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Consequences and Causes of Inflation: A Study In the Context of Bangladesh

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In Asia, Bangladesh is one of the hardest hit by the current wave of inflation and oil price hike. The economy has been observing double digit inflation growth on point-to-point basis since July 2007. In Bangladesh, the correlation between per capita income and food weight in total Consumer Price Index (CPI) is one of the highest in the world and the economy is vulnerable to sharp hikes in fuel and non-fuel commodity prices. The BDT-US$ exchange rate has been depreciating steadily for some time, reaching a record high of BDT 72.70 per USD in January 2011, which has direct impact on food inflation that Bangladesh is currently experiencing. An International Monetary Fund (IMF) study shows food prices on headline inflation has been a staggering 55.9 percent in Asia in 2007, whereas the figure was 34.1 percent in the 2000-06 period. The researchers highlight that a further depreciation of the BDT could lead to additional cost push inflation for Bangladesh. This article attempts to investigate causes and consequences of inflation on the economy of Bangladesh. This paper also reviews the past record of the inflation and makes a forecast on the possible movement of inflation. Researchers have found that recent global food price, oil price due to unrest in middle east as well as high bargaining power of political middle man in our Bangladesh are mainly responsible for food inflation. At the end on the paper the researchers forward some strategic points (like strengthen of trading corporation, strict control of Bangladesh bank during import, breaking down of syndicate etc) that might be useful to reduce inflation.

1. Introduction

Rising rate of inflation has become a serious concern in Bangladesh in recent years. The prices of essential commodities have gone up, and so is the cost of living. The country's vast multitude of poor and unemployed people is having a difficult time surviving. According to the estimates by the BBS, the inflation rate, on a point-to-point basis, in June stood at a 10 year high of 9.20 per cent. The corresponding food inflation rate was 9.82 per cent, and BBS reported that inflation on a point-to-point basis in urban areas was 10.71 per cent (Bangladesh Economic Update, 2011). The inflation rate in Bangladesh was last reported at 11.3 percent in August 2011. From the beginning of the year 2011, inflation has continued rising and has crossed the double-digit mark. Inflation continues its upward trend even after crossing the mark. The rate of inflation is higher in the food sector than in the non-food sector. Despite that, the non-food sector is not lagging behind in the rate of increase. From the figure I in appendix it is clear that within the span of one year, inflation in the sector increased by seven times. Side by side with the prices of food items, house rent, transport cost, and expenditure on

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clothing and shoes have also increased (Matin, 2011). As a result, the people are passing their days amid hardship, spending additional money on a static income.

The objective of this paper is to generate analysis and discussion on some key issues of the Bangladesh inflation, identify major challenges and suggest policy recommendations. In doing so, selected macroeconomic indicators such as GDP growth, external trade, money, food situation, foreign aid, exchange rate, and remittance and foreign exchange reserve have been critically reviewed. Objectives of the study are listed below:

1. Summarize the inflation scenario in Bangladesh.
2. Understand the causes of inflation in the Bangladesh Economy.
3. Understand the consequences of inflation in the Bangladesh Economy.
4. To find applicable strategies to cope with Inflation in Bangladesh.

To conduct this study the researchers have not followed any mathematical model to check relation between inflation and long run economic indicators. The rationale behind this study is to focus on recent causes of inflation in light of the global crises and try to find out the consequences and applicable strategies to overcome it. Previous findings in developing countries tried to find out the relationship between inflation and other macro economic factors with the basis of complex mathematical models. Our paper tries to focus on some basic causes and consequences related to inflation that might help government find out possible strategies encounter that. We focus on role of importing by government, recent food production scenario, oil prices and crisis in Middle East due to Arab spring as well as role of syndication. Even though it is simple rather than emphasizing on complex model, we hope it will draw a holistic picture of inflation in Bangladesh.

Section 2 of this paper summarized the previous studies and it provides a hypothesis. Section 3 provides an idea about methodology of the study, section 4.1 provides a brief idea about inflation scenario in Bangladesh, 4.2 explores the causes of inflation and 4.3 explain the consequences on the economy, lastly section 5 explains possible recommendation with strategies as well as conclusion.

