Macroeconomic Performance of Bangladesh

A Brief Analysis of the Macroeconomic and Socioeconomic Performance Indicators of Bangladesh from Independence to Pandemic

2021

MACROECONOMIC PERFORMANCE OF BANGLADESH

A Brief Analysis of the Macroeconomic and Socioeconomic Performance Indicators of Bangladesh from Independence to Pandemic

A Course Requirement of Managerial Economics (E501)

Prepared for
Ms. Tasneema Afrin
Assistant Professor
Institute of Business Administration
University of Dhaka

Prepared by

Maliha Nusrat Arpa	|	**RQ-61**
Md Shahriar Islam	|	**ZH-68**
Nadia Afroze Disha	|	**RQ-74**
Nishat Tasnim Rumpa	|	**RQ-80**
Mubasshir Tahmid	|	**ZH-90**

Institute of Business Administration, University of Dhaka
May 11, 2021

May 11, 2021

Ms. Tasneema Afrin
Assistant Professor
Institute of Business Administration
University of Dhaka

Dear Miss:

Subject: Submission of Term Paper

We, group 3, would like to take this opportunity to present to you our first term paper titled **“Macroeconomic Performance of Bangladesh: A Brief Analysis of the Macroeconomic and Socioeconomic Performance Indicators of Bangladesh from Independence to Pandemic”** as part of the Managerial Economics (E501) course requirement. The main purpose of this paper was to delineate the transition of Bangladesh from independence to the COVID-19 pandemic with respect to its macroeconomic performance during this period.

The paper primarily focused on the performances of six macroeconomic and four socioeconomic indicators over the last ten years, while also making predictions about their future performance, identifying potential challenges on the way forward and suggesting ways of overcoming them to improve the overall economy of the country.

In the development of this paper, we have tried our level best to follow the guidelines you provided us with and to comply with your lofty standards. We sincerely hope that this paper meets your expectations.

Please note that this report has been prepared under your supervision. Under no circumstances will this report be produced for any other MBA (IBA) course ever. No part of this report will be shared or republished without your authorization.

Sincerely yours,

Maliha Nusrat Arpa	RQ-61	Arpa
Md Shahriar Islam	ZH-68	Shahriar
Nadia Afroze Disha	RQ-74	Disha
Nishat Tasnim Rumpa	RQ-80	Nishat Tasnim
Mubasshir Tahmid	ZH-90	Tahmid

Group 3
Section B
MBA 62D
Institute of Business Administration
University of Dhaka

Acknowledgement

Firstly, we would like to acknowledge the support of our course instructor, Ms. Tasneema Afrin, for her constant patience and helpful feedback in shaping the direction and tone of this term paper. Despite undergoing a surgery amid a global pandemic, Miss never lost momentum in delivering her lectures, holding regular assessment tests and assigning projects to us. Thanks to her brilliant designing of the course and high level of preparedness during every class, Zoom classes never seemed soulless. We hope the work we have produced in this paper delivers on her standards and expectations.

Next, we would like to express our gratitude to our classmates from MBA 62D and other fellow IBAites who were kind and patient enough to have helped us with their knowledge and understanding of the topic of the paper whenever we felt the need for help.

We also are thankful to each other in our group for going the extra mile while working on this paper. Completing a task just for the sake of it and committing oneself to the accomplishment of the goal of the task without compromising with its quality are two entirely different things; we are glad our group believes in the latter.

Last but not least, our sincere thanks goes to our family members, especially our parents, who provided us with every kind of support - from making Horlicks to staying up with us late at night – that we needed while working on the term paper during Ramadan.

Table of Contents

List of Figures

6.0 Appendices

List of Tables

2.1 Gross Domestic Product (GDP)

3.1 Inequality-adjusted Human Development Index (IHDI)

3.2 Gender Development Index (GDI)

6.0 Appendices

Executive Summary

The aim of this paper was to present the transition of Bangladesh from independence to the COVID-19 pandemic with respect to its macroeconomic performance during this period. The paper primarily focused on the performances of six macroeconomic indicators – Gross Domestic Product (GDP), GINI Coefficient, Inflation, Unemployment Rate, Foreign Direct Investment (FDI) and Balance of Trade (BoT) - and four socioeconomic indicators – Inequality-adjusted Human Development Index (IHDI), Gender Development Index (GDI), Ease of Doing Business and Economic and Environmental Vulnerability Index (EVI) - over the last ten years.

Gross Domestic Product (GDP) is the most popular and common macroeconomic indicator to analyze the economic performance of a country. Bangladesh's GDP (constant) was 24.96 billion dollars in 1971 and became 209.97 billion dollars in 2019; this growth is the result of continuous development in different sectors from agriculture, infrastructure to textiles, amid regular occurrences of natural disasters, political unrest, severe corruption, labor protests and industrial accidents. Despite this growth in GDP, a closer look at the country's GINI coefficient shows that income share held by the lowest 10% of the population decreased from 4.1% in 1983 to 3.7% in 2016 and income share held by the highest 10% of the population increased from 21.9% in 1983 to 26.8% in 2016. This indicates a massive inequality in the distribution of national income and wealth.

A brief review of the country's inflation revealed that Even though Bangladesh saw dramatic fluctuations in the rate in the past, in recent years it has remained stable and within the desired range. In FY 2019-20, the inflation rate stood at 5.65% (CPI). A related macroeconomic indicator, unemployment, reached the highest rate of 5% in the last 20 years before the pandemic hit. Though this number is lower than the world average, this is not the reflection of a great job sector because most of these employment opportunities were for low-skilled labors while university graduates are the worst sufferers of not having proper employment opportunities. Fortunately, over the last two decades, Bangladesh has observed significant growth in FDI. However, the increasing FDI is not up-to the mark as it is contributing less than 1% to the GDP. Also, the country has had a trade deficit right from the year of independence and with time, the deficit has only widened. In recent times, during the pandemic situation, the trade deficit has decreased 30.77% year-on-year to $4.7 billion in the first five months of the fiscal year 2020-21, but only due to the decrease in import of industrial elements.

As regards the socioeconomic performance of Bangladesh, while there is an upward trend in the values of IHDI over the last ten years, the overall loss in human development has hardly shown significant improvement. A brief analysis of the GDI values showed similar trends. However, Bangladesh is currently ranked 168 in the ease of doing business ranking which is an improvement from the previous year. Moreover, in terms of the EVI ranking, Bangladesh's current index is 25.2 which is well below the threshold of 32 points.

Needless to say, COVID-19 has deeply impacted the overall performance of most of these indicators. However, with the vaccination campaign in motion and the continuing operations of most of the industries amid the pandemic have helped the country gradually turn around and make up for the lost performance.

1.0 Introduction

1.1 Background of the Study

1971 was not a pretty year for Bangladesh and neither was 2020. For much of 1971, the country had to fight for its independence; as a result, over the following years, the economy of the nation was in a shambles. A vast archipelago of poverty and deprivation, Bangladesh was one of the poorest countries in South Asia, described as a "basket case" by the then-U.S. National Security Adviser Henry Kissinger. Today, as the country celebrates 50 years of independence, it has become a case study in economic development that few would have predicted. Once poorer than India and Pakistan, Bangladesh now has a GDP per capita that closely rivals that of India and significantly exceeds that of Pakistan. Besides being a leading global exporter of RMG, Bangladesh is thriving in terms of its pharmaceutical industry. 300 companies belonging to this industry, several of which conduct research, now meet 97% of domestic demand and are beginning to export globally (Basu, 2021). However, the COVID-19 pandemic presents an unforeseen challenge.

The first part of this paper includes its objectives, methodology, scopes and limitations. The second part briefly describes and analyses six macroeconomic indicators (GDP, Gini Coefficient, Inflation, Unemployment, FDI, Balance of Trade) and the third part four Socioeconomic indicators (IHDI, GDI, Ease of Doing Business and Economic Vulnerability Index). The final part of the paper presents conclusion summarizing the content of the paper.

1.2 Objectives

This paper has been developed with the following objectives in mind.

1.2.1 Broad Objective

In broad terms, the objective of this paper is to analyze the macroeconomic performance of Bangladesh by explaining various macroeconomic and socioeconomic performance indicators from independence to pandemic.

1.2.2 Specific Objectives

The specific objectives of this paper are –

- to briefly describe and analyze various macroeconomic performance indicators in the context of Bangladesh
- to briefly describe and analyze various socioeconomic performance indicators in the context of Bangladesh

- to identify where Bangladesh is doing good and where it needs improvement in terms of its macroeconomic performance
- to identify and describe the challenges faced by Bangladesh in its macroeconomic performance
- to make predictions as to the macroeconomic performance of Bangladesh in the upcoming years
- to identify potential challenges on the way forward as well as ways of overcoming those challenges

1.3 Methodology

Data collection method for this paper has been entirely secondary in nature. For data collection, exhaustive reviews of digitally available data, news and reports on the official websites of Bangladesh National Portal, Bangladesh Bureau of Statistics (BBS), the World Bank, United Nations Development Programme (UNDP), Asian Development bank (ADB) and many more were conducted. Moreover, many national and international journals, textbooks, reference books, newspapers and magazines that explored the topic of the paper were used for the collection of secondary data.

1.4 Scope

This paper is limited to the analysis of macroeconomic performance of Bangladesh, so economic performances of other countries are beyond its scope. This paper performs a brief but precise analysis of six macroeconomic indicators (GDP, Gini Coefficient, Inflation, Unemployment, FDI, Balance of Trade) and four socioeconomic indicators (IHDI, GDI, Ease of Doing Business and Economic Vulnerability Index) by focusing on their most recent performance. Moreover, discussion of political, cultural and legal issues and natural calamities is beyond the scope of the paper.

1.5 Limitations

This study has its limitations which must be kept in consideration when using it as a reference to further analysis.

Firstly, because the paper discusses macroeconomic performance of Bangladesh only, a comparative analysis of macroeconomic performance between Bangladesh and other countries was not covered in the paper. Any future work focusing on this particular issue should keep this limitation in mind while using this paper as a reference.

Secondly, several important data related to the macroeconomic and socioeconomic indicators selected for this paper were not available on the national/local websites such as BBS. Some of these data are available only in physical copies and thus, could only be accessed through visits to the public libraries. However, the second wave of COVID-19 and the resulting lockdown all over the country made this impossible.

Only the major macroeconomic and socioeconomic indicators have been considered in analyzing the macroeconomic performance of Bangladesh. Analyses of other indicators could have offered a more holistic view of the entire economy of Bangladesh.

2.0 Macroeconomic Indicators

2.1 Growth Domestic Product (GDP)

Rationale

GDP is one of the most important macroeconomic performance indicators as it gives an overall picture of a country's economic state. It enables the policymakers, economists and businesses of a country to have better judgment about the country's economic performance over time. GDP growth rate is one of the best indicators of economic growth and GDP per capita exhibits the trend of living standards over time.

Trend Analysis

The time series analysis of how Bangladesh has been doing from independence to this pandemic is shown in figure 2.1A on the basis of GDP growth rates. Figure 2.1A shows negative and unstable GDP growth rates of Bangladesh in the early 1970s. After the liberation war in 1971, Bangladesh started off with 10 million refugees returning from India and a huge burden of feeding 75 million people but had a critical shortage of food grains with no foreign exchange reserves. Hundreds of road and railroad bridges were destroyed as part of war strategies while the factories were demolished or abandoned during the liberation war. The economy was undiversified and mainly depended on agriculture with a low productivity. With a rapidly growing unskilled and uneducated population, overall poor infrastructure and low levels of incomes, savings and investments, the economy was stuck in a vicious cycle of poverty.

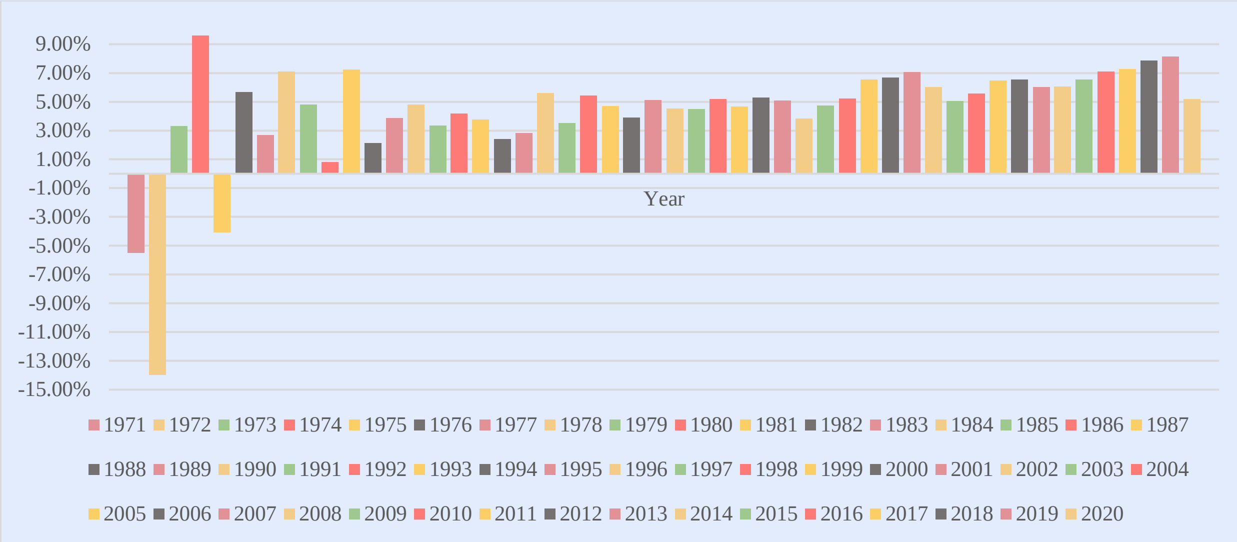


Figure 2.1A. GDP Growth Rate of Bangladesh (1971-2020)

Source: data.worldbank.org

Furthermore, a severe flood along with a devastating famine in 1974 added to the miseries of war-torn Bangladesh, which led to -13.68% change in GDP growth rate from 1974 to 1975. Also, from 1971-1975, Bangladesh had implemented socialist economic policies by nationalizing all the industries but due to lack of experience, it caused widespread disruptions in industrial productions. All these resulted in a critical economic condition which was reflected in the GDP growth rate of the early 1970s.

