10, 2010-11, 2011-12, 2012-13, 2013-14, and 2014-15 respectively.

Taking account of the increasing amount of illicit financial flow from Bangladesh (USD 5409 5921, 7225, and 9666 million in 2010, 2011, 2012, and 2013 respectively), it is warned that national savings, which have been declining since FY 2012-13 (30.53 percent in FY 2012-13, 29.23 percent in FY 2013-14 and 29.01 percent in FY 2014-15) may further decline in current fiscal year, and the targets of increasing private investment to 24 percent and public investment to 7.8 percent are unlikely to be achieved. Along the trend of savings and investment since FY 2007-08, the national savings might be 30 percent and 30.2 percent of GDP in FY 2015-16 and FY 2016-17 respectively and total investment might be 28.80 and 29 percent of GDP in 2015-16 and FY 2016-17 respectively.

Figure 1: Private investment, total investment and national savings



Source: Ministry of Finance, 2015a

3. MOBILISATION OF REVENUE

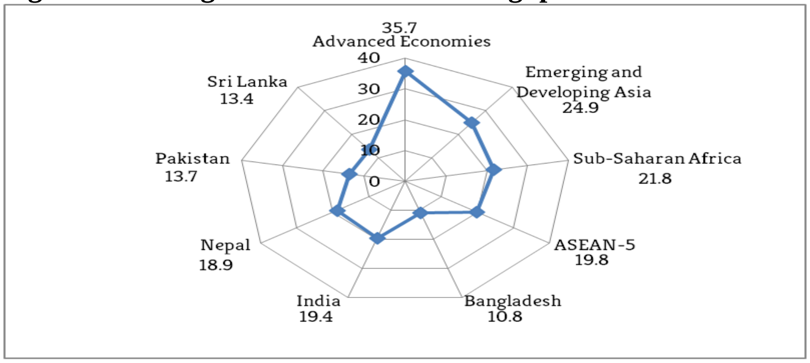
The gap between expenditure and revenue has been increasing on a year-to-year basis. The revenue collection does not live up to the expectation. As a result, the government cannot finance all of the expenditures and has to borrow from both external and domestic sources to finance the expenditure, causing non-development expenditure to increase and thus development expenditure to decrease.

From the historical trend, it is seen that the target and actual collection of revenue do not match. Revenue scenario is generally reflected by the tax–GDP ratio, tax base, and the success or failure of the revenue collection.

From the historical trend, it is seen that the target and actual collection of revenue do not match. Revenue scenario is generally reflected by the tax–GDP ratio, tax base, and the success or failure of the revenue collection. Lower revenue collection-induced failure at achieving the targets of revenue collection therefore shrinks the ability of the government to channel adequate resources to expand productive capacity and to allocate sufficiently for social sector and infrastructure.

Tax–GDP ratio of a country shows the financial capability of the government to finance its expenditure. Low tax–GDP ratio implies stringent financial constraint for the government which shrunken the capital expenditure. The tax-GDP ratio is very low with about 12 percent of the GDP in Bangladesh, but keeps improving at a slow pace. The average revenue mobilisation as percentage of GDP during the last four years stood at 11.57 percent in Bangladesh compared to 19.4 percent in India, 18.9 percent in Nepal, 13.7 percent in Pakistan, and 13.4 percent in Sri Lanka. Low per capita income, corruption and inefficiency in tax management system keep the tax collection low and unsatisfactory. To increase the contribution of tax in GDP the collection of tax must be accelerated through proper management in tax collection and tax policy reform.

Figure 2: Average total revenue as % of gdp for 2010-14



Source: Ministry of Finance, 2015b

The rate of growth in revenue mobilisation has been on the decline since FY 2011-12. Actual mobilisation of total revenue grew by 23.3 percent in FY 2011-12, whereas the rate of growth decline in the subsequent years and stood at 11.8 percent, 9.4 percent and 3.98 percent in FY 2012-13, FY 2013-14 and FY 2014-15 respectively.

The rate of growth in revenue mobilisation has been on the decline since FY 2011-12

According to the latest statistics, total collection of revenue during the first five months (July – November) of the FY 2015-16 has stood at Tk. 544.08 billion against the total target of Tk. 2084.43 billion, shows the UO.