2. Literature Review

The relationship between inflation and growth remains a controversial one in both theory and empirical findings. Originating in the Latin American context in the 1950s, the issue has generated an enduring debate between *structuralists* and *monetarists*. The structuralists believe that inflation is essential for economic growth, whereas the monetarists see inflation as detrimental to economic progress. There are two aspects to this debate: (a) the nature of the relationship if one exists and (b) the direction of causality. Friedman (1973) succinctly summarized the inconclusive nature of the relationship between inflation and economic growth as follows:

“Historically, all possible combinations have occurred: inflation with and without development, no inflation with and without development”.

Earlier work (Tun Wai, 1959) failed to establish any meaningful relationship between inflation and economic growth. A more recent work by Paul, Kearney and Chowdhury

(1997) involving 70 countries (of which 48 are developing economies) for the period 1960-1989 found no causal relationship between inflation and economic growth in 40 per cent of the countries; they reported bidirectional causality in about 20 per cent of countries and a unidirectional (either inflation to growth or vice versa) relationship in the rest. More interestingly, the relationship was found to be positive in some cases, but negative in others. Recent cross-country studies of Fischer (1993), Barro (1996) and Bruno and Easterly (1998) show that inflation affecting economic growth negatively include. Fischer (1993) and Barro (1996) found a very small negative impact of inflation on growth. Yet Fischer (1993) concluded "however weak the evidence, one strong conclusion can be drawn: inflation is not good for longer-term growth". Barro (1996) also preferred price stability because he believed it to be good for economic growth.

Bruno and Easterly's (1998) work is interesting for noting that the ratio of people who believe inflation is harmful to economic growth to tangible evidence is unusually high. Their investigation confirms the observation of Dornbusch (1993), Dornbusch and Reynoso (1989), Levine and Renelt (1992) and Levine and Zervos (1993) that the inflation-economic growth relationship is influenced by countries with extreme values (either very high or very low inflation). Thus, Bruno and Easterly (1998) examined only cases of discrete high-inflation (40 per cent and above) crises and found a robust empirical result that growth falls sharply during high-inflation crises, then recovers rapidly and strongly after inflation falls.

Although many cross-sectional studies have been carried out to establish the exact relationship between growth and inflation, very few studies have been conducted for Bangladesh. Malik and Chowdhury (2001) examined the inflation-growth relationship for four South Asian countries (Bangladesh, India, Pakistan and Sri Lanka) for the period 1974–97. They found a positive relation between inflation and growth rates with no structural break for the four countries. On the other hand, Burdekin et al. (2000), and Judson and Orphanides (1999) have estimated a non-linear relationship and discovered structural breaks for many developing countries including Bangladesh. These varied findings, therefore, deserve further investigation for policy implications. Besides, it is argued that an individual country study should provide more reliable estimates than cross-country studies as country-specific relevant variables can be controlled properly and homogeneity can also be maintained. Different demand and supply responses for policy changes in different countries might result in different economic outcomes and provide misleading results under cross-sectional data. Temple (2000) pointed out that in cross-country studies comprising relatively dissimilar developing countries, inflationary impacts might differ and therefore, extrapolation requires more caution. He further argued, citing findings of several studies that the detection and significance of some relationships change when cross-section instead of annual panel data is used or if the time-horizon is altered. Bangladesh is under pressure from the international lending agencies (IMF, the World Bank and ADB) to reduce its inflation rates in order to boost economic growth.

Two recent works (Bruno and Easterly, 1998 and Paul, Kearney and Chowdhury, 1997) do not shed much light on what is the right approach. Their findings appear counter-intuitive as the four South Asian countries share a very similar economic structure and until very recently have followed (and are still following) roughly similar economic policies (e.g., a relatively large public sector, a nationalized financial sector and five-year plans though with varying emphasis). It is possible that the counter-intuitive results of Paul, Kearney and Chowdhury (1997) are due to methodological deficiencies. For example, Paul, Kearney and Chowdhury (1997) used the Dickey-Fuller (DF) and

augmented Dickey-Fuller (ADF) tests. The ADF tests are unable to differentiate well between non-stationary and stationary series with a high degree of autocorrelation (West, 1988) and are sensitive to structural breaks (Culver and Papell, 1997). Paul, Kearney and Chowdhury (1997) also did not include any error correction model to check the existence of any long-run relationship. The Error Correction Model (ECM) test is essential to see whether an economy is converging towards equilibrium in the long run or not. The ECM also shows short-run dynamics.