Table 2.1A **Trend of Structural Transformation of Broad Sectoral Shares in GDP and Growth Rate at Constant Prices**

Sector	**1985-86**	**1990-91**	**1995-96**	**2000-01**	**2005-06**	**2010-11**	**2013-14**	**2014-15**	**2015-16**	**2016-17**	**2017-18**	**2018-19**	**2019-20***
Share in Percent													
Agriculture	31.15	29.23	25.68	25.03	19.01	18.01	16.5	16	15.35	14.74	14.23	13.65	13.35
Industry	19.13	21.04	24.87	26.2	25.4	27.38	29.55	30.42	31.54	32.42	33.66	35	35.36
Service	49.73	49.73	49.45	48.77	55.59	54.61	53.15	53.58	53.12	52.85	52.11	51.35	51.3
Total	100	100	100	100	100	100	100	100	100	100	100	100	100
Average Growth Rate in Percent													
Agriculture	3.31	2.23	3.1	3.14	5.5	4.46	4.37	3.33	2.79	2.97	4.19	3.92	3.11
Industry	6.72	4.57	6.98	7.45	9.8	9.02	8.16	9.67	11.09	10.22	12.06	12.67	6.48
Service	4.1	3.28	3.96	5.53	6.6	6.22	5.62	5.8	6.25	6.69	6.39	6.78	5.32
GDP (At producer prices)	3.34	3.24	4.47	5.41	7.18	6.64	6.15	6.54	7.11	7.28	7.86	8.15	5.24

Source: Bangladesh Bureau of Statistics (BBS)

*Provisional

Note: up to FY2000-01, data used based on FY1995-96 and others are based on 2005-06.

So, at the end of 1975, Bangladesh government started promoting private sectors by privatizing many state-owned enterprises. As productions started increasing in industrial sectors, from then Bangladesh started seeing slow but steady and positive signs of progress in GDP and GDP growth rate with ups and downs in GDP from year to year. After the independence, Bangladesh aimed at future human development and economic growth by setting basic priorities of increasing food production and exports, reducing unemployment and dependence upon foreign aid and loans. There are several factors that have helped Bangladesh in achieving those and the result of slow and steady growth of its GDP. The sectoral share of GDP at constant prices is in Appendix (table 6.1B).

Agriculture was and still is one of the largest sectors that contributes to GDP growth. At first, Bangladesh's agriculture was labor-intensive; however, it gradually shifted to technology, established better food control and irrigation and made efficient use of fertilizers and thus, achieved steady increases in food grain productions. The contribution of the agrarian sector continued with a 35.8 million metric tons of rice produced in 2000 and 1.9 million tons of wheat in 1999 (*Source: en.wikipedia.org*). Although the economy of Bangladesh mainly depended on agriculture, the economy had undergone rapid structural transformation towards industries and service sectors. Consequently, the share of agriculture in Bangladesh's GDP had declined from 50% in 1972-1973 to around 20% in 1999-2000, 15% in 2004-2005, and currently 13% (Khatun, 2021).

As Bangladesh is a labor abundant country, more labor-intensive industries have emerged. The availability of cheap labor has attracted and facilitated both local and foreign investments in new and existing industries. When the country's major export earner, the jute industry, started losing its appeal, the textile sector gradually started replacing it and finally, overtook it. The textile industry started its journey in the 1980s and since then has created many new jobs mostly for women, thus reducing the overall unemployment in the country. By the late 1990s, about 1.5 million people (mostly women) received employment in RMG sector as well as in leather sector (*Source: en.wikipedia.org*), which indicates the flourishment of these sectors and export products as well as increases in GDP and per capita GDP growth.

Bangladesh also has the world's largest ship breaking industry which employs over 200,000 Bangladeshis and accounts for half of all the steel in Bangladesh. Chittagong Ship Breaking Yard is the world's second-largest ship breaking area (*Source: en.wikipedia.org*). Moreover, heavy public spending on mega infrastructure development project such as Hazrat Shahjalal International Airport with four other domestic and international airports, Bangladesh Export Processing Zones

Authority (BEPZA), Bangabandhu Bridge, commonly called the Jamuna Multi-purpose Bridge, Bangabandhu Tunnel, Power Grid Company of Bangladesh (PGCD) and Bangladesh Power Development Board (PWDB) has contributed to the increasing growth rate. Bangladesh has shown a strong progress in terms of access to electricity in fifty years. In 1991, the access to electricity was 14% and in 2021 it reached 99% (*Source: cri.org.bd*). The physical infrastructures and access to energy enabled the connectivity across the country and beyond the borders. What's more, some NGOs like The Grameen Bank, BRAC, ASA and a total of 1000 listed microfinance institutions are operating in Bangladesh since the early 1980s. These MFIs have been contributing greatly to Bangladesh's economy by providing collateral free loan to poor people, especially women, to help them become self-sufficient by opening various small-scale entrepreneurship businesses (Bhuiya, Khanam, & Rahman, 2016).

Figure 2.1A shows a rapid boost in the GDP growth of Bangladesh, especially from 6.54% in 2005 to a highest 8.15% in 2019, just before the pandemic hit the country. There are many factors behind the hike in Bangladesh's GDP.

From mass starvation in 1974, Bangladesh has nearly become self-sufficient in food for its 180 million population in 2021. Bangladesh has become the fourth largest rice producer, the seventh largest potato producer, the sixth largest tropical fruits producer, and the fifth largest freshwater fish producer (*Source: en.wikipedia.org*).

Moreover, Bangladesh is the second largest textile exporter in the world. More than 80% of its exports and up to 15% of its GDP come from this sector (*Source: en.wikipedia.org*).

Bangladesh is now trying to diversify its economy by emphasizing the growth of other industrial sectors like pharmaceuticals, tanneries, glasses, plastics, ceramics, electronics and steel industries (Ahmad, 2021). It is also emerging as a pharmaceutical hub which is estimated to be worth $5 billion by 2023. From 2017-2019, Bangladesh has seen a 52% growth in this sector. Electronics and optical products, machineries and equipment sectors are also enjoying similar growth as pharmaceuticals (*Source: bbs.gov.bd*). In 2020, the share of these industries in GDP was about 35% (Khatun, 2021).

Bangladesh has also been experiencing a steady growth in the service sectors. Between 1980 and 2010, the service sector recorded steady growth of 3.6% to 6.7%. Now service sector has become the largest contributor of Bangladesh's GDP. In FY2019-20, service sector has contributed around 51% of the total GDP (*Source: bbs.gov.bd*).

Furthermore, Bangladesh's economy largely relies on remittance. In 2019, nearly 10 million migrants sent over $18 billion to the country (*Source: www.weforum.org*), and at the end of the year 2020, Bangladesh's foreign exchange reserves reached a new record of over $21 billion (*Source: thefinancialexpress.com.bd*).

The Padma Bridge, the largest bridge of the country, is being built entirely without any international help and it is projected to transform the lives 30 million people by enhancing trade and connectivity. Bangladesh's first nuclear power plant in Rooppur is expected to power 2.4 million homes by 2024. Bangladesh is also the largest producer of natural gas in Asia. Since 2003 more than 4 million solar systems have been installed countrywide. The Dhaka metro rail that is under construction right now, will ease the congestion and pollution in Dhaka. There are over 5,000 grassroots level Union Digital Centers in the rural areas of the country delivering 6 million eServices a month. To boost foreign and local investments in the ICT sector, Bangladesh has set up 12 high tech IT parks in 12 districts aiming to raise ICT exports and create new jobs by 2021 *(Source: Bangla Express TV)*. Currently, Bangladesh has 88 special economic zones and plans to establish a total of 100 special economic zones by 2025 to attract more FDIs and to create more jobs *(Source: www.lightcastlebd.com).*

Bangladesh has more than 60,000 IT freelancers and they work on digital talent platforms such as Upwork, Fiverr, and Freelancer, according to the ICT division, Bangladesh. More and more people are using online banking and online money transactions through mobile apps like Bkash, Nagad *etc*.

A gradual decline in population growth is also helping increase the per capita GDP growth (Basu, 2018).

Effects of COVID-19

In FY2019-20 (July 2019 to June 2020) Bangladesh's GDP was expected to be 8% (Rooney, 2019) until the sharp hit of COVID-19 pandemic resulted in only 5.20% GDP growth rate. Because of massive cancellations of orders and lockdowns across the country, export and service sectors i.e., tourism, restaurants and hotels were severely affected. This initial shock mainly lasted from April to June after which the country turned around and continued production growth. In July, August, and September 2020, Bangladesh's business in foreign markets reached the normal level. Orders that were postponed or cancelled came back. Most of the factories started operating almost in between 80-85%. Even the level of export was more than that of 2019 (Mansur, 2020).

Moreover, the electronics sector also showed a significant growth during the pandemic. Since the onset of the pandemic, Bangladesh has seen a tremendous rise in online business. Almost all kinds of businesses have gone online including restaurants during this period. Bangladesh has also seen a dramatic increase in remittances during this pandemic which is contributing to the continuous growth of GDP. And after the mitigation of the initial shock, the overall GDP growth rate of 2020 reached around 80% of last year (Mansur, 2020).

Strengths

- GDP growth is impressive even during the COVID-19 pandemic compared to other countries such as India and Pakistan.
- Growing GDP indicates that the country's production is increasing, infrastructure is improving and the overall economy is growing.
- The gradual increase in GDP indicates increase in the living standard of the nation.

Weaknesses

- Higher GDP means higher consumption but it does not show whether that is high-quality consumption or low-quality consumption.
- GDP does not show the whole picture of the country. The continuous GDP growth does not demonstrate how Bangladesh's health care and education systems are doing.
- GDP growth does not tell whether this growth is helping reduce unemployment, how the benefits from this continuous growth are distributed, who are the actual beneficiaries or whether the country has income equality or not.
- A large part of Bangladesh's population lives under poverty line despite the significant growth in GDP, which means not everyone is enjoying the said per capita GDP.
- Lack of diversification in export products. Bangladesh's GDP is excessively dependent on RMG and remittance.

Challenges Faced

- After the independence Bangladesh started off from scratch with a GDP growth of -5.48%. The economy of the war-torn country was fragile with underdeveloped infrastructure, no foreign exchange reserves and lack of skilled labor, energy supply, savings and investments. In 1974, severe flood occurred resulting in a devastating famine, bringing down the GDP growth rate to -4.09% in 1975.
- Continuous political unrest, corruption in almost every sector and abuse of political power have created uncertain and unfavorable conditions for both local and foreign investors.

- Poor work environment has led to several disastrous accidents such as the deadly fire incident in Tazreen Fashion and the collapse of Rana Plaza costing thousands of workers lives. These incidents put Bangladesh under pressure as Disney decided to gradually stop their operations in the 'highest-risk countries' like Bangladesh. In addition, the US and the EU decided to suspend continuation of the Generalized System of Preference (GSP) facility for Bangladesh (Elahi, Hosen, Nizam, Ali, & Shifat, 2019).
- Massive labor unrest and widespread labor protests in 2006 and 2010 for an acceptable lower minimum wage affected the production of almost all factories (*Source: en.wikipedia.org*).
- Natural disasters particularly hamper agriculture and destroy infrastructures almost every year.
- The first wave of COVID-19 pushed down the GDP growth from 8.15% to 5.2%.

Future Prospects

After the initial shock of COVID-19, Bangladesh's growth has started increasing significantly. The Asian Development Bank (ADB) has forecasted that Bangladesh's GDP growth will be 5.8% in FY2020-21, 6.8% in FY2021-22, and 7.2% in FY2022-23 (*Source: www.thedailystar.net*) while the International Monetary Fund (IMF) has projected a 5% GDP growth in FY2020-21, considering the effect of second wave of COVID-19 (*Source: www.dhakatribune.com*). Therefore, it can be predicted that the GDP of Bangladesh will keep increasing in the coming years. Dhaka Metro rail, The Padma bridge, Rooppur nuclear power plant and 100 special economic zones will start their operation very soon, contributing greatly to the growth of GDP.

Challenges on the Way Forward

- Fourth Industrial Revolution (4IR) has begun. Artificial Intelligence (AI), virtual reality, robotics, Internet of Things (IoT) and block chain have started taking over the world's production and service sectors.
- After a few years of Bangladesh's graduation from LDC, Bangladesh will lose its tariff advantages that it has been enjoying as an LDC country.
- Although Bangladesh is labor abundant, the country is aiming for a more capital-intensive growth. But every year a huge part of the young population enters into the labor market adding to the existing labor force (Bhattacharya, 2021).
- The costs of natural disasters in Bangladesh are likely to increase in the future because of increasing global warming and rising sea level. As a result, one third of the population are at risk of displacement due to the rising sea levels.
- Despite a robust growth rate, Bangladesh's performance in tax collection is poor. Unless Bangladesh improves the Tax-GDP ratio and receives less or no FDI after graduation from

LDC, Bangladesh will be in a difficult position in sustaining this growth as it will have no foreign aids (Bhattacharya, 2021).

- Adequate power and energy supply are still a challenge.
- Second wave of COVID-19 is posing a threat to the ongoing economic progress.

How to Overcome the Challenges

- In order to race with other countries, Bangladesh must take advantage of the 4IR by enhancing accessibility to technologies, making technology more affordable, launching massive skill development programs, identifying niche opportunities, enabling good policies and regulations and harnessing potential partnerships at the national and international levels (Adhikari, 2019).
- A stronger reformation will be needed after the graduation from LDC as Bangladesh will eventually lose its tariff advantages in international businesses (Bhattacharya, 2021).
- Supporting other industries such as pharmaceuticals, glass and ceramics, IT, leather and jute industries is essential to enhancing diversification in manufacturing (Ahmad, 2021).
- Effective management of microeconomic policies and investments, development in human capital and increased and effective use of technology must be continued in order to sustain the growth (Prakash, 2018).

2.2 GINI Coefficient

Rationale

In FY2018-19 the per capita income of Bangladesh was $1,909 *(Dhaka Tribune)* indicating a massive growth in the country's economy; however, the proportion of population living below the national poverty line was 20.5% and the proportion of people living under extreme poverty was 10.5% *(Bangladesh Bureau of Statistics)*. This clearly indicates that the national income - wealth of the country - is not distributed equally among its population. To analyze the country's overall macroeconomic performance, reviewing the distribution of income and wealth among different social classes is important, which is why GINI coefficient was selected for this paper.