The rate of growth in collection of total tax revenue decreased by 3.8 percentage points during the period of July-September of FY 2015-16 compared to the corresponding period of FY 2014-15. In July-September of 2015-16, the rate of growth in total tax revenue has become 10.3 percent whereas the rate was 14.1 percent during the same period of the previous fiscal year.

Table 1: Revenue collection: target, actual, and growth (in billion tk.)

	FY2009-10	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15
Revenue Target as Per Original Budget	794.6	928.5	1183.9	1396.7	1674.6	1829.5
Revenue Target as per Revised Budget	794.8	951.9	1148.9	1396.7	1566.7	1633.7
Actual Mobilisation	759.1	929.9	1146.8	1282.6	1403.7	1459.6
Growth (%)	17.6	22.5	23.3	11.8	9.4	3.98

Source: Ministry of Finance, 2015a; National Board of Revenue, 2015

From FY 2007-08 to 2011-12, the NBR revenue collection surpassed the targets, but from FY 2008-09, non-NBR revenue started to fall short of the target, although it was above the target in previous years. Total tax collection has started to fall below the target since 2012-13. In case of collection of NBR and non-NBR taxes, the actual collections were Tk. 120819.8 crore and Tk. 4612 crore in FY 2012-13 against the target of Tk. 125000 crore and Tk.5178 crore. Moreover, in FY 2012-13 both NBR and non-NBR have failed to satisfy the target of revenue collection with total shortage of Tk. 40777.5 crore. The rate of growth in collection of NBR-Tax decreased by 4.9 percentage points during the period of July-September of FY 2015-16 compared to the corresponding period of FY 2014-15. In July-September of 2015-16, the rate of growth in NBR-Tax has become 9.6 percent whereas the rate was 14.5 percent during the same period of the previous fiscal year.

Taking account of the unsatisfactory performance in collection of income tax which is proposed to be the largest source of revenue and critical to the total revenue mobilisation, it is evinced that the rate of growth in collection of income tax decreased by 4.6 percentage points during the period of July-September of FY 2015-16 compared to the corresponding period of FY 2014-15. In July-September of 2015-16, the rate of growth in income tax has become 10.8 percent whereas the rate was 15.4 percent during the same period of the previous fiscal year.

The rate of growth in collection of Value Added Tax (VAT) decreased by 3.4 percentage points during the period of July-September of FY 2015-16 compared to the corresponding period of FY 2014-15. In July-September of 2015-16, the rate of growth in collection of VAT has become 9.4 percent whereas the rate was 12.8 percent during the same period of the previous fiscal year.

As regards the total non-NBR tax, it is found that the rate of growth in collection of non-NBR tax increased by 16.6 percentage points during the period of July-September of FY 2015-16 compared to the corresponding period of FY 2014-15.

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4. EXPENDITURE: DEVELOPMENT AND NON-DEVELOPMENT

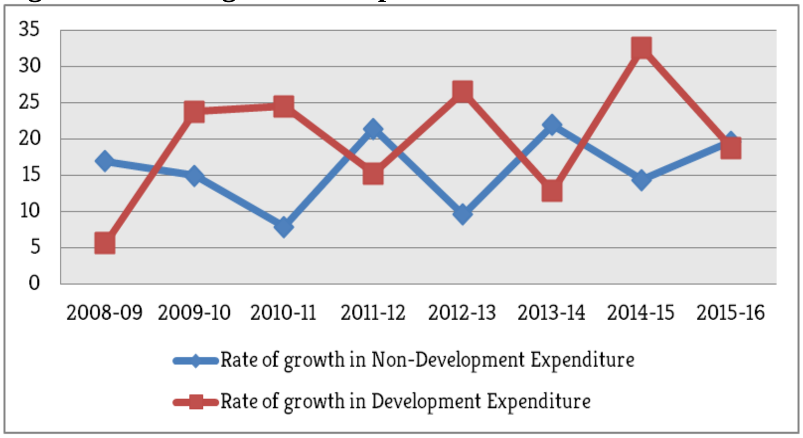
In FY 2015-16, a budget of Tk. 295100 crore has been proposed setting the target of growth in GDP at 7.0 percent. The target of revenue collection has been set at Tk. 208433 crore of which NBR tax revenue is Tk. 176370 crore, non-NBR tax revenue is Tk. 5874 crore, and non-tax revenue is Tk. 26199 crore. The amount of non-development expenditure has been proposed at Tk. 184559 crore, whereas the development expenditure has been set at Tk. 102559 crore of which Tk. 97000 crore has been allocated for Annual Development Programme (ADP) which is six percent of GDP. The overall budget deficit has been estimated at Tk. 86657 crore, which is five percent of GDP. In financing the deficit, Tk. 24334 crore will be collected from foreign sources, whereas Tk. 56523 crore will be collected from domestic sources. As far as the domestic sources of financing deficit are concerned, Tk. 38523 crore will be collected from the banking system and Tk. 18000 crore will be collected from savings certificates and other nonbanking sources. Dependence of government on the banking system in financing the deficit may, however, cause private investment to fall further and inflationary pressure to rise in the current fiscal year.