Although the relationships among inflation, output growth, inflation uncertainty and output uncertainty have been investigated extensively in the empirical literature for developed countries (e.g., Grier and Perry 1998; Davis and Kanago, 2000; Fountas et al. 2006; Fountas and Karanasos 2007)2, a lesser work is done for economies in transition. Few exceptions are Gillman and Nakov (2004), Dibooglu and Kutan (2005), Gillman and Harris (2008), Mladenovic (2007), Thornton (2007), Erkam and Cavusoglu (2008), and Susjan and Redek (2008). Gillman and Nakov (2004) examined the relationship between inflation and output growth in Hungary and Poland, and found that inflation affects growth negatively in both countries. Gillman and Harris (2008) also found a robust negative effect of inflation on growth in a panel of 13 transition countries. Dibooglu and Kutan (2005) studied the sources of inflation and output movements in Poland and Hungary, and found that monetary shocks affect output in Hungary, while supply shocks dominate output movements in Poland.

Mladenovic (2007) examined the relationship between inflation and inflation uncertainty in Serbia, and concluded that high inflation invokes high uncertainty, while high uncertainty negatively affects average level of inflation in the long run. Thornton (2007) studied the inflation and inflation uncertainty relationship for 12 emerging economies including Hungary, and found that there is positive bidirectional causality between inflation and inflation uncertainty in the case of Hungary. Erkam and Cavusoglu (2008) investigated the linkage between inflation and inflation uncertainty in seven former Soviet Union countries. They found that inflation rate increases uncertainty in three countries (Azerbaijan, Russia, and Ukraine) while uncertainty increases average inflation in Kyrgyzstan and Russia, but reduces it in Azerbaijan. Finally, Susjan and Redek (2008) provide strong evidence on negative effect of transition specific uncertainties on economic growth for a panel of 22 transition countries. We will focus on macroeconomic factors (transportation cost, oil price, food production, political stability etc) that might cause inflation.

3. Study Methods

This article is mainly based on secondary information. Hakim (2000) suggested combining secondary data from various sources to increase the validity of the information. The research design has been conducted by secondary data method to analyze inflation pattern of Bangladesh. Secondary data have been collected mainly from journals, books and previous studies. Suitable data have been extracted, organized, analyzed, illustrated and interpreted in the report with proper reasoning, analytical judgment, clarification and explanation. So we don’t need the sample size. Research has been conducted on the basis of 2000-2011 inflation data frame in the context of Bangladesh. The reasons to choose data between this time frame is to analyze inflation in recent context especially in the light of global scenario after 9/11 attack. After 2001, world politics and food production scenario are moving in new dimension. Recent Arab spring is also contributing reshaping the world scenario and politics. Researchers do not follow any particular model to analyze, because our aim is

not to build any relationship. Researchers participatory observed the current world and Bangladesh scenario as well as analyze secondary data sources to find out the reasoning.

The research has been presented in written form in this article to interpret the information gathered and convey the research findings. The article has been made by popular reporting in order to facilitate the readers in better understanding of the report. No technical terms have been used in the study. However, researchers do not find any holistic study relevant to this filed that can help government to implement policy in next decade. This qualitative study is improved study in the light of recent world scenario and it will give a clear direction for next era.

4. Results and Discussions

4.1 Findings of Objective I

Inflation Scenario in Bangladesh

Experience of high inflation is not new in Bangladesh. The country experienced a significant rise in the inflation rate in the recent past. The table I and accompanying graph (figure II) in appendix summarize the inflation scenario of Bangladesh for the last decade.

In Bangladesh the average inflation (general) in FY 2000 was 1.94% while it is found 9.76% in FY 2011. But during these years changes in inflation did not follow any monotonic pattern. Bangladesh faces a tougher challenge in bringing down burgeoning inflation. The latest Bangladesh Bureau of Statistics (BBS) data shows that inflation had increased to 11.97 % (on point-to-point or monthly count) in September, the highest in 10 years. Food inflation, which was 12.7 per cent in August, had increased to 13.90 % in September while food inflation in urban areas had increased to 14.69 % in the same month from 12.94 % in August.

The rate of inflation is higher in the food sector than in the non-food sector. Despite that, the non-food sector is not lagging behind in the rate of increase. From the above figure, it is visible that within the span of one year, inflation in the sector increased by seven times. Side by side with the prices of food items, house rent, transport cost, and expenditure on clothing and shoes have also increased. As a result, the people are passing their days amid hardship. Additional money is going out of their pockets on a static income. The government in the budget for the current financial year had a plan to keep inflation at 7.5 per cent but it has cross the limit. Usually a rise in the food price always increases the prices of other goods. When expenditure increases on purchasing food items, the prices of other goods are also raised in a race with that. When the price of food increases, it also pushes up the house rent. Side by side with that, the prices of shoes and other goods will also be increased. As a result, the prices of non-food items will rise at an abnormal rate.