Trend Analysis

Bangladesh has become the center of attention of the world for its sharp growth momentum and has been placed among the top three fastest growing economies in the world. And yet, inequality is all time high in the country. Both figure 2.2A and figure 2.2B shows that since the very beginning of Bangladesh, the level of inequality has been on the rise. From 1983 to 1991 the GINI coefficient of Bangladesh ranged from 25.9% - 27.6%, meaning a relative inequality in income and asset distribution. From 1995 to 2018, the increasing GINI coefficient (32.9% - 39.5%) only means that inequality was about to become bigger among different social classes.

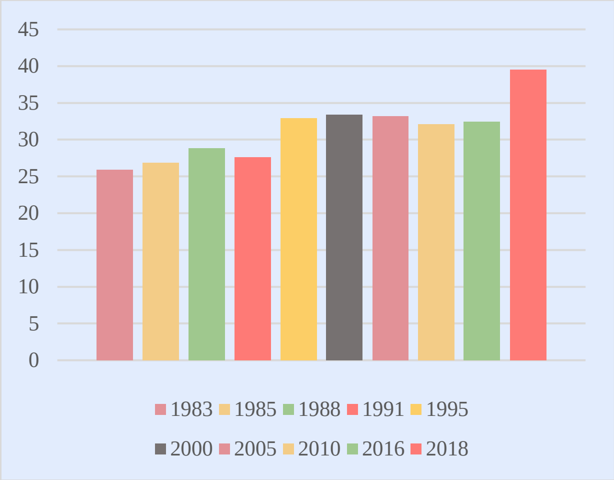


Figure 2.2A. Bangladesh's GINI Coefficient (1983-2018)

Source: World Bank & knoema.com

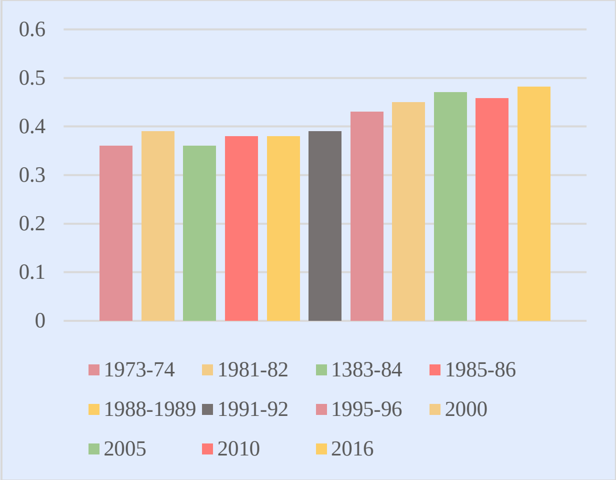


Figure 2.2B. Bangladesh's GINI (Income) Coefficient (1973-2016)

Source: Bangladesh Bureau of Statistics

Figure 2.2B representing GINI-income shows even a bitter picture. Just after two years of independence in FY1973-74, the GINI-income was 0.36, which means that income inequality in Bangladesh was significant all the time. It crossed the barrier of 0.4 in FY1995-96 only to become 0.482 in 2016. All these clearly indicate that there is significant inequality in distribution of income and wealth in Bangladesh and it will continue to increase in near future too.

The following two figures prove more specifically the rising income inequality of Bangladesh. Bangladesh has remained a country with significant income inequality, even 50 years after its independence, amid a rapid economic growth. It implies that a small portion of the population have been enjoying the country's most of the income and wealth. Income share held by the lowest 10% of the population decreased from 4.1% in 1983 to 3.7% in 2016 with a very little increase in between these two years (figure 2.2C). On the other hand, income share held by the highest 10% of the population increased from 21.9% in 1983 to 26.8% in 2016 (figure 2.2D), indicating that poor people are becoming poorer and rich people are becoming richer over the years. Data on Bangladesh's income share held by the lowest 20% and the highest 20% of the population are in Appendix (figure 6.2A and 6.2B).

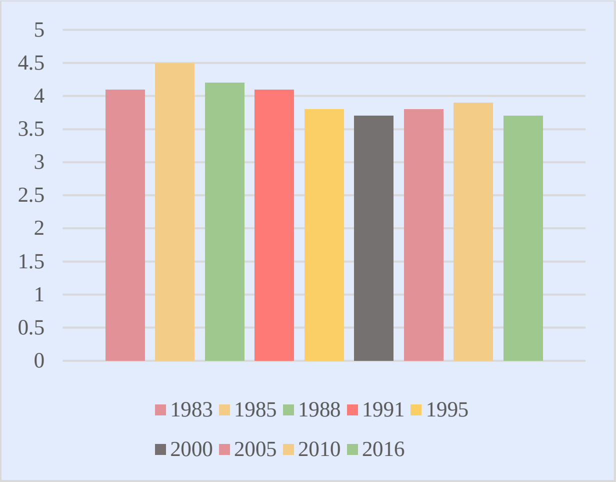


Figure 2.2C. Bangladesh's Income Share Held by the Lowest 10% of the Population

Source: knoema.com

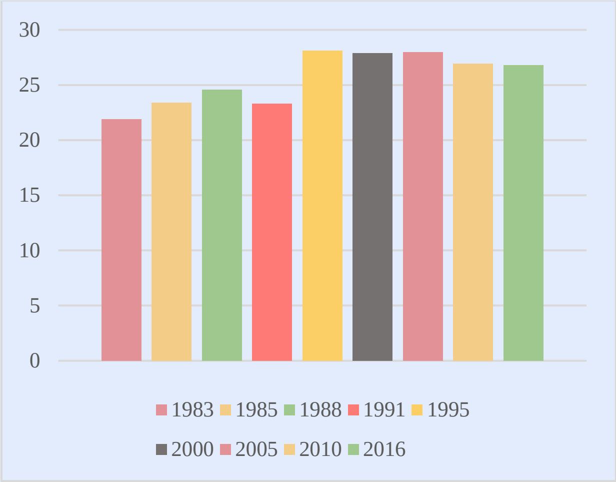


Figure 2.2D. Bangladesh's Income Share Held by the Highest 10% of the Population

Source: knoema.com

While the Bangladesh Bureau of Statistics survey, HIES 2016, sheds light on the growing income inequality, wealth inequality is even worse. According to the estimates by the Center for Policy Dialogue (CPD), wealth inequality in terms of GINI coefficient is 0.74 whereas the GINI coefficient for income inequality is 0.48 *(Source: The Daily Star)*.

There are several factors behind the continuous rise in inequality in Bangladesh. Bangladesh's GDP has taken a significant leap for the last few years; especially since 2013, there has been a boost in Bangladesh's economy. As per economists, this rapid growth in economy has led Bangladesh to the growing inequality as the owners of the industries are the ultimate winners. Though GDP growth has accelerated in recent years, poverty and rising inequality have not gone down much because of the disconnect among economic growth, wage growth and job creation. Poor people are not getting enough scope for income-generating employment while the low-income households and small-scale firms are facing challenges in accessing financial services due to complicated and corrupted processes *(Source: The Daily Star)*.

Over 90% of people of Bangladesh were villagers at the time of independence but with the growth of industrialization mostly based on Dhaka and Chottogram, which offers more high-income jobs, more and more people are moving to cities. This has been causing a growth in geographical income inequality. People living in Dhaka and Chattogram earn way more than the people of other areas.

The proportion of GDP allocated for education, health and social protection programs is so inadequate (merely 2.4%) that it only indicates further inequality in opportunities. While the poor are deprived of the basic rights, the ultra-rich business and industry owners enjoy government given privileges such as loan rescheduling, tax exemptions, subsidies and so on as the government and policymakers make policies in favor of the wealthiest people enabling them to concentrate even more wealth in their hands.

60% of the tax revenue comes from the consumption-based taxes, which is applicable to all people regardless of their income. Only 10% of the tax revenue comes from income taxes. According to National Board of Revenue, there are 40 million people in the country capable of paying tax but less than 2% of them pays income tax. Furthermore, the richest are reluctant to reveal their actual income and wealth; many of them base their business on massive loans taken from banks and enjoy tax exemptions by showing their working capital coming from loans. Additionally, collecting tax from the rich people is one of the least priorities of the government and the policy makers. Consequently, the share of income tax revenue has been remarkably stable below 10% over the last four decades and the tax/GDP ratio of Bangladesh was 9.3% in FY2018-19, which is much below the average for developing countries (*Source: The Financial Express*).

Effects of COVID-19

Because of the fatal hit of COVID-19, the country went for lockdown in the first half of 2020. Because of that many low-income and small-scale businesses shut down and many companies reasonably or unreasonably laid off employees or reduced salaries of their employees, resulting in more prevalence of unemployment and deprivation across the country. The benefits of growth have not been shared in any forms by the poor workers in this struggling time even after the government of Bangladesh paid Tk. 8,000 crore of subsidies to the RMG industries. According to the Bangladesh Institute of Development Studies, 16.4 million people have joined as new poor in Bangladesh due to COVID-19 effect *(Source: The Financial Express)*.

Strengths

- Everyone in and out of the country including the economists and some policy makers are raising questions about the concentration of wealth and about the fairness of income and wealth distribution.
- Now extreme inequality is well recognized in Bangladesh (HIES, 2016).

Weaknesses

- Inequality is worsening with time but that does not seem to be an agenda of the country's policymakers.
- Failure to tax the wealthiest people

- Lack of governance and social safety nets of the low-income people

Challenges Faced

Some of the challenges faced by Bangladesh are localization of development due to underdeveloped communication system and opposing mentality of the rural people, collection of tax from wealthy and ultra-wealthy people and sudden and fatal occurrence of COVID-19.

Future Prospect

Based on the trend analysis and the effects of COVID-19, it can be predicted that the GINI coefficient will increase in the upcoming years as the level of inequality will continue to increase.

Challenges on the Way Forward

- Even if by 2030 Bangladesh can reduce the poverty rate to 3%, according to Bangladesh Bureau of Statistics, by that time the country's population will be 200 million and thus, 6 million people will still be poor.
- Rising income and wealth inequality is a source of social and political dissatisfaction among the people, which can pose a serious threat to potential future economic growth.
- Collecting income and wealth tax from the rich people will prove to be difficult even in the future.

How to Overcome the Challenges

- Government should devise plans to create more high-income jobs by moving projects and industries in the rural underdeveloped areas and reduce the income inequality among different cities and rural areas.
- A substantial rise in the allocation for health care, education, social security and better communication, especially in rural areas, and leakage-free disbursement of that allocated fund must be ensured.
- Honest, accountable and skilled public service providers are needed.
- A well organized, corruption free taxation system is essential to taxing the rich heavily on their wealth and income and using the resources for human capital development to mitigate the imbalance between rich and poor.
- A long-term commitment from the government and the policy makers is needed to improve the human capital of the country to reduce prevailing poverty and inequality.
- Effective management of labor laws ensuring safe working condition and minimum wages must be ensured.

2.3 Inflation

Rationale

The economic goal of Bangladesh is to reduce poverty, create jobs and attract foreign investments. Inflation is an indispensable macroeconomic indicator for this purpose as it is connected with the monetary policy of the country. Therefore, inflation was chosen for evaluating the economic state and development of Bangladesh.

Trend Analysis

According to data provided by the Bangladesh Bureau of Statistics (BBS), the point-to-point inflation rate was 5.47% in March 2021.

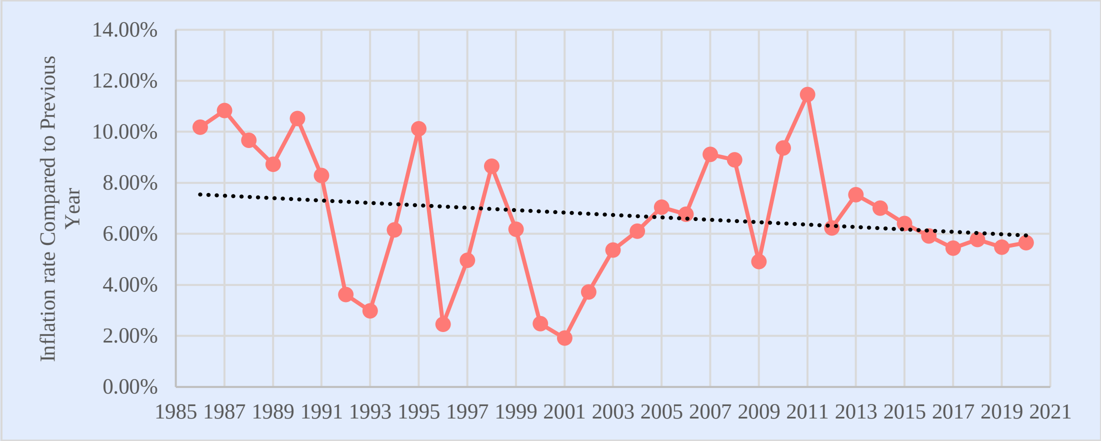


Figure 2.3A. Inflation rate (CPI) of Bangladesh from 1986-2020

Source: Statista

Inflation in Bangladesh increased from 1.94% in FY 2000-01 to 7.22% in FY 2006-07. The biggest increase was in food prices. Food price inflation increased from 1.38% in FY 2000-01 to 8.12% in FY 2006-07. On the contrary, non-food price inflation only doubled during the same period. However, the spike from FY 2009-10 was drastic and the entire nation witnessed a price hike; starting from the day-to-day commodities up to real estate, prices of all products and services went up. And when just after two years the rate plummeted, it hurt the banking sectors as deposits were scarce and interest rates were unstable. Moreover, in 2014, the country had a higher inflation rate due to the political instability at that time. But given the current socioeconomic scenario of the country, unless massive unrest occurs, it is expected to maintain this inflation rate to reduce unemployment and poverty.