Both development and non development expenditure are increasing in terms of absolute amount, but the growth rate in non-development expenditure is higher than that of development expenditure. The allocation for non-development expenditure increased by 23.46 percent from actual Tk. 121,008 crore in FY 2013-14 to revised Tk. 149,399 crore in FY 2014-15 and further increased by 23.53 percent from the revised allocation in FY 2014-15 to the budgeted Tk. 184,599 crore in FY 2015-16. In contrast, allocation for development expenditure assumes a decelerated increasing trend of late. Development expenditure increased by 36.05 percent from actual 59,151 crore in FY 2013-14 to revised 80,476 crore in FY 2014-15, and then increased by 27.44 percent from the revised allocation in FY 2014- 15 to the budgeted Tk. 102,559 crore in FY 2015-16.

The rate of growth in non-development expenditure has increased to 20.39 percent in FY 2013-14 from 10.56 percent in FY 2012-13, the rate of growth in development expenditure has decreased to 8.33 percent in FY 2013-14 from 31.73 percent in FY 2012-13. The non development expenditure is much higher than the development expenditure. In 2012-13 and 2013-14, the non development budget were 12.1 percent and 13.2 percent of total GDP, where the ADP was only 4.7 percent and 5.1 percent respectively during the same time periods. In FY 2014-15, the allocation for the non development expenditure and ADP expenditure is 12.7 percent and only 6.3 percent of the total GDP respectively. Increasing allocation for non-development expenditure due to financing the deficit does not allow the government to allocate adequately for development expenditure resulting in barrier to the expansion of productive capacity in the economy.

Every year, the government sets a highly ambitious ADP target which is unrealistic in view of low implementation capacity.

Figure 3: Rate of growth in expenditure



Source: Ministry of Finance, 2015a

Every year, the government sets a highly ambitious ADP target which is unrealistic in view of low implementation capacity. ADP allocation has been increasing continuously over the last twenty years (except FY 2008-09), but implementation has been consistently falling short of target, causing the economy to undergo decelerations in recent years. Moreover, it is observed that the rate of increase in ADP implementation has been decreasing. Public investment has not been successful to create multiplier effect in the economy because of institutional inefficiency which results in poor quality of investment.

Against the target of Tk. 97000 crore as ADP expenditure in FY 2015-16, only 17 percent (Tk. 16320.62 crore) of the total allocation was implemented during the first five months (July – November) of the current fiscal year, whereas implementation of ADP during the corresponding period of the preceding fiscal year was 20 percent. In FY 2012-13, 96 percent of total ADP was spent, whereas it stood at 94 percent in FY 2013-14, implying 2 percentage points decrease in ADP implementation. Allocation for ADP in the current fiscal year (FY 2014-15) is Tk. 80315 crore, 33.85 percent higher than that of the revised ADP of the last fiscal year (FY 2013-14).

ADP implementation in October 2014 was Tk. 11250.82 crore (13%) which is 8.52 percent higher than that of the corresponding month of FY 2013-14. ADP implementation up to October of the current fiscal was higher than in any of the last five fiscal years. Among the ministries/divisions, ministry of primary and mass education implemented highest amount of ADP allocation (23percent) and ministry of housing and public works implemented the lowest (4 percent). Furthermore, the average implementation as percentage of revised ADP was 91.12 percent during FY 2009-10 - FY 2012-13, whereas it was 90.23 percent during FY 2000-01 - FY 2005-06. In 2013-14, 94 percent of total ADP was implemented. An estimate based on past data reveals that total implementation as percentage of proposed ADP might reach 94.27 percent by the end of FY 2013-14.