4.2 Findings of Objective 2

Reason/Causes of Inflation in Recent Context in Bangladesh

Both internal and external factors have contributed to the current inflation in Bangladesh. As Bangladesh is not self-sufficient in terms of food production, the country

depends on external markets for cereals (particularly wheat and rice), pulse, edible oil, milk-products and other essentials. In 2005-06, the country produced 31.45 million metric ton (MMT) food grain whereas it imported 2.56 MMT cereals. (Matin, 2011). Apart from these food items, Bangladesh sources petroleum products and metals from international markets (Shahiduzzaman, 2006). Though Bangladesh has a sizeable amount of natural gas, the country produces only 10 percent of its oil consumption. It depends on international markets for oil and other petroleum products (Matin, 2011).

Internally, despite the fact that food production in Bangladesh has increased substantially over the years, it hardly matches the demand, which remains steady largely owing to the country's growing population. In recent years, rice production in the country remains stagnant except for the *Boro* high yielding variety rice. (Matin, 2011) The production of wheat in Bangladesh has declined drastically over the years. Further, except for the *Boro*, the areas of rice cultivation have declined in recent years. The production of pulses and oilseeds has also declined significantly; however, vegetable production has shown an increasing trend. Crop failures due to erratic weather (abrupt behaviour of South Asian monsoon, wrath of El Niño and La Niña, damages caused by cyclones, etc.,) often create food shortages in Bangladesh. As the net domestic production of food is not sufficient to meet demand, the demand-supply gap of cereals, edible oil and other food items are imported from external markets (Bangladesh Economic Update, 2011).

The Bangladesh market mechanism is highly distorted. Matin (2011) argued that the gap between retail and wholesale market prices is substantial and it is widely believed that a group of traders control the markets through syndication (oligopoly-type market). In order to break the monopoly of the commodity traders and unscrupulous businessmen who are engaged in hoarding activities, the current government has taken some stern actions. However, some of its measures have proven to be countervailing and indeed instigated the price hike. The drive against the so-called unscrupulous business people has greatly handicapped the commodity imports. Consequently, there has been a supply side constraint in the food grain market. Moreover, a sharp depreciation of the BDT vis-à-vis the USD in recent years and the excess supply of money in the market are also believed to heighten the inflationary pressures (Matin, 2011).

A few factors have instigated the global commodity boom.

Firstly, the demand for primary commodities has increased tremendously from major emerging economies, notably from China (Unnayan Onneshan, 2011). Historically, no country has played bigger role than China in increasing the prices of primary commodities.

Secondly, petrol tanks are competing with human stomachs, as more and more staple foods and oil seeds are being channeled toward bio-fuel and bio-diesel production. The development of bio-fuel is not only increasing the prices of the agriculture inputs that are used for ethanol and bio-diesel, it also keeping pressures on other agriculture produces due to the substitution effects. Consequently, such developments have been costing higher food bill to net commodity importing countries (Unnayan Onneshan, 2011).

Thirdly, crop failures due to bad weather in some parts of the world have also caused the increase in cereals prices. Scientists believe that global warming is also playing a

part in changing the global weather patterns and the agricultural sector is closely linked to climate change.

Fourthly, oil price hike in recent years is widely blamed for supply disruptions in the Middle East and the Gulf of Mexico, geo-politics, rise in demand (notably from emerging markets), and slides in the USD, inter *alia*.

Fifthly, increasing transportation cost (due to oil price hike) is also playing a part in raising the prices of essential goods. The ban on exports of some essentials such as rice, wheat, lentil and onion by neighboring India has forced Bangladesh to procure these products from other parts of the world. The ocean freight rates for grains has increased more than hundred percent since 2005-06 (Unnayan Onneshan, 2011). The higher energy cost also increased the domestic distribution cost of commodities.

Apart from all these reasons, labor cost, information asymmetry, political unrest, dislocation in market structure due to anti corruption drives are responsible from recent price hike.