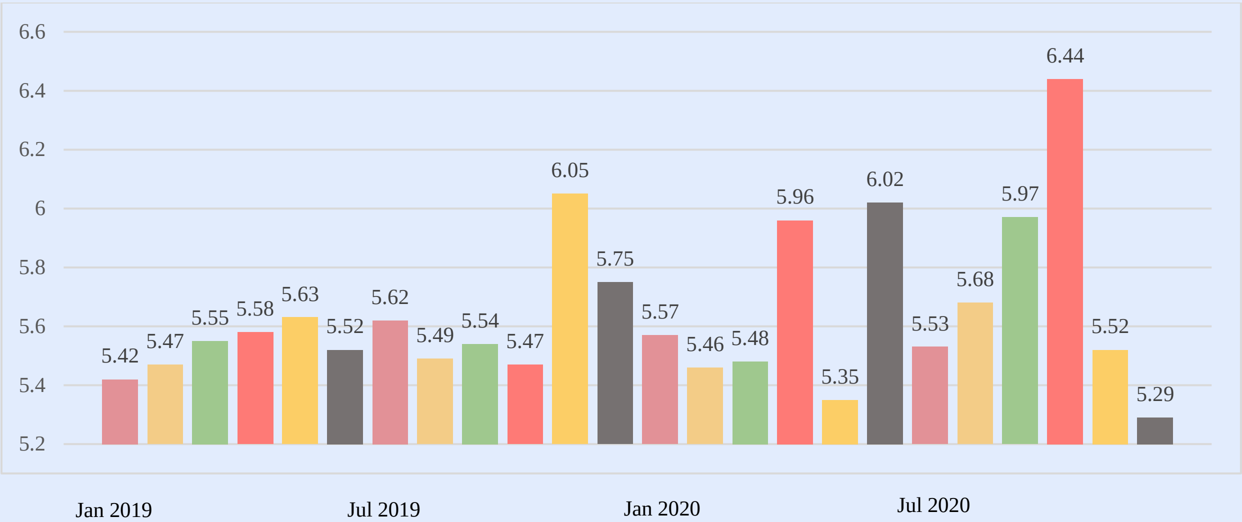


Figure 2.3B. Inflation rate (CPI) in Bangladesh from Jan’19 to Mar’21

Source: Trading Economics

In FY 2018-19, the average CPI inflation was 5.48%, 0.30% lower than the previous fiscal year. In FY 2019-20, the inflation rate stood at 5.65%. Food inflation for FY 2019-20 increased to 5.56% from 5.51% in FY2018-19, while non-food inflation increased to 5.85% from 5.43% of the previous fiscal year.

Effects of COVID-19

The COVID-19 situation has slowed global economic activity and reduced inflation globally. Growth was quite low in FY 2019-20, amid unprecedented contractions in merchandise exports, industrial production, and remittances because of COVID-19 in Q4. It was the lowest in January 2021. Turning to FY 2020-21, economic conditions seem to have been gradually improving supported by expansionary fiscal and monetary policies. Merchandise exports rebounded in Q1 2020-21 as the easing of lockdown measures globally boosted demand for clothing. The increase in remittances and lower trade deficit led to a marked improvement in the current account balance. That said, though authorities ruled out strict lockdown restrictions at home, the recent surge in COVID-19 infections globally might scale back foreign demand, boding ill for the economic recovery which has already started to show in Q3 of the current FY.

Strengths

- Moderate inflation rate of Bangladesh has enabled adjustment of wages and of relative prices.
- It has also contributed to the overall economic growth of the country.
- It has increased the value of savings to a certain extent.

Weaknesses

- Inflation rates over the years have hardly remained stable and present a fluctuating trend.
- The non-food inflation in Bangladesh is underestimated due to inappropriate representation of non-food items and their prices in the calculation of inflation rates which can cause misinterpretation.
- The overall low inflation rate at the national level may not reflect the true picture of the high inflationary pressure faced by different low-income groups as their consumption baskets and related prices are likely to be different from the national averages.
- Inflationary growth over the years seems unsustainable.

Challenges Faced

- Inflation has been rampant in our economy for a while, following no trend, because of political instability, unhealthy business environment and improper monetary decisions.
- Fluctuations in the inflation rates over the years have been caused by seasonal spikes in food prices especially during Ramadan, in winter when a large number of people go on picnic, after natural disasters like cyclone and flood and during artificially created food shortage.

Future Prospect

Inflation in Bangladesh, for the next few years, is expected to stay around 5.5%, which is also the target set in the last budget. However, because the pandemic has disrupted food production and supply chain both within the country and all over the world, it is highly likely that the rate will exceed the target of 5.5%. Moreover, there being no inflation shortfall, Bangladesh is likely to face difficulties in absorbing the growth in money supply. A possible raise in tax rates in the next budget will make this situation much worse, so it is likely that the rate will go as high as 7% especially during the first half of the next fiscal year.

Challenges on the Way Forward

- The biggest challenge ahead is to keep the food inflation in control because, with the rise in the price of food, poor people tend to suffer. Also, producers and sellers keep raising the prices of food products during special occasions like Ramadan, which often goes unchecked by the authority concerned.
- In implementing the stimulus packages announced by the government during the pandemic, Bangladesh Bank adopted an expansionary monetary policy which led to higher inflow of liquidity in the market. The net foreign assets (NFA) contributed by remittance, export earnings and foreign aid and purchase of US dollars by Bangladesh Bank from commercial banks have

simply added to the higher money supply in the economy. The bulk of this amount spent on consumer goods will keep adding to inflationary pressure on both food and non-food items (Hye, 2021).

- Because the COVID-19 stimulus package has been provided from fiscal space, the budget deficit is likely to widen in the next fiscal year, leading to potential raises in current tax rates and even imposition of new taxes. The greater burden of the tax will have to be borne by a wide array of taxes on consumer goods, which will add to inflationary pressure (Hye, 2021).
- As already mentioned, the non-food inflation in Bangladesh is oftentimes underestimated due to inappropriate representation of non-food items and their prices in the calculation of inflation rates. As a result, the overall low inflation rate rarely shows the high inflationary pressure faced by different low-income groups in Bangladesh. This poses a serious challenge for the country to contain inflationary pressure for low-income people in the country, particularly in the wake of further growth acceleration.

How to Overcome the Challenges

- Bangladesh has to strictly maintain and sustain the inflation rate and keep it under control by bolstering infrastructures and long-term investments in the country.
- Policymakers have to balance the rate so that enough employment is created and the price of necessary commodities doesn’t go beyond the reach of mass people, especially during occasions like Ramadan.
- Monetary authorities should always be ready to take exceptional measures in extreme conditions of the economy.
- Effective market monitoring can keep inflation stable. Market mechanisms should be strengthened and carefully monitored. Stricter actions must be taken against the unscrupulous producers and sellers of commodities in order to prevent artificial creations of shortage.
- The recent slowdown in the international price level should be taken advantage of to keep inflation at a tolerable limit.
- The financial regulator of the country should keep inflation in check by implementing measures through effective monetary policies.

2.4 Unemployment Rate

Rationale

Unemployment rate is one of the major macroeconomic indicators. A larger unemployment rate indicates that a good portion of labor force, who are the human resource of the country and are capable of contributing to the economic growth of the country, are not being utilized. While this is a great cost to the economy in one side, on the other side, it creates humanitarian crisis on individual levels. This is why this macroeconomic indicator was chosen for the paper.

Trend Analysis

Unemployment has been a great problem in Bangladesh for many years. But in the past decade, Bangladesh was able to keep the unemployment rate under control. Over the last five years, with the GDP growth, unemployment rate has also started to decrease very slowly. At least, till the pre-COVID era, it was the scenario. This is represented by the figure below that shows changes in unemployment rate in Bangladesh through last 20 years.

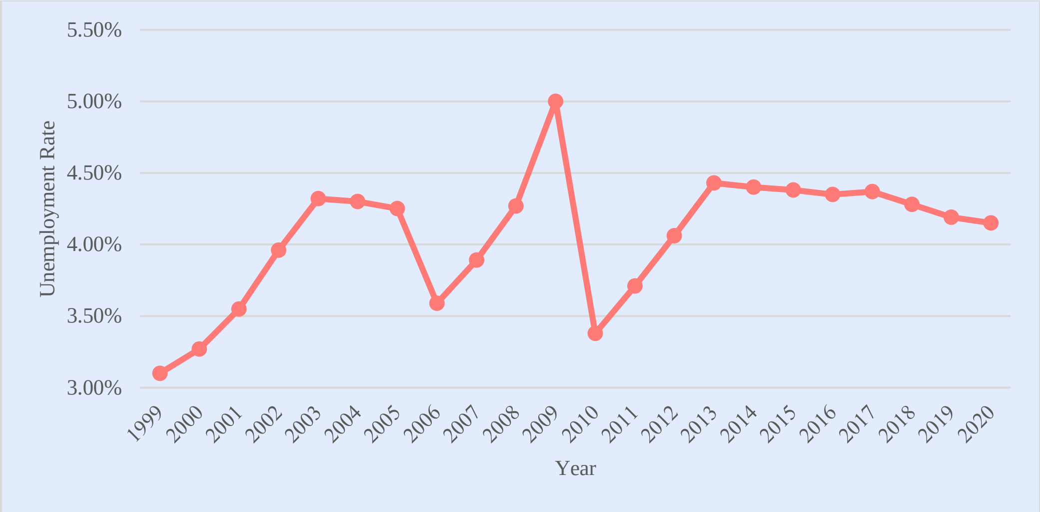


Figure 2.4A. Unemployment Rate in Bangladesh from 1999 to 2020

Source: World Bank

The trend is clear from the figure that Bangladesh has been doing quite well in keeping the unemployment rate under control for the last several years. Continuously increasing rate of unemployment started to come down from 2003. During the global recession period of 2007-2009, unemployment rate increased again and touched the ceiling of 5%. But starting from 2010, we can see significant reduction or control over unemployment rate. Though we can see increasing rate in some years, it hardly ever went out of control. And starting from 2015, it started to come down gradually.

But this statistics does not reflect some significant factors like the employment opportunity of the skilled labors and opportunity of employment with advanced education. Considering these factors is important because migration rate is very high among the university graduates of Bagladesh. Over 1 million people emigrated from Bangladesh in 2017 alone (Mukut, 2018). Over 43% of the workers who left the country in 2018 were skilled or professionals in their fields (Rashid, 2020). This is relevant here because a huge factor behind the apparently under-control unemployment rate is the migration of the university graduates. If we look at the graduate employment of Bangladesh, we will understand the problem of the scenario. According to ILO, among the advanced educated people in Bangladesh, unemployment rate was as high as 10.74% in 2017. It is high (8.48%) even in the people with intermediate education. If we look at the youth unemployment rate, we will find it quite high (figure 6.4A) (International Labour Organization, ILOSTAT database., 2021).

According to SWTS country brief conducted by International Labor Organization (ILO) and Mastercard Foundation, only 46.7% youth in Bangladesh with tertiary education and only 30.5% youth with secondary education could completed their transition to a stable or satisfactory job. The youth attaining higher levels of education are the most disadvantaged in finding their work. Among the university educated youth, unemployment rate was 26.1% while the survey was conducted back in 2016 (International Labour Organization (ILO) & The Mastercard Foundation, 2016). That rate reached to 33.19% in 2019 according to a study by the Bangladesh Institute of Development Studies (BIDS) (Hossain, 2021).

To tackle the youth unemployment, the 7th five-year plan (FYP) taken by the government of Bangladesh had an aim to create 10.9 million jobs in the domestic market and 2 million jobs in the international labor market. 73.6% of the target was achieved by creating 9.5 million new jobs. The 8th FYP of the government includes a plan of creating 11.3 million jobs. That would require the creation of 2.26 million new jobs by the year 2025. Because of the unemployment surge in the COVID-19 pandemic and possible technological advancements, this would be very difficult to achieve according to the experts (Kabir, 2021).

Effects of COVID-19

COVID-19 pandemic had a significantly bad effect on the overall economy and the job sector. Many sectors faced severe loss and as a result, a good number of people lost their job. That resulted in the highest rate of unemployment in Bangladesh in the last 20 years. Surpassing the 5% of unemployment rate in 2009, it is now 5.3%. however, this rate is still lower than the average global unemployment rate of 5.42%. If we take a look at the global ranking, we will find Bangladesh in 115 among 181 countries. For a country with such a high population, it really is not a terrible rank.

Figure 2.4B. Unemployment Rate of Bangladesh (5.3%) after COVID-19 Hit the Country in 2020

Source: World Bank

As per one ILO study, after the global financial crisis of 2007-08, return of tertiary education has decreased by more than 20% in Bangladesh. This indicates that a large number of educated youths are either unemployed or are underemployed. The pandemic has made the situation even worse. According to an ADB-ILO report, around 1.12 million youths might remain jobless even if the pandemic situation can be improved within a short period. The number will increase up to 1.67 million if the pandemic situation doesn't improve (Kabir, 2021).

Strengths

Growth of jobs in the period of 2013-2015 outpaced the growth of the working age population. This helped cut unemployment rates bringing millions of new workers into the labor market. A large share of this new job growth came in formal waged employment, accompanied by strong productivity and wage growth. Large-scale expansion of employment in manufacturing, driven by the Ready-Made Garment (RMG) sector, has contributed to this transformation, changing the lives of many for the better (Fan, 2017).

Weaknesses

- Despite robust economic growth, the pace of job creation has slowed in recent years, as confirmed by the 2015 Labor Force Survey recently released by the Bangladesh Bureau of Statistics (Fan, 2017). The slowdown was particularly sharp in the RMG sector. These developments put at risk many of the labor market gains made over the last decade, placing particular pressure on women and young workers. Unemployment rates among youth, particularly females, have already seen an increase in recent years.

- To create more sustainable job opportunities, it is important to diversify the economy. Despite increasing the contribution of manufacturing industry in the GDP to some extent, Bangladesh has not been able to successfully move to the next phase of industrialization (Raihan, 2019). Because the economy and job sector are so heavily depended on garments industry, any negative change in the RMG sector can make the unemployment scenario worse.

Challenges Faced

- With the expectation of social status, prestige, power, economic benefit and a stable job, a significant portion of university graduates are not considering any other option except Bangladesh Civil Service (BCS) as their choice of career. Current socioeconomic and political trends of the country are making it more lucrative (Gafur & Andaleeb, 2021). Because in the private sector, labor laws have not been established properly and there is no pension policy, job security expectations are driving more graduates to consider only government jobs as their career option. This is fueling the unemployment problem creating experience and skill gap in the university graduates and making them less qualified in the long run for the private sector if they fail to manage a government job within 32 years of age.
- University curriculums are not being able to provide the graduates with proper skill and knowledge required to lead the private sector. Every year USD 3.1 billion are being officially drained from Bangladesh's foreign exchange coffers by expatriate employees simply because the industry is unable to recruit locally (Gafur & Andaleeb, 2021). For not having enough qualified candidates, many private companies are hiring mid-level and top level managers from abroad while there is a good number of unemployed local people looking for jobs.