Table 2: ADP implementation status

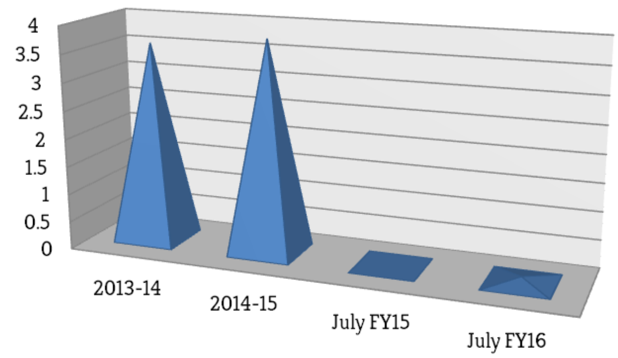
Year	Allocation (in crore)	Expenditure (in crore)	Implementation (in %)
2004-05	20500	18771	91.6 percent
2005-06	21500	19473	91 percent
2006-07	21600	17917	83 percent
2007-08	22500	18850	83.8 percent
2008-09	23000	19688	85.5 percent
2009-10	28500	25917	91 percent
2010-11	35880	32854	92 percent
2011-12	41080	38020	93 percent
2012-13	52366	50035	96 percent
2013-14	60000	56913.45	95 percent
2014-15	75000	68531.67	91 percent
2015-16	97000	16320.62 (until November'15)	17 percent

Source: Ministry of Planning, 2015

5. BUDGET DEFICIT AND ITS COST

The gap between total expenditure and total revenue is getting bigger over the years due to low collection of revenue, causing fiscal deficit-induced macroeconomic underperformance and higher non-development expenditure. Overall budget deficit including grants at the end of FY15 stood at 3.8 percent of GDP (Base year 2005-06), which was 3.6 percent in FY14. Overall budget balance including grants during July of FY 16 records a surplus of BDT 2298 crore against a surplus of BDT 246 crore of the same period of previous fiscal year. The three fiscal targets related to revenue earning, revenue expenditure and budget deficit thus has not been achieved and the government had to revise these by a significant margin.

Figure 4: Debt-GDP ratio



	2013-14	2014-15	July FY15	July FY16
Budget Deficit as % of GDP	3.6	3.8	0	0.1

Source: Ministry of Finance, 2015c

Domestic borrowing from the banking system declined to BDT 375 crore in FY15 from BDT 18168 crore in FY 14. On the other hand, borrowing from the non-bank sources increased to BDT 50711 crore from 19974 crore within the same period.

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Table 3: Total domestic and foreign borrowing

Year	Net borrowing of the Govt. from the banking system	Net non-bank borrowing of the Govt. from the public	Total domestic financing	Total Foreign Borrowing
2009-10	-4376.00	12256.14	7880.14	10218
2010-11	19384.10	3012.93	22397.03	7470
2011-12	18875.00	2327.38	21202.38	9714.35
2012-13	17873.00	2887.71	20760.71	15080.19
2013-14	18168.4	19967.4	41485	11939.3
2014-15	375	50711	51086	6608

Source: Ministry of Finance, 2015a

Total budget financing of the government in July-September, 2015 was higher and stood at Tk.377.56 billion against Tk.333.42 billion of July-September, 2014. Financing from domestic sources stood higher at Tk.132.07 billion in July-September, 2015 compared to Tk.111.06 billion of July-September, 2014. Net foreign financing stood higher at Tk.245.50 billion during the period under review compared to the preceding fiscal. Net Govt. borrowing from the banking system stood at Tk.69.90 billion, while Govt. borrowing from the non-banking sources stood lower at Tk.62.16 billion in July-September, 2015 compared to July- September, 2014. Total budget financing in the first quarter of FY16 stood at 1.97 percent of projected GDP against 4.70 percent (overall deficit, including grants) as envisaged in the national budget of FY16.