High interest rate is also responsible for price hike as production is increasing. Bangladesh government is borrowing from commercial banks excessively**.** Bangladesh's government borrowed about $700 million from commercial banks in July and August, the first two months of the new fiscal year, the central bank said on October 1st. It will put private sector in open competition with government. It will raise the interest rate as well as price level. Moreover government is heavily borrowing from central and central bank is forced to print money, which will also create inflation. Specially, Excess subsidy in quick rental power plant (energy sector) forces government toward budget deficit and mismanagement in overall economic coordination.

4.3 Findings of Objective 3

Macro Economic Effect in Bangladesh

The inflationary situation in Bangladesh is on the rising trend, especially since August 2009, primarily owing to the soaring increase in food prices. The food price hike has accelerated the general inflation rate in the country. If the food price level rises at an existing rate of 1.31 percent per month and if adequate anti inflationary measures are not taken, the overall general inflation might touch a 'double digit figure'. The current rate of rise in inflationary pressure suggests that the rate of general inflation might reach 10.71 percent by the end of this fiscal year and the food inflation may reach to 12.84 percent in June 2011 (Unnayan Onneshan, 2011).

Should there be double digit inflation, this would pose a severe threat to the macro-economic stability in the country. Bangladesh has already experienced a double-digit food inflation rate on point-to-point basis since July 2007. The soaring prices of essential commodities, especially, food prices could hurt the poor and worsen equity. Persistent high inflation may unleash forces that jeopardize macroeconomic stability and economic growth. Last year, the International Monetary Fund (IMF) also warned Bangladesh that excess liquidity and resurgent international commodity and food prices might push inflation to double-digit levels by year-end (The Daily Star, 30 October. 2009). We are now trying focus on issues for the consequences of inflation.

4.3.1 Food Inflation Raises Poverty and Inequality

Food inflation has a profound nexus with poverty and inequality. Food inflation hits the poor hardest since their purchasing power decreases due to the erosion in real income. From the economics theory, when the real wage decreases demand for labor increases. Therefore, the employment should rise since there is a tradeoff between inflation and unemployment. The result depends on whether the employment effect of inflation outweighs the real wage effect on poverty. But the Bangladesh empirical data indicates that the real wage effect on poverty outweighs the employment effect of inflation (Matin, 2011).

There exists a positive relationship between food inflation and poverty. As the food inflation increases, the additional number of people goes under the poverty line. The rising trend of food prices and unemployment make the problem even more complex. As the food prices are in the rising trend it may pave the way for more people to go under the poverty line while they were above the poverty line before the food price rises. In Bangladesh 40 percent of 160 million people live on less than one dollar a day. A rapid population growth, rising food prices and unemployment as well as the threat of climate change turns Bangladesh into a more food insecure state (Matin, 2011).

4.3.2 Affect on saving & Investment

Excess inflation has its negative impact on savings and investment. Impact on savings has its direct reflection in the area of investment. Investment, both domestic and foreign, is essential for Bangladesh and it is important for growth and economic development.

4.3.3 Affect on investors

An unfavorable and unpredictable movement of inflation often creates lack of confidence among the investors. Many potential investments face bleak prospect and avoid the game of facing risk and uncertainty.

i. Affect on bank & other financial intermediary

Inflation has its implications for the banking sector as well. Both for the banks and their customers inflation causes a reshuffle in the flow of activities. Rates of interest offered by the banks seem less attractive to the depositors. Bank lending has also a great role in the economy. In recent years there is an increasing trend of providing consumer credit by the banks. It will add to the demand side. But if its contribution to the supply side remains weak there will be a lack of balance and the banking industry will face challenge. Other saving lending channels also face the same consequences from supply side to handle their investment demand.

ii. Affect on money supply

The challenge of central bank is to balance between growth and inflation. High inflation always put central bank under pressure to take contractionary monetary policy that might reduce growth.

5. Findings of Objective 4

Applicable strategies to cope with Inflation

The empirical results obtained in this paper provide important policy implications for Bangladesh. Given the institutional arrangement, it appears that the monetary authority in Bangladesh is not independent of the fiscal authority and that it merely implements the decisions regarding credit expansion and monetization of budget deficit taken by the executive branch of the government. An implication of this is that the ultimate responsibility for the expansionary monetary policy in Bangladesh lies with the Government (Bangladesh Economic Update, 2011).

It appears that the monetary system in Bangladesh has a built in bias towards expansion of money supply. It is commonly acknowledged that inflation is hard to prevent in a country in which the government has direct and indirect authority to print money to finance a fiscal deficit. Inflation is harder to prevent if the government creates money not only to finance fiscal deficit but also to provide subsidized credit to both the private and public sectors. Here we explain some strategic point that might be useful to reduce inflation.