Future Prospects

The country is passing through a phase of demographic dividend, and estimates by SANEM suggest that the country will continue to enjoy this dividend until 2030 (Raihan, 2019). This potential age group can be used to boost innovation and entrepreneurship if they are properly trained and the ecosystem is supportive. This can be the perfect way to meet the challenge of creating 2.26 million jobs within 2025. We already have seen the rise of a good number of potential start-ups led by youth and we also have seen a growing support system for those start-ups in the form of accelerators, incubators, angel investors and seed-funds. Moreover, agriculture still accounts for almost 41 per cent of total employment in Bangladesh (Mujeri, 2019). With the introduction of new technology in the agricultural business and creation of better supply chain of the agro-products across the country, it is highly possible to create more jobs. According to World

Bank, with the demand for aggregation, storage, processing, logistics, food preparation, restaurants and other related services becoming increasingly important, many employment opportunities will emerge off the farm in the larger agri-food systems.

Challenges on the Way Forward

- RMG sector worldwide will soon face the effects of industrial revolution 4.0. If the competitor countries adopt automation, RMG sector in Bangladesh can face a crisis because this sector is highly dependent on cheap labor. If Bangladesh too adopts the automation, it will still cause a vacuum in the job sector. RMG companies are already hiring fewer women as they believe that male employees will be better suited than female employees for jobs requiring technological skills.
- Even if the manufacturing industry flourishes here in Bangladesh, the unemployed population in Bangladesh is not likely to get the most out of it. They do not possess technical knowledge and industry skill these firms will require.

How to Overcome the Challenges

- First of all, Bangladesh needs to diversify its manufacturing and service sectors. Depending only on RMG will be a suicidal strategy for the next decade in terms of sustainable long-term economic growth and job creation (Raihan, 2019). For that, Bangladesh needs to attract FDI and inspire local organizations to expand their businesses in the manufacturing industry. The first and foremost step for this would be to improve the ease of doing business. A one-stop support center for all the legal formalities to start a business is highly recommended for that.
- Service sector in Bangladesh has grown significantly with a growth rate of 6.175% (Islam et al., 2012). This can be a huge segment which Bangladesh can utilize with its labor-intensive population. Many informal and semi-formal jobs fall under this service industry which can become a huge source of sustainable employment if it could be brought under regulation.
- Revising curriculums of the universities to create better human resources suitable for modern businesses is a must. Academia-industry collaboration can play a vital role here to match the curriculum with industry needs.
- To support the growing industry needs, a large number of technically sound and trained professionals are required. Such a pool of skilled labors can be created by emphasizing on the vocational education. Bangladesh needs to popularize technical education among the youth. This will reduce the graduate unemployment rate and create incentive for foreign businesses to invest here.

- To flourish small enterprisers and entrepreneurs, more support should be given in the form of improved investment climate. It will help them build their capacity and will end up creating more jobs.

2.5 Foreign Direct Investment (FDI)

Rationale

In an emerging developing economy like Bangladesh, Foreign Direct Investment (FDI) inflow is a major component of spurring growth. Because FDI helps bring in new technology, creates employment opportunities and transforms traditional skills into high-end technology, an analysis of the macroeconomic health of the country lacks meaning without a discussion on FDI ("OP-ED: Understanding FDI in Bangladesh," 2020).

Trend Analysis

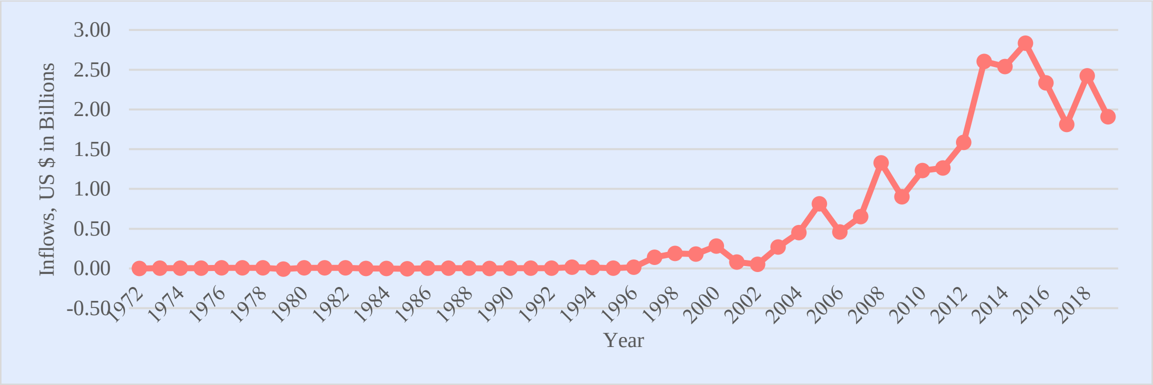


Figure 2.5A. Inflows of FDI in Bangladesh from 1975 to 2019

Source: World Bank

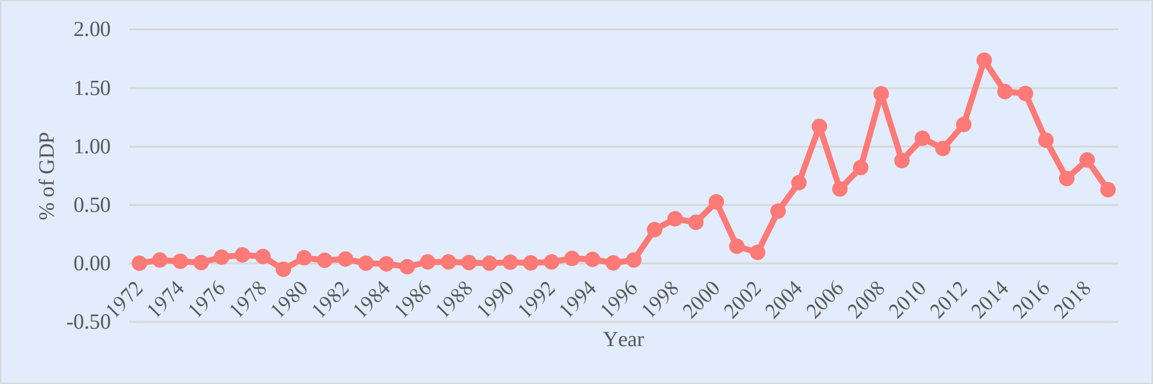


Figure 2.5B. Inflows of FDI (% of GDP) in Bangladesh from 1975 to 2019

Source: World Bank

Over the decades, with the help of the world's competitive facilities, namely land, port infrastructure, cheaper labor and natural resources, Bangladesh has been attracting a lot of foreign investments ("OP-ED: Understanding FDI in Bangladesh," 2020). Population of Bangladesh is over 160 million, which makes the country a strong consumer base with increasing demand. GDP growth of Bangladesh has remained over 7% during the last several years. The number of people living below the poverty line has significantly decreased. According to Bangladesh Bureau of Statistics (BBS), the poverty rate declined to 20.5% in the country at the end of 2018-19 fiscal year from 21.8% in 2017-18 fiscal year. The extreme poverty rate also came down to 10.5% from 11.3% during the period (Ovi, 2020). These reflect the increasing per capita income and increasing purchasing power of the people in Bangladesh. This makes Bangladesh a suitable ground for attracting FDI. From the historical data of FDI in Bangladesh, we can understand the foreign investors' interest in Bangladesh market in the last two decades.

However, the trend doesn't show a steady rise. We can see that in the years of acute political unrest, FDI decreases significantly. By taking a closer look at the data from 2000-2010 (figure 2.5C), we can verify this trend.

Figure 2.5C. Inflows of FDI in Bangladesh from 2000 to 2010

Source: World Bank

Bangladesh faces political unrest mostly during the years of election. National elections were scheduled in the years of 2001 and 2006. We can clearly see how sharply the FDI came down during those years. However, during the two years of caretaker government (2006-2008), political situation was stable in the country. That resulted in crossing the billion-dollar-mark in terms of FDI inflow for the first time, receiving $1.09 billion in the year, which was third among the South Asian countries ("FDI Inflow Sets a New Benchmark," 2009). Rescheduled national election took place at the beginning of 2009, which was followed by a tragic clash between two military forces

- Bangladesh Army and BDR. This turmoil coupled with global recession resulted in a sharp decrease in FDI during 2009. This trend might imply that the only obstacle behind FDI boom in Bangladesh is political scenario. This is validated by the following figure that shows a steady growth of FDI in the years 2010-2015, with a drop in 2014 during the political unrest caused by national election and the trial of war criminals.

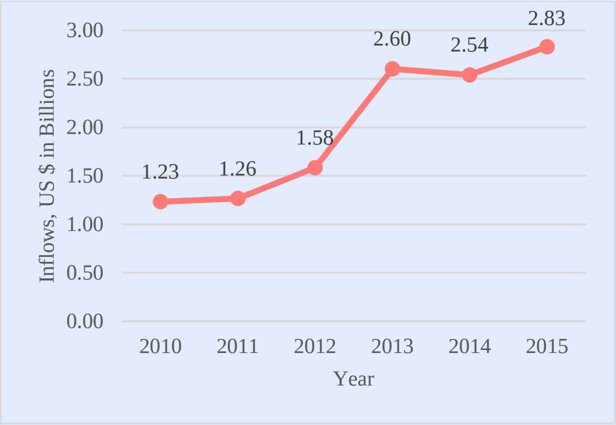


Figure 2.5D. Inflows of FDI in Bangladesh from 2010 to 2015

Source: World Bank

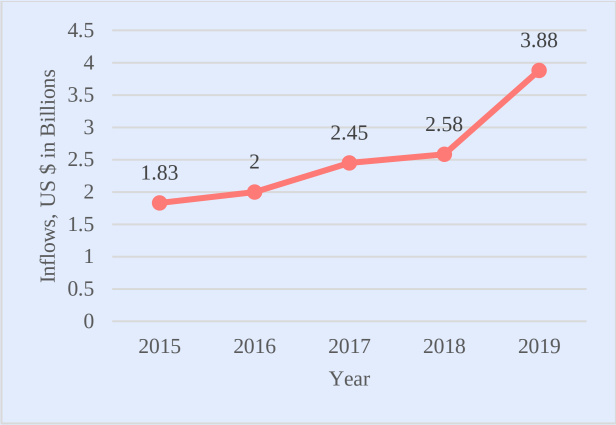


Figure 2.5E. Inflows of FDI in Bangladesh from 2015 to 2019

Source: World Bank

The positive correlation between political stability and FDI can be further reinforced by what happened, in terms of FDI, over the last five years before COVID pandemic happened. During the fiscal years of 2015 to 2019, FDI increased rapidly, reaching an all-time high in the year of 2019 (Uddin, 2019).

During this period, the largest amount of FDI came from China, followed by Netherlands (figure 6.5A). Both these countries contributed to more than 50% of the FDI inflow. UK, Singapore, Hong Kong and USA also had good contribution (Holy & Rozario, 2020).

The power sector attracted the highest amount of investments in Bangladesh in 2019, which is USD 1217.84 million. Other major sectors of foreign investments in the country are food products, trade and commerce, transportation and communication, leather and leather products, pharmaceuticals and chemicals, agriculture and fishing, and computer software and IT services (figure 6.5B). Alongside these, the agro-processing industry, light engineering, digital financial services, etc. are emerging sectors with high potentials to bring in more FDI in the upcoming future (Holy & Rozario, 2020).

However, the notion that maintaining stable political situation will ensure the FDI inflow is only partially true. While historical data supports this notion, it is also important to compare with the state of the neighboring countries. Although the net FDI inflow in Bangladesh has significantly increased in recent years, the numbers are not up to the mark in comparison with those of their regional contemporaries. These countries are doing better in terms of FDI, which indicates that there are other factors which play an important role in attracting FDI and Bangladesh needs to improve in these factors. According to CDC Development Works, a UK based development finance institution has pointed out that lagging behind in the World Bank's ease of doing business index, regulatory uncertainty, lack of communication between regulatory bodies and inconsistencies in policy implementation has created a risky market condition for foreign investors (What Are the Opportunities for Investment in Bangladesh?, n.d.).

Effects of COVID-19

Because of the pandemic-induced slowdown in business and regulatory barriers, net FDI nosedived 39 per cent year-on-year to $2.37 billion in the fiscal year of 2019-20 (Uddin, 2020). According to the International Monetary Fund, investors had withdrawn $83 billion from developing countries since the beginning of the COVID-19 crisis, which is the largest capital outflow ever recorded (Uddin, 2020). This affected Bangladesh as well, bringing down its FDI in the first time in seven years.

Strengths

- Bangladesh has a growing economy with a steady and high GDP growth over 7%.
- There is a big market of 160 million people with increasing purchasing power in Bangladesh.
- Bangladesh is enjoying political stability for a long time which makes the investors feel safe to invest their money in this economy.
- Abundance of cheap labor and natural resources has inspired foreign businesses to set up their facilities in Bangladesh.

Weaknesses

- Bureaucratic tangles in the regulatory bodies of Bangladesh are very demotivating for the foreign investors. They look for clarity in existing policies, reliability of government officials and adherence to rules and regulations. Business climate of Bangladesh has failed to provide that (Holy & Rozario, 2020).
- Bangladesh is severely lacking in the Ease of Doing Business index by the World Bank (168th out of 190 countries).

- Bangladesh has got a highly demotivating taxation and VAT policy. It requires 15% VAT to set up a new facility and 25% corporate tax in Bangladesh where neighboring countries provide VAT free facility set-up benefit. India has even reduced the corporate tax to 20%, which is further discounted to 17% for the new enterprises (Holy & Rozario, 2020).

Challenges Faced

- The government had targeted to attract FDI to the tune of $32 billion under the seventh five-year plan stretching from FY16 to FY20. But the country managed to attract less than $10 billion (Uddin, 2020).
- Foreign investment was hindered because of the underdeveloped capital market in Bangladesh. There is no fully developed bond market here which negatively impacted the decision of the foreign investors (Holy & Rozario, 2020).