Table 4: Payment of interest on government borrowing

	Actual 2013	Budget FY 14	Revised Budget FY 14	Actual FY 14	Budget FY 15	Actual FY 15
Interest Payment	24273.8	27743.2	26540.5	28205.5	31042.6	30955
Domestic	22503.5	26003.2	24854.2	26601.1	29304.5	29418
Foreign	1770.3	1740	1686.3	1604.4	1738.1	1537

Source: Ministry of Finance, 2015a

As regards the higher interest payment due to deficit financing induced government borrowing from both domestic and foreign sources, it is shown that total interest payment increased by 11.18 percent during July'15 compared to July'14 whereas it decreased by 30.83 percent during July'14 compared to July'13. Higher interest payment is considered to result in the increase in total non-development expenditure every year causing the government to become unable to allocate adequately for development expenditure in the country.

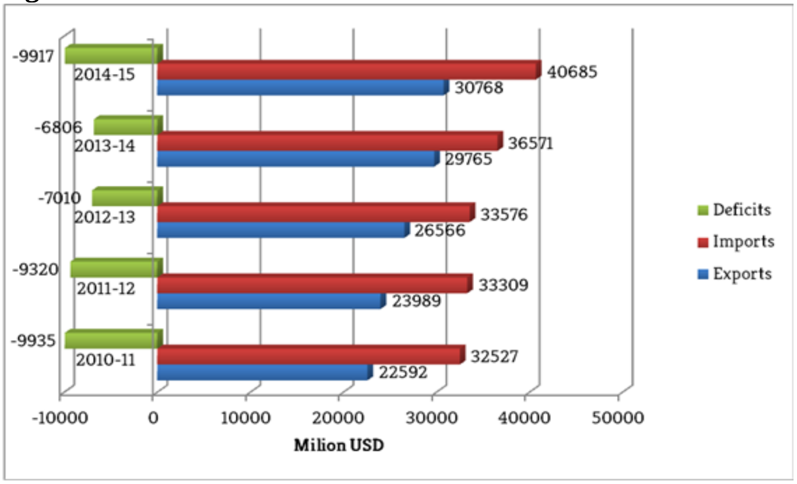
A deceleration in the growth of export earnings coupled with declining growth in the export of readymade garments has been observed of late signaling a state of economic exigencies.

6. EXPORT EARNINGS

A deceleration in the growth of export earnings coupled with declining growth in the export of readymade garments has been observed of late signaling a state of economic exigencies. External sector is undergoing this unsatisfactory performance due mainly to recent decrease in the surplus in current account, which may threaten to exert pressure on country's balance of payments.

The country has been experiencing a negative balance of trade, importing more goods than export. During July-October period of the FY 2015-16, trade deficit has stood at USD 1980 million. The deficit in trade balance stood at USD 9917 million in FY 2014-15, whereas the deficit was USD 6794 million in FY 2013-14. Trade balance slightly decreased to USD 6806 million in FY 2013-14 from USD 7010 million in FY 2012-13 and from USD 9310 million in FY 2011-12.