1. The policy makers have to keep a sharp eye on cost behavior in the relevant periods.
2. Cutting down indirect tax on commodities may help to reduce inflation pressures temporarily.
3. Bangladesh Bank can take over some responsibilities such as monitoring modalities of L/C (Letter of Credit) operation so that market forces determine the exchange rate in a process that remains free from speculative transactions.
4. Government can effectively use its legal power to break up the market syndication and thus improve competitiveness of the distribution network.
5. Bangladesh Bank can reduce the duration of loan given against L/C opened for importing essential consumer gods.
6. Government should pass “Consumer Rights Protection” than consumers will be able to seek legal protection against charging of irrational price of essentials by the sellers.
7. Commodity price also rice by Creating Artificial crisis, hoarding, obstructing goods transportation, taking money by cheating in the name of providing services. These illegal activities should be stopped as early as possible. Government should introduce commodity exchange market that can forecast future demand.
8. Increases supply of essential commodities (rice, wheat, and lentil) with no or least tariff and efficient intermediation.
9. Political parties should come out of the practice of mudslinging and blame shifting.
10. Information system should be improved in a way that reduced the information gap among different stakeholders of the country.
11. To strengthen local currency Government has to increase Remittance Inflow, Export & Production.
12. To strengthen the Trading Corporation of Bangladesh to control import prices of essential commodities.

6. Conclusion

The current inflation in Bangladesh could not be explained solely on the economic numbers and graphs as some non-economic factors (drive against corruption, market distortions, low business confidence, political uncertainties, etc.) have also contributed to the price hike. So, the concerned authorities should take into account all these factors when they formulate policies to check inflation. To maintain price stability, the government must work on both economic and non-economic factors that have instigated the ongoing inflation.

Going forward, we cannot say anything about where food inflation will stand. Supply shocks may be mitigated abroad; there may be good yields locally and abroad or bad weather may take its toll in areas not yet affected – as with food inflation in general, predictions are close to impossible. The researchers focus on the idea that, food security should be a major concern for the Bangladesh Government, and some efforts by the Central Bank and the Government in taking policy actions in agriculture, aimed at attaining food sufficiency.

The same, however, is not true for non-food inflation. First of all, we are to see power tariff hikes proposed by the Government starting from 2011. As per the plan, electricity prices will go up by 25% per year. Secondly, the crisis in the middle-east has made the world shaky about crude oil prices which are rising rapidly. Hence, non-food inflation, which has been slow, is likely to start creeping up soon. The BDT-US$ exchange rate has been depreciating steadily for some time now, reaching a record high of BDT 72.70 per USD in January 2011. This is also concerning for the nature of the food inflation that Bangladesh are currently experiencing. As a case study, the researchers can refer to Pakistan, where in early 2008 high global food and energy prices were worsened by large depreciation in the Pakistani rupee, thus increasing import bills. At that time, many Asian economies succeeded in mitigating such imported inflation through appreciating their currencies. The point here is that a further depreciation of the BDT could lead to additional cost push inflation for Bangladesh, as it had for Pakistan earlier. Finally the researchers conclude that in all probabilities inflation seems to be rising. It will depend on global food production and unrest in the Middle East.