Future Prospect

Recently Bangladesh has experienced a strong infrastructural development, an improvement in power sector, growth in some thriving sectors like agro-business, ICT, digital finance, light engineering, tourism etc. This growth and development provide the potential to attract large amount of foreign investments in the upcoming years. The United States of America (USA) has expressed its interest in the biotechnology sector of Bangladesh (Holy & Rozario, 2020). Moreover, Bangladesh Economic Zones Authority (BEZA) has announced a cash incentive of 20% for the agro-processing food sector. This is a clear incentive for the foreign investors and joint ventures to set up their facility in Bangladesh (Holy & Rozario, 2020). China and India have committed to invest nearly USD 31 billion and USD 4.5 billion respectively (PwCBPL, 2019). A large portion of this investment will be spent to improve the communication system in Bangladesh by developing new roads, rails and ports. Under China's 'Belt and Road Initiative', this will connect Bangladesh to other parts of Asia and Africa with immense opportunity of trade and new investments. Additionally, being a MIGA (Multilateral Investment Guarantee Agency) signatory, Bangladesh has relived the investors from the uncertainty of losses due to political unrest. This might open doors to more foreign investors. (Holy & Rozario, 2020)

Challenges on the Way Forward

- Improving the internal business climate for the foreign investors will be the main challenge in the upcoming days for Bangladesh. With neighboring competitors providing healthier business environment and more business-friendly policies, it would be hard for Bangladesh to keep a steady flow of FDI if Bangladesh cannot improve in the Ease of Doing Business Index.

- Strict profit repatriation policy of Bangladesh Bank will be discouraging for the foreign investors in the upcoming days. It is obvious that investors will be interested to easily take their money and dividend back in their countries. On the other hand, relaxing profit penetration policy by Bangladesh Bank might not be considered beneficial for the local community by many experts. Finding a balanced ground and attracting FDI with that relaxed policy will be a challenge for Bangladesh in the upcoming years.

How to Overcome the Challenges

- A one-stop service center is a must for the foreign investors so that they can easily complete all the formalities to start their operation in Bangladesh. This will help save the investors from many hassles that they have to go through now and will save their valuable time. This initiative can significantly improve Bangladesh's position in the Ease of Doing Business Index.
- Government initiative is required in the development and implementation of several policies including tax and vat regulations. As the regional competitors are coming up with investor friendly tax and VAT policies, it is crucial for Bangladesh to revise corporate tax and VAT rate and offer a suitable policy for the foreign investors.
- It is important to improve the sea-port and airport facilities in Bangladesh. At the same time inland waterway transportation system and rail-road systems need to be up-to date and suitable for smooth business.
- Foreign investors should be provided land in the industrial areas with proper utility facilities without hassle and the process should be free of red tapes and bureaucratic tangles.
- One of the main reasons for dropping FDI is harassment by revenue collection agencies. Making this process automated will be helpful to attract FDI.

2.6 Balance of Trade (BoT)

Rationale

Balance of trade (BoT) is the largest component of a country's balance of payments (BoP). The balance of trade is useful because it is often the timeliest indicator of trends in the current account balance. BoT is used to measure the relative strength of a country's economy and is identical to the difference between a country's output or total production and its total domestic demand. That is why BoP was chosen as one of the macroeconomic indicators for analyzing the macroeconomic performance of Bangladesh.

Trend Analysis

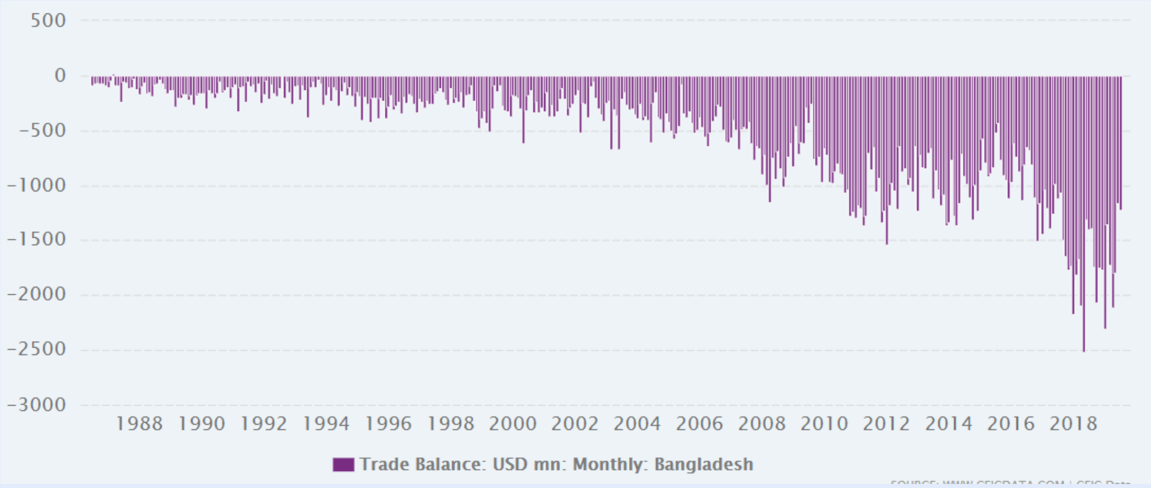


Figure 2.6A. Balance of Trade of Bangladesh over the last 35 years

Source: CEIC Data

Bangladesh has experienced deficits in its balance of trade since its independence and the problem became chronic because of the country's heavy dependence on imports and its requirement for running development programs. Bangladesh had a comparatively smaller deficit in the earlier years. The deficit reached 1 billion in 2008 and has continued to widen till now. The most deficit in a month recorded in the history was USD 209.8 million in May of 2018.

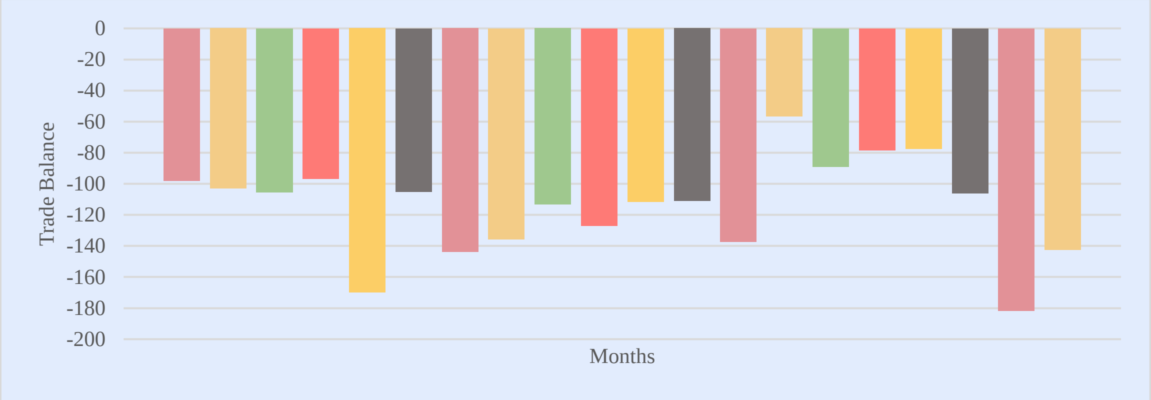


Figure 2.6B. Balance of Trade of Bangladesh from June 2019 to January 2021

Source: Trading Economics

Bangladesh's trade deficit narrowed 30.77% year-on-year to $4.7 billion in the first five months of the fiscal year 2020-21 mainly because of the ongoing economic slowdown in the current pandemic situation and the falling trend of import due to that. The deficit fell by $2.09 billion to $4.7 billion during the July-November period, as indicated by figure 2.6B. Although some may interpret the contraction of the trade deficit as a good indication, yet a more profound investigation of the country's import-dependent nature would uncover that it was not conveying a satisfactory message to the economy. The trade deficit narrowed because of the negative import growth, which shows stagnated economic activities and weak domestic demand.

Effects of COVID-19

During the pandemic, the import growth dropped about 9% during the period to $20.2 billion from a year earlier because of rising import payment pressure on the economy and increased import expenses along with the resumption of infrastructure development works across the country. Bangladesh paid a high import payment of $6.69 billion only for the month of January 2021. Investment-related imports like capital hardware and intermediate merchandise have dropped essentially, which is attributable to the pandemic. Higher import payment commitments demonstrate that the country's general activities are skipping back slowly from the progressing COVID-19 pandemic. On the other hand, the country's export earnings grew just 0.86% to $15.5 billion in the initial five months of the fiscal year. Exports may fall further in the impending days as the second wave of COVID-19 has effectively begun in Europe and America.

Strengths

- The citizens of the country can get a variety of products and services at a competitive price that the trade deficit provides.
- Due to competitive prices, the risk of inflation becomes low.
- Negative BoT encourages additional FDI in the country.

Weaknesses

- As the imports of the country are higher than the exports in trade deficit situations, the country may outsource jobs to other countries, resulting in increased unemployment.
- Negative BoT might lead to lower GDP due to a lesser production level.
- The trade deficit can weaken the domestic currency compared to foreign ones.

Challenges Faced

Bangladesh had a trade deficit right from the independence due to crop failures caused by devastating floods as well as drought and cyclonic storms. Bangladesh occasionally had to import large amounts of food grain, which resulted in a massive deterioration in the country's balance of trade situation in the post-liberation period at end of the past century. In addition, the terms of trade consistently worsened due to rising import prices and instability in export earnings. The increased liberalization of the external sector during the 1990s also contributed to the widening of the gap in the trade balance of the country during this period. In Bangladesh, researchers found that on average, export growth has increased less than import growth leading to an increase in the trade deficit – enough to trigger a financial crisis.

Future Prospect

Given the past records and the impacts of COVID-19, trade deficit is likely to increase in the upcoming years. However, the severity of the situation may reduce if FDI increases and the IMF, World Bank, and Asian Development Bank release their loans for Bangladesh. With their support, imports will likely decrease and make a positive effect on the balance of trade.

Challenges on the Way Forward

BoT is a potential weapon of developing the Bangladesh economy and can play an important role to reduce poverty and increase GDP growth. Even though for the developing economy of Bangladesh, a trade deficit is considered to be normal, the increasing deficit trend might become a hurdle in the way of GDP growth. The cost of import is increasing but the export of the country is not able to keep up with it. Especially recently because of the pandemic situation even though the deficit has narrowed down in 2020 compared to 2019, it is not helping the economy at all. The import has decreased, but it did not happen because of production increase, which may lead to a high inflation rate as a result.

How to Overcome the Challenges

- Bangladesh must increase its production by reducing production costs, attaining efficient productivity and increasing the export of the surplus by aiming at marketing quality products at a competitive price at the stipulated time.
- The country must aim at both product and market diversification and increased export of higher value-added items.
- The electricity and gas crisis needs to be solved urgently so that production activities can continue without any issues.
- Relaxation of restrictions on imports more slowly than barriers to export implementation, establishment of export-oriented industry, infrastructure development, proactive export policy and better marketing of surplus goods can help Bangladesh overcome the challenges.

3.0 Socioeconomic Indicators

3.1 Inequality-adjusted Human Development Index (IHDI)

Rationale

IHDI is HDI discounted for inequalities, an important socioeconomic indicator that takes into consideration not only the average achievements of a country in health, education and standard of living but also their distribution among its population according to its level of inequality. Because IHDI demonstrates the actual state of human development in a specific geographical location, this indicator was chosen over HDI, which is known to mask inequality in the calculation of its value.

Trend Analysis

That IHDI demonstrates the actual state of human development in a country given the level of inequality in health, education and standard of living of the population is validated by table 3.1A and figure 3.1A.

Table 3.1A Comparisons between HDI and IHDI of Bangladesh (2010-2019)

Year	HDI	IHDI		
		Value	Overall Loss (%)	Difference from HDI Rank
2010	0.469	0.331	29.4	1
2011	0.500	0.363	27.4	5
2012	0.515	0.374	27.4	5
2013	0.558	0.396	29.1	4
2014	0.570	0.403	29.4	1
2015	0.579	0.412	28.9	–2
2017	0.608	0.462	24.1	–1
2018	0.614	0.465	24.3	4
2019	0.632	0.478	24.4	3

Source: Human Development Reports, UNDP

When reviewed independently, HDI values that have been on the rise in Bangladesh over the last ten years may misrepresent the real conditions of human development in the country. Table 3.1A shows that while there is an upward trend in the values of IHDI over the last ten years, the overall loss in human development has hardly shown signs of significant improvement during the same period. In fact, in 2019, the rate of loss in human development increased from 24.3% to 24.4%, bringing the HDI rank down from 4 to 3.

The upward trends in both HDI and IHDI and the somewhat stable rate of growth in their values (figure 3.1A) should not warrant complacency in the attitudes of the policymakers when a large part of the population is still suffering from inequalities to an unimaginable extent in terms of life expectancy, education and income (table 3.1B). While it is admirable that the human inequality coefficient has decreased from 28.7% in 2013 to 23.7% in 2019, a closer look at the individual percentage of inequality in life expectancy at birth, education and income reveals a different story.