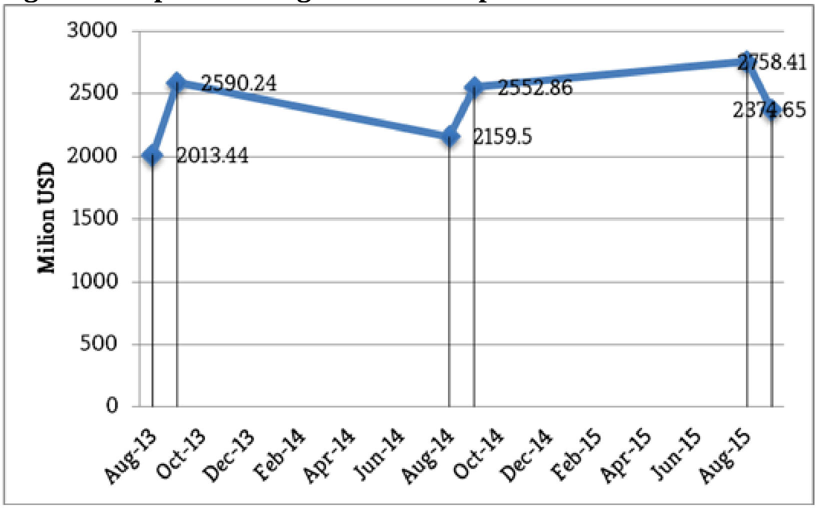
Figure 5: Trends in trade balance



Source: Bangladesh Bank, 2015

Export earnings declined by 0.13 percent in October 2015 compared to the preceding month (September 2015) and by 13.91 percent in September 2015 compared to the preceding month (August 2015). However, export earnings increased by 4.95 percent in July-October of 2015 compared to the corresponding period of the preceding year and stood at USD 10130.49 million, although export receipts fell short of the strategic target for July-October 2015 by 3.73 percent. However, export earnings showed a negative rate of growth in the first month of FY 2014-15 which was positive in same period in previous year 2013-14 for especially decreasing export in the non-traditional markets. In July'2014 Export earnings decreases to USD 2982.74 million from USD 3024.29 in FY2013-14 million represent a decrease in growth rate to -1.37 percent from 23.99 percent that is 25.36 percentage point decrease. Moreover, export earning is increasing from FY 2010-11 to FY 2013-14. In FY 2009-10, export earnings were USD 16204.7 million. In FY 2012-13, export earnings were USD 27027 million which stand to USD 30186.6 million in FY 2013-14. The consequences of global economic recession, political crisis in North Africa and the Middle East exacerbated the situation of the import expenditure and the export earnings in Bangladesh in FY 2011-12.

Figure 6: Export earnings over recent periods



Source: Bangladesh Bank, 2015

Category-wise breakdown of exports shows that during July, 2014 exports of knitwear, frozen food and chemical products experienced positive growth compared to the same period of the previous year. On the other hand, exports of woven garments, jute goods (excluding carpet), agricultural products, engine and electric goods, leather and raw jute experienced a negative growth in July compared to the same period of the previous year.

Table 5: Commodity-wise breakdown of export earnings

Particulars	July-September 2015	July-September 2014	Changes during July-September 2015 over July-September 2014	
			In absolute amount	In percentage
Raw Jute	52.54	23.19	29.35	126.56
Jute Goods	154.02	174.23	-20.21	-11.60
Tea	0.46	0.78	-0.32	-41.03
Frozen Food	120.07	190.8	-70.73	-37.07
Leather	70.73	109.29	-38.56	-35.28
Woven Garments	3189.12	2962.71	226.41	7.64
Knitwear	3250.11	3270.46	-20.35	-0.62
Chemical Products	25.73	25.54	0.19	0.74
Agricultural Products	43.67	82.51	-38.84	-47.07
Engine and Electric Goods	130.98	83.48	47.5	56.90
Others	721.56	772.11	-50.55	-6.55
Total	7758.99	7695.1	63.89	0.83

Source: Bangladesh Bank, 2015

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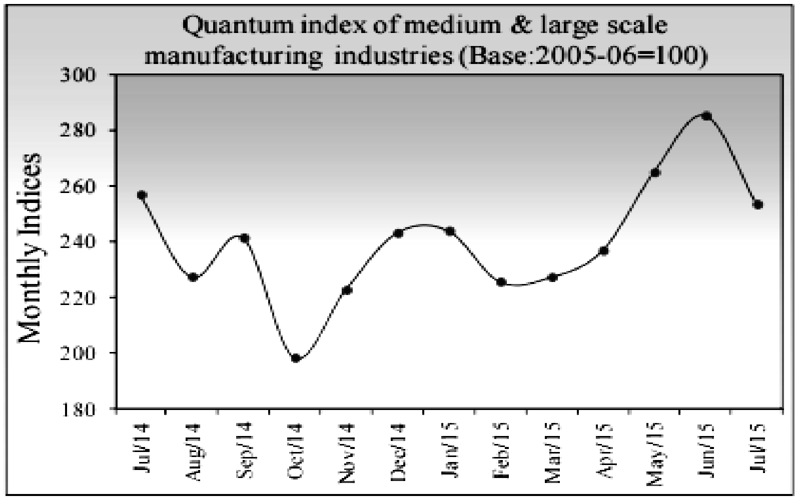
7. QUANTUM INDEX OF MEDIUM AND LARGE SCALE MANUFACTURING INDUSTRIES

Political unrest, lack of adequate energy and power, insufficient source of fund can be held responsible behind the decelerating growth rate in QIP for medium to large scale manufacturing in recent years.