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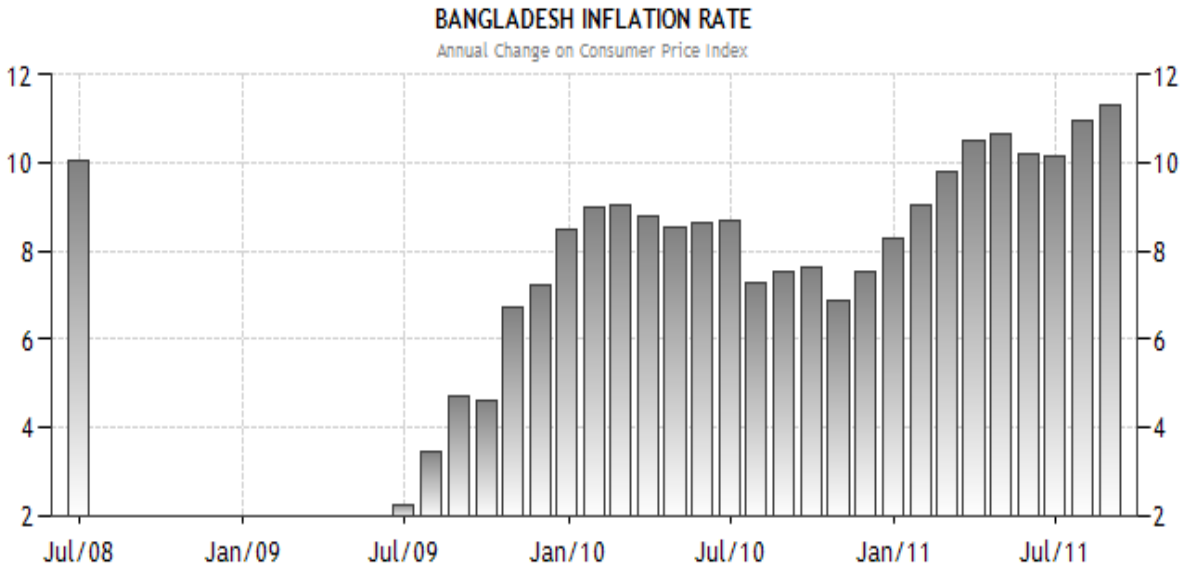
Appendix

Figure I



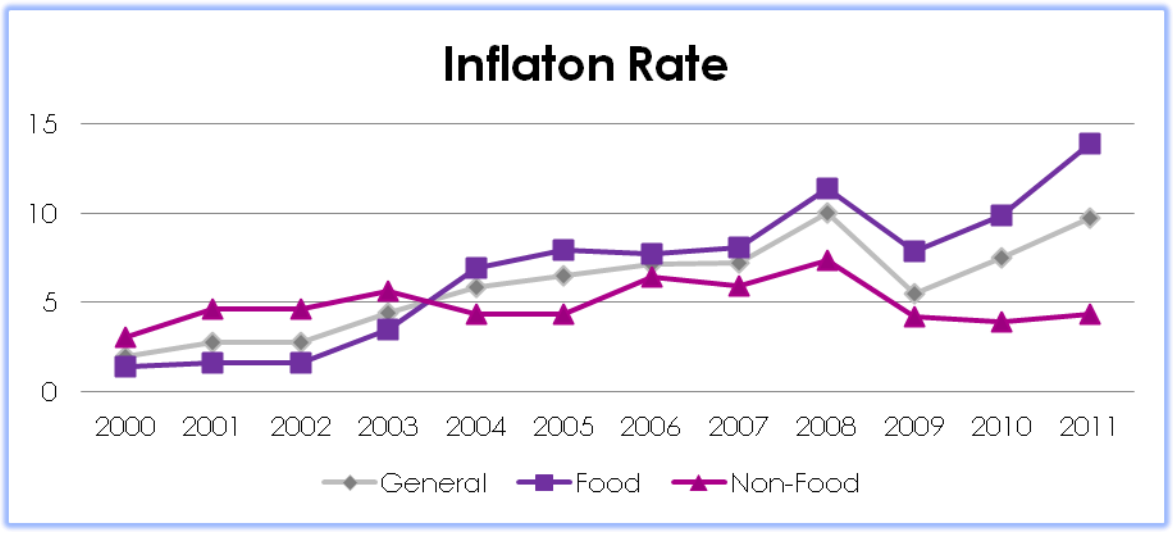
Source: Bangladesh Economic Update, 2011.

Table I: General, Food & Non-food Inflation Rate in Bangladesh During FY 2001 to FY2011

Year	General (%)		Food (%)	Non-food (%)
	Point to Point	Monthly Moving Average	Monthly Moving Average	Monthly Moving Average
2000	-	1.94	1.39	3.04
2001	-	2.79	1.63	4.61
2002	3.58	2.79	1.63	4.61
2003	5.03	4.38	3.46	5.66
2004	5.64	5.83	6.92	4.37
2005	7.35	6.48	7.91	4.33
2006	7.54	7.16	7.76	6.40
2007	9.20	7.20	8.11	5.90
2008	10.16	10.06	11.43	7.35
2009	4.60	5.51	7.9	4.2
2010	7.61	7.52	9.9	3.9
2011	11.97	9.76	13.90	4.32

Source: *Bangladesh Bureau of Statistics*

Figure II : Trend of Inflation (general, food, non-food) in Bangladesh



Source: Bangladesh Bureau of Statistics