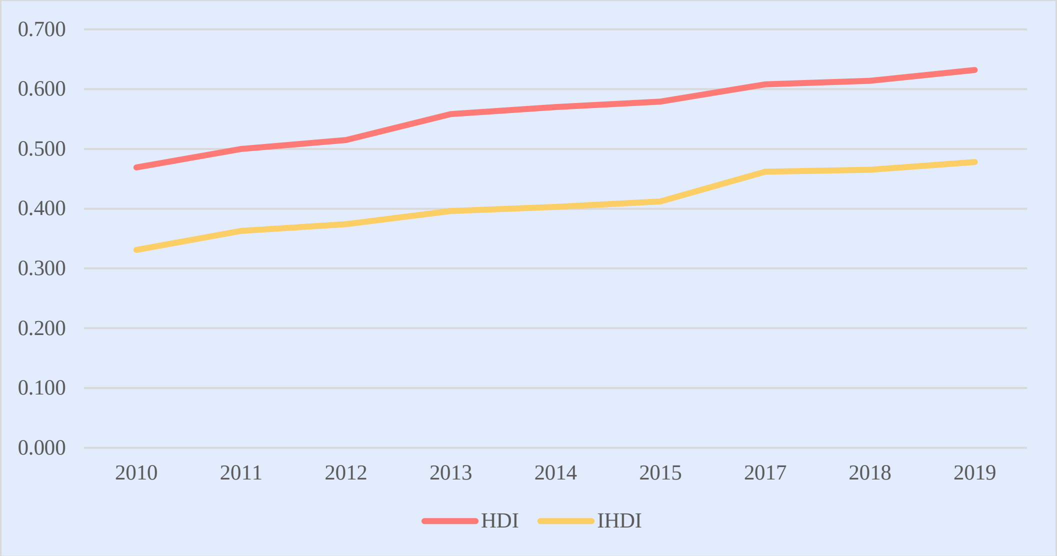


Figure 3.1A. Comparisons between HDI and IHDI of Bangladesh (2010-2019)

Source: Human Development Reports, UNDP

Table 3.1B Inequality-adjusted Human Development Index (IHDI) of Bangladesh (2013-2019)

Year	IHDI Value	Overall Loss (%)	Human Inequality Coefficient (%)	Inequality in Life Expectancy at Birth (%)	Inequality-adjusted Life Expectancy Index	Inequality in Education (%)	Inequality-adjusted Education Index	Inequality in Income (%)	Inequality-adjusted Income Index
2013	0.396	29.1	28.7	20.1	0.623	37.8	0.278	28.3	0.357
2014	0.403	29.4	29.0	20.1	0.634	38.6	0.274	28.3	0.375
2015	0.412	28.9	28.6	20.1	0.639	37.3	0.287	28.3	0.380
2017	0.462	24.1	23.4	17.3	0.672	37.3	0.319	15.7	0.459
2018	0.465	24.3	23.6	17.3	0.666	37.7	0.320	15.7	0.472
2019	0.478	24.4	23.7	17.3	0.669	37.3	0.332	16.6	0.492

**2016 data not available* *Source: Human Development Reports, UNDP*

What's more, figure 3.1B shows that the greatest level of inequality lies in education, the index of which has hardly experienced any notable growth rate over the years. The only reason the values of the human inequality coefficient have gone down is the impressive level of decline in income inequality during the same period. This led to improved values of GNI per capita for both women and men (table 3.2A), which were considered by the UN while recommending Bangladesh for graduation from the category of Least Developed Country to that of Developing Country.

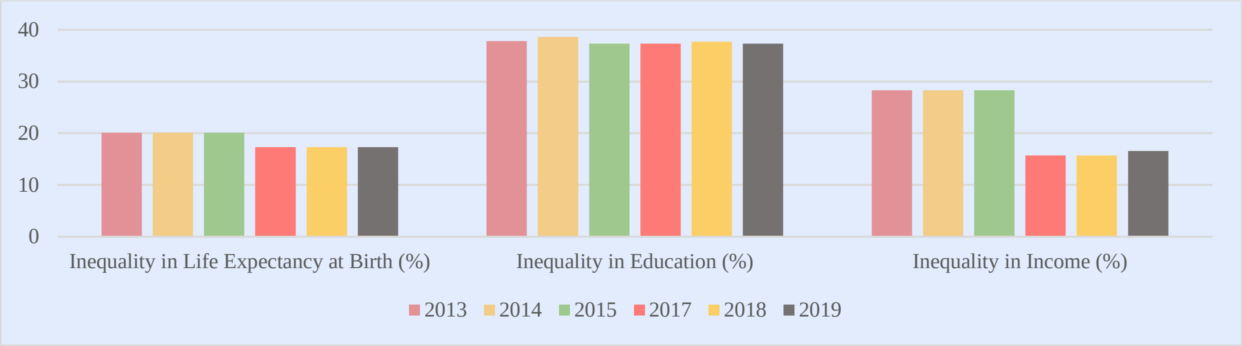


Figure 3.1B. Inequality in Life Expectancy at Birth, Education and Income (2013-2019)

**2016 data not available* *Source: Human Development Reports, UNDP*

Effects of COVID-19

Because IHDI data in the years of 2020 and 2021 are not available yet, the effect of COVID-19 on this index could not be determined.

Strengths

- A downward trend in the human inequality coefficient
- Slow but steady improvements in the values of IHDI
- Impressive rates of decline in income inequality and of increase in the inequality-adjusted income index

Weaknesses

- Highest degree of inequality in education, with no remarkable change in the inequality index
- No noteworthy improvement in the inequality-adjusted life expectancy index over the years

Challenges Faced

- In general, people living in urban areas enjoy more and better facilities in terms of education, healthcare and employment than those in rural areas. As a result, the inequality in the basic dimensions of human development remains.
- While the per capita income grew several times over the last ten years, the disparity between the rich and the poor widened due to an unequal distribution of wealth. Even the higher GDP growth has failed to minimize the income inequality between these two sections of the society (Uddin, 2020).
- The rate of growth in GNI per capita for women is relatively slower than that for men mainly because of the underrepresentation of women in labor force and gender pay gap, as has been illustrated in details in GDI.

Future Prospect

Taking into account the impacts of COVID-19 on the overall economy of Bangladesh and the fact that the rate of loss in human development slightly increased in 2019, it is likely that the IHDI value will decline in the upcoming years. The real culprit behind this is obvious – the widening inequality in education between rich and poor in Bangladesh during the pandemic.

Challenges on the Way Forward

- The inequality in life expectancy between men and women in Bangladesh, further illustrated by GDI in the next section, has been worsened by the ongoing pandemic. Here, the number of deaths from COVID-19 is about four times higher among the male population than that among the female population. As a result, the inequality-adjusted life expectancy index may suffer, bringing down the overall IHDI value (Hossin, 2020).
- The COVID-19 pandemic has exacerbated the level of inequality in education between high-income and low-income families in Bangladesh. According to a World Bank working paper, nearly 38 million students in the country have been affected by a lack of infrastructure and inadequate access to internet and digital devices essential to virtual learning during the pandemic. The situation is much worse in Bangladesh as a large section of students from financially struggling families does not have adequate access to distance learning. According to this paper, in contrast with 91% of school-going children from the richest families, only 9.2% of children (aged between five and fifteen years) from the poorest families and some 59.7% from middle-income families have access to televisions, one of the four remote learning mediums. Even though access to mobile phones is high across all these groups, a significant part of the poorer section does not have necessary internet connections (Byron & Habib, 2021).
- COVID-19 has also worsened the inequality in income as evidenced by the loss of nearly 36 million jobs during the 66 days of government-imposed lockdown in Bangladesh during which the lion’s share of the increased per capita income went to the richer section of the society. Most of these job losses were in the agriculture, industry and service sectors i.e., experienced by the poor and middle-income sections of the population (Shafiullah & Islam, 2020).

How to Overcome the Challenges

- Government needs to ensure no student drops out of their educational institution, especially during the pandemic, by providing necessary facilities (e.g., laptop, free data connection, reduced school fees etc.) to make the process of online learning easier and more user-friendly.

- Necessary and sustainable partnerships should be forged between government, non-government, private sector and civil society to manage the delivery of online education during and after the crisis.
- Easy access to low-interest credits for job losers in the agriculture, industry and service sectors may result in increasing numbers of entrepreneurs in small towns and villages, thus improving the overall GNI per capita and the IHDI value in future.
- Moreover, steps such as expanding the social safety net programs, increasing tax on the rich and providing decent jobs to people should be taken by the government to reduce the level of income inequality in Bangladesh.

3.2 Gender Development Index (GDI)

Rationale

Gender Development Index (GDI) is a relatively new addition to Human Development Index (HDI), which measures disparities on the HDI by gender. The primary reason GDI was chosen as one of the socioeconomic indicators is women's contributions in GNI per capita of Bangladesh, one of the three criteria assessed for graduation by the Committee for Development Policy. Because GDI presents a comparative picture of men and women's health, education and standard of living, any changes in its value can explain, expediate or hinder the possibility of Bangladesh graduating from the category of the Least Developed Country (LDC).

Trend Analysis

The following figure reveals no dramatic rise or fall in the GDI of Bangladesh over the past 25 years, which also indicates that the relative changes in the basic dimensions of human development - health, education and standard of living – in women and men have hardly been significant during this period.

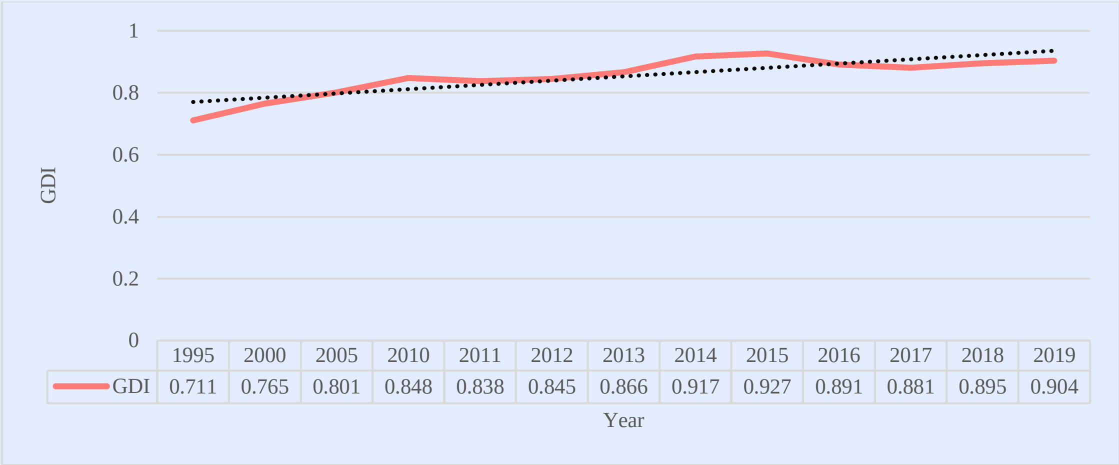


Figure 3.2A. Gender Development Index (GDI) of Bangladesh (1995-2019)

Source: Human Development Reports, UNDP

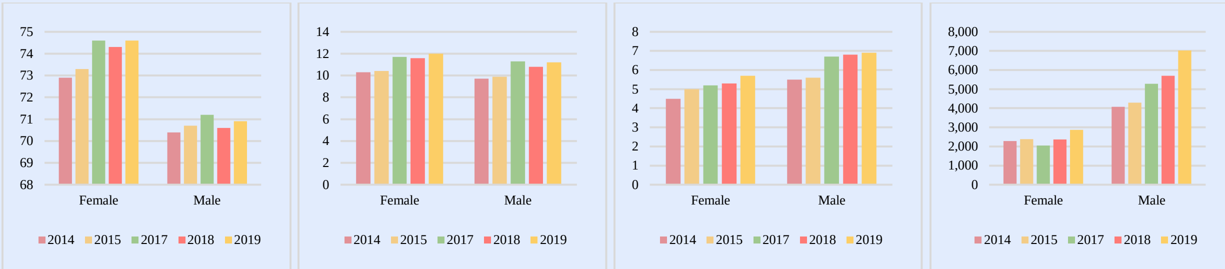
Even though the GDI of Bangladesh has hardly experienced any sharp increase or decrease in the last 25 years, the value has generally been on a steady rise during this period with the exception of a few years (e.g., 2011, 2016, 2017). As per figure 3.2A, the closest the GDI of Bangladesh was to 1 was in 2015 – 0.927 while in the most recent year of 2019 (GDI 2020 is not available yet), it was 0.904. accordingly, the GDI in 2015 placed Bangladesh in group 3 of countries with medium equality whereas in 2019, it demoted our country to group 4 of countries with medium to low equality in HDI achievements between women and men.

Table 3.2A Comparisons of the Dimensions of Human Development Between Women and Men (2014-2019)

Year	F-M Ratio GDI Value	Group	HDI Values		Life Expectancy at Birth		Expected Years of Schooling		Mean Years of Schooling		Estimated GNI per Capita	
			Female	Male	Female	Male	Female	Male	Female	Male	Female	Male
2014	0.917	4	0.541	0.590	72.9	70.4	10.3	9.7	4.5	5.5	2,278	4,083
2015	0.927	3	0.556	0.599	73.3	70.7	10.4	9.9	5.0	5.6	2,379	4,285
2017*	0.881	5	0.567	0.644	74.6	71.2	11.7	11.3	5.2	6.7	2,041	5,285
2018	0.895	5	0.575	0.642	74.3	70.6	11.6	10.8	5.3	6.8	2,373	5,701
2019	0.904	4	0.596	0.660	74.6	70.9	12.0	11.2	5.7	6.9	2,873	7,031

**2016 data not available* *Source: Human Development Reports, UNDP*

However, in comparison with the GDIs of the preceding three years, the GDI in 2019 showed improvements, albeit small, caused by rises in women's life expectancy at birth, expected years of schooling, mean years of schooling and estimated GNI per capita. This is validated by the data in table 3.2A that shows comparisons of the dimensions of human development between women and men from 2014 to 2019.

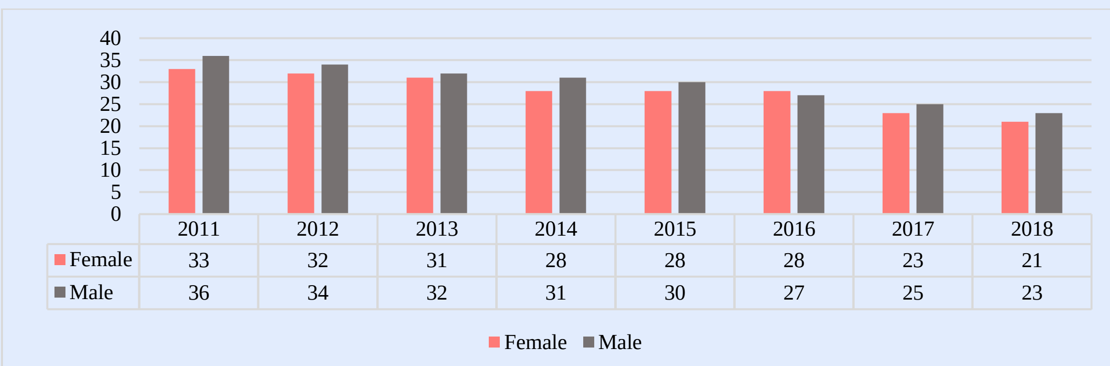


Life Expectancy at Birth | Expected Years of Schooling | Mean Years of Schooling | Estimated GNI Per Capita

Figure 3.2B. Comparisons of the Dimensions of Human Development Between Women and Men (2014-2019)

Source: Human Development Reports, UNDP

One reason the level of inequality between women and men in Bangladesh has narrowed over the years is the higher and increasing life expectancy of women than that of men. This can be explained by the fact that rises in life expectancies result from, among other things, declines in infant and child mortality rates. In Bangladesh, the female infant mortality rate is lower than the male infant mortality rate (figure 3.2C), which, in turn, leads to the higher life expectancy of women than that of men.