The Quantum Index of Production (QIP) which is used for measuring the production performance of the manufacturing industries shows that for medium to large scale industries, the QIP increased to 228.43 in 2000-01 from 141.80 in 1992-93, whereas the index stood at 157.89 and then reached 205.45 in FY2010-11 and FY 2013-14 respectively. Recent trend of QIP shows that QIP for medium to large scale is increasing at a decreasing rate. In 2010-11 the growth rate in QIP was 16.95 percent, which decreased to 10.79 in FY 2011-12 percent and slightly increased to 11.59 in 2012-13 percent, but in FY 2013-14 drastically decreased to 5.26 percent. Political unrest, lack of adequate energy and power, insufficient source of fund can be held responsible behind the decelerating growth rate in QIP for medium to large scale manufacturing in recent years.

Based on the Quantum Index of Medium and Large Scale Manufacturing Industry, the UO referring to unsatisfactory performance of manufacturing industry demonstrates that the general average index of industrial (medium and large scale manufacturing) production stands lower at 253.67 in July 2015 resulting in a decrease of 1.31 percent compared to that of July 2014.

Figure 7: The quantum index of manufacturing industries



Source: Bangladesh Bank, 2015

8. CONCLUSIONS

Taking account of the present economic challenges, adoption of employment enhancement strategies, higher revenue collection through expanding the tax base, institutional reform in financial sector, increased private investment through recovering business confidence, effective harmonisation of macroeconomic policies, and development of a functional social security system should immediately be considered in order to rise to the challenges.

The aggregate demand has to be boosted up through the harmonisation of public and private investment. The policy of addressing structural issues rather than cyclical constraints could work better here.

In addition, the aggregate demand has to be boosted up through the harmonisation of public and private investment. The policy of addressing structural issues rather than cyclical constraints could work better here. The fiscal policy needs to take a radical shift in the composition of the fiscal deficit from consumption to addressing supply-side bottlenecks through public investment in infrastructure. The increased public infrastructure investment will result in fiscal multipliers and crowd in private investment, unlike the current public consumption based fiscal deficit, which has been crowding out private investment demand. Output and employment gains may progressively move upward as private spending will not be crowded out, either by the upward pressure on interest rates arising from government credit demands or by the fears of eventual monetary accommodation and heightened inflation expectations which may accompany persistent deficits.

There is no alternative to increased revenue mobilisation to improve the fiscal balance of the country. First, the thrust of the tax reforms has to shift from the ad hoc basis to a structural one, comprising the principles of instituting progressive tax structure, avoidance of tax evasion and strengthening institutional capacity. For growth to continue the economy requires increased public expenditure in physical and socio-economic infrastructure. This is particularly required to have a structural shift from agriculture to industry and to service. Moreover, there is a need for an active fiscal policy with subsidies diverted towards the productive capacity and capability enhancing sectors.

Like the fiscal policy, the monetary policy of the country has to be harmonised to ensure a high investment ratio. Even if the central bank is assured that monetary pressure is causing the prices to go up, the central bank has to demonstrate its prudence by not resorting to across the board contraction of money supply rather choose a differential system to maintain the level of investment.

There is no alternative to increased revenue mobilisation to improve the fiscal balance of the country.

Table 6: Synopses of Challenges, Trends and Way Forward

Challenges	Trends	Way Forward
Unsatisfactory Investment	Stagnation in savings and investment Decline in private investment	Expansion in investment in physical and social infrastructure rather than contraction
Short-sightedness in Fiscal Management	Low revenue collection Increasing public debt	Expansion in net and areas of income tax such as property and wealth taxes Reduction in consumption expenditure
Unfounded Adoption of Contractionary Monetary Policies	Falling private sector credit growth Crowding out of private investment High inflationary pressure	Creative policy regime through the harmonisation of fiscal and monetary policies
Disarrays in Real Sector	Falling growth in agriculture Declining growth in manufacture Frequent unreasonable hike in power tariff	Increased investment in research and development and agricultural credit growth Increased incentives for setting up of manufacturing units Increased public investment in infrastructure
Weak Performance in External Sector	Decelerating growth of export Decrease in the import of capital machineries Falling growth of remittance Irregularity in the inflows of FDI	Diversification of exportable commodities instead of concentration in readymade garments Provision of infrastructural facilities End of the current political uncertainties
High Unemployment and Lower Decline in Poverty	Increasing number of educated unemployed Possibility of current demographic dividend being missed Decelerated decline in the incidence of poverty	Increased incentives for expansion of productive capacity Adoption of employment enhancing pro-poor growth strategy

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