	2011	2012	2013	2014	2015	2016	2017	2018
Female	33	32	31	28	28	28	23	21
Male	36	34	32	31	30	27	25	23

Figure 3.2C. Female and Male Infant Mortality Rate (2011-2018)

Source: Bangladesh Statistics, 2011-2018

Effects of COVID-19

Because GDI data in the years of 2020 and 2021 are not available yet, the effect of COVID-19 on this index could not be determined.

Strengths

- Positive growth of the GDI value

- Increases in women’s life expectancy at birth, expected years of schooling, mean years of schooling and estimated GNI per capita

Weaknesses

- Low rate of increase in women’s mean years of schooling
- Relatively slower rate of growth in GNI per capita for women than for men

Challenges Faced

The primary reason the GDI of Bangladesh has not had any significant level of increase over the years, especially from 2018 to 2019, is the relatively slower rate of growth in GNI per capita for women than for men. This happens due to the underrepresentation of women in labor force and gender pay gap.

- Despite increases in the mean years of schooling for women and various developmental policies by government and non-government institutions to make education more accessible to girls, a large part of the female population in the country is still not in labor force (table 6.8D).
- Moreover, many women working the same job continue to earn less (as much as 50%) than men in Bangladesh. Some of the factors responsible for this include less education, lack of skills, marriage, women’s lack of negotiating skills and bias at workplace. However, even when these factors are considered “control variables”, 38% of the wage gap still remains unexplained (Shibli, 2018).

Because GDI data in the years of 2020 and 2021 are not available yet, the effect of COVID-19 on this index could not be determined.

Future Prospect

Based on the trend analysis, the GDI value is expected to rise in the upcoming years despite the challenges posed by the pandemic; however, the rate of increase in GDI is likely to be significantly low. This is because women’s mean years of schooling and the GNI per capita will likely remain somewhat stable with no sharp increase in their value in the coming years.

Challenges on the Way Forward

- Higher secondary school dropout rates for female students in Bangladesh are still driven by early marriage, poverty, household responsibilities, lack of access to study materials and so on (Sosale, Asaduzzaman, & Ramachandran, 2019).

- COVID-19 pandemic may stunt further progress in women's education and empowerment in the country by undermining many of the recent gains in this sector (Baird, Seager, Sabarwal, Guglielmi, & Sultan, 2020). A study conducted by UN Women as well as many other similar studies revealed that women constituted the greater proportion of people whose income from paid jobs had decreased since the onset of the pandemic (Das, 2020).
- A large percentage of the gender wage gap in Bangladesh still remains unexplained.
- The percentage of female workers, who used to hold the largest share of RMG workers in Bangladesh in the past, has decreased to a considerable extent. Within the period of 2011-2020, the rate has gone down from 58.4% in 2012 to 53.2% in 2016 (Moazzem, 2018). Because of technological upgradation in machineries and products, many RMG enterprises are now more inclined to hire male workers than female workers who, as these enterprises believe, are less skilled at technical know-how than their male counterparts (Uddin, 2018). This may slow down women's GNI per capita even more in the upcoming years.
- As already mentioned in the previous section on IHDI, gender gap in life expectancy at birth worsened by the pandemic may slow down the rate of growth of GDI.

How to Overcome the Challenges

- Government needs to ensure no female student drops out of their educational institution, especially during the pandemic, by providing necessary facilities (e.g., laptop, free data connection, reduced school fees etc.) to make the process of online learning easier and more user-friendly.
- More cheaper or free courses need to be offered by government and non-government agencies to help women develop new skills.
- Strong policies targeting gender inequality at academic institutions and workplaces must be developed in order to completely eliminate the gap.
- Easy access to low-interest credits for women may result in increasing numbers of female entrepreneurs in small towns and villages, thus improving both women's GNI per capita and the GDI value in future.
- Government should also undertake policies to increase female employment in sectors like transport, wholesale and retail trade.

3.3 Ease of Doing Business

Rationale

Bangladesh is one of the fastest growing economies in the world and is also regarded as the next Asian Tiger in recent years. In order to continue this rapid growth, it is imperative to have an investment friendly environment. This environment is measured by the Ease of Doing Business indicators that provide an overall ranking as to how friendly a country is for any kind of investment. Because a large part of the economy of Bangladesh depends on foreign investments, an analysis of its macroeconomic performance is incomplete without a brief discussion on this indicator.

Trend Analysis

As per the figure below, the ranking dropped to 12 points in 2011 from 2010 and the next year it rose to 15 points. Since then till 2014, the ranking steadily increased, followed by an upsurge in the index in 2015.

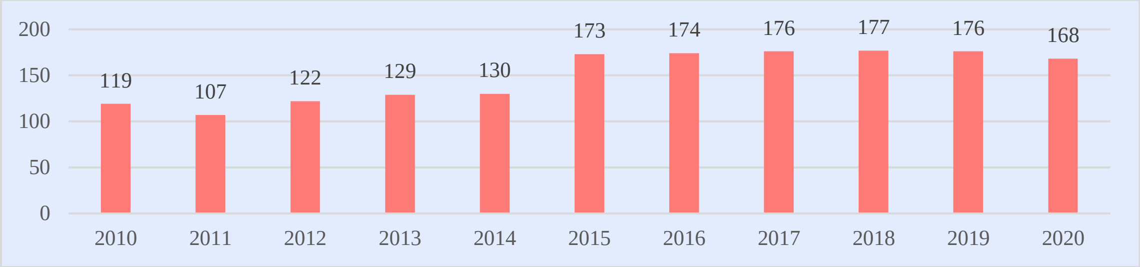


Figure 3.3A. Ease of Doing Business Ranking of Bangladesh from 2010 to 2020

Source: www.doingbusiness.org

This happened because there was a change in the consideration of indicators and more economies were compared. However, between 2015 and 2019, there was hardly any change in the ranking as the government regulations regarding the improvement of the necessary indicators were not up to the mark. Though the government made trading across borders easier by introducing a fully automated, computerized customs data management system ASYCUDA (Automated System for Customs Data) and made paying taxes less costly for companies by reducing the corporate income tax rate, there were significant barriers in case of the other indicators. For example, starting a business became more expensive in the country as the cost of business registration at the Registrar of Joint Stock Companies and Firms increased (Doing Business, 2020).

The EOD ranking directly impacts the foreign investment in a country. If the EOD ranking is good and upward-trending, there will be more foreign investments (figure 2.5D and 2.5E). The growth in the FDI (Foreign Direct Investment) trends as well as in some of the key EOD indicators such as starting a business, getting electricity and getting credit have become easier than before in Bangladesh. This has led to a significant improvement in the EOD ranking when Bangladesh ranked 168 in 2020 from 176 the year before.

Effects of COVID-19

Though Bangladesh has significantly improved the EOD ranking, the pandemic made the government regulatory decisions unpredictable, which is a major impediment towards foreign investment. Meanwhile, due to the outbreak, getting credit has become tougher than before due to the economic contraction. Moreover, trading across borders has become very restrictive due to the government's attempt to contain the spread of the virus. The FDI is expected to fall about 5-10 % in 2021 due to COVID-19.

Strength

- Starting a business and getting credit from the investors have improved significantly.
- Overall ranking has improved by 6 points, which is a positive sign for getting more foreign investment.

Weaknesses

- Infrastructure is weak in Bangladesh. While this is a disadvantage for doing business, it also means that the area offers substantial prospects for investment.
- Vulnerability to natural disasters has hardly declined.
- Corporate tax system has not improved and trading across borders remains the same as before, which makes the country vulnerable.
- Registering property has become more complex than before.
- The quality of electricity, a major component for doing business, is terrible while the legal services, primarily in registering and ensuring property rights, has scored unacceptably low.

Challenges Faced

The World Bank has mentioned bad performance in four core areas - protecting minority investors, paying taxes, trading across borders and enforcing contracts - out of 10 categories. Moreover, despite the improved ranking, which is the second lowest among the South Asian countries, Bangladesh fails to reach a position where it can draw greater public sector investment from both home and abroad. Also, the inefficiency of administration and severe corruption along with the impacts of COVID-19 have slowed down progress of the initiative taken to further improve the ranking (Ovi, 2020).

Future Prospect

As the FDI trend line and EOD ranking show a significant improvement from the previous years, it is likely that the ease of doing business ranking will improve in the upcoming years. However, the rate of improvement might be low due to the unavoidable effects of COVID-19. As the government has decided to improve this ranking to double digits, various ambitious measures have already been adopted and set in motion.

Challenges on the Way Forward

- Coordination and cooperation among the government, private sector, civil society and the people upon a universal principle and values might prove to be difficult to achieve if none of the parties involved are willing to lose control on this issue.
- Improving different institutional frameworks like the local government institutions (LGI) can be challenging. Moreover, the government initiatives taken to improve the ranking have failed to show any significant progress due to corruption, bureaucracy, administrative inefficiency and COVID-19.
- Ensuring policy coherence across all the ministries might be tough.
- Lack of corporate governance can be a major issue.
- Attracting foreign direct investment (FDI) is going to be a critical challenge due to some non-fiscal barriers.

How to Overcome the Challenges

- To overcome the above-mentioned challenges, it is necessary to expedite the action plans of Bangladesh Investment Development Authority (BIDA) formed by the government of Bangladesh in 2016 in order to improve the ranking.
- Bangladesh needs to ensure that the cross-border trade continues to remain paperless, contactless and faceless. Moreover, proper implementations of WTO's Trade Facilitation Agreement (TFA) and corrective action plans (CAP) alongside cross-border e-commerce measures will improve the speed and efficiency of border procedures, thereby lowering overall trade costs and enhancing participation in the global value chains as well (Sarwar, 2020).
- Transportation around Dhaka city is crucial for any business. Traffic congestion here is a red flag for the businesses to open their branches in Bangladesh as it hinders the efficiency and operation of the firms. Decentralizing Dhaka city and improving the transportation inside Dhaka are important for attracting foreign businesses and eventually generating employment (Fan, 2017).

3.4 Economic and Environmental Vulnerability Index (EVI)

Rationale

Economic and environmental vulnerability index (EVI) is one of the three categories which is considered for graduating a country from LDC (Least Developed Country) category. This is why the EVI has been chosen for analysis in this paper.

Trend Analysis

The value of EVI has fluctuated over the years to the point it is almost impossible to forecast EVI for the future (figure 3.4A)

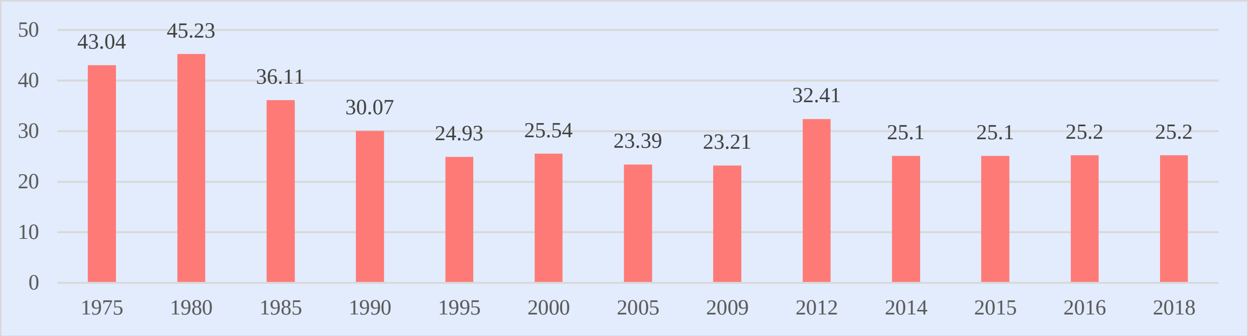
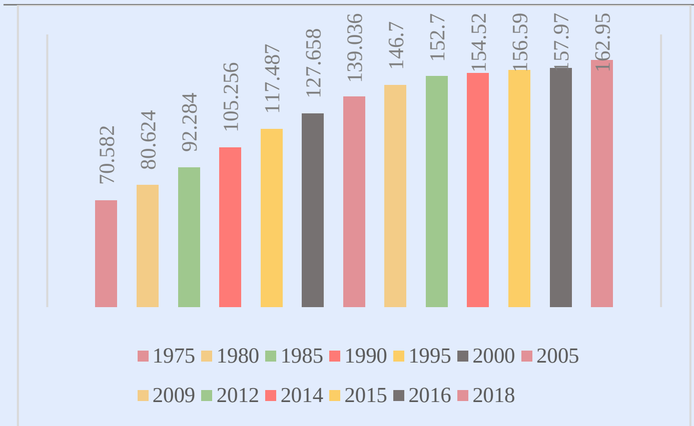


Figure 3.4A. Economic and Environmental Vulnerability Index (EVI) of Bangladesh (1975-2018)

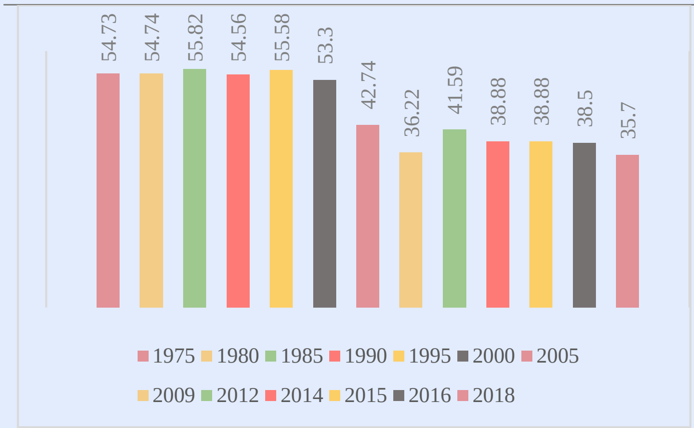
Source: The World Bank

Following are brief analyses of performance of each of the eight EVI indicators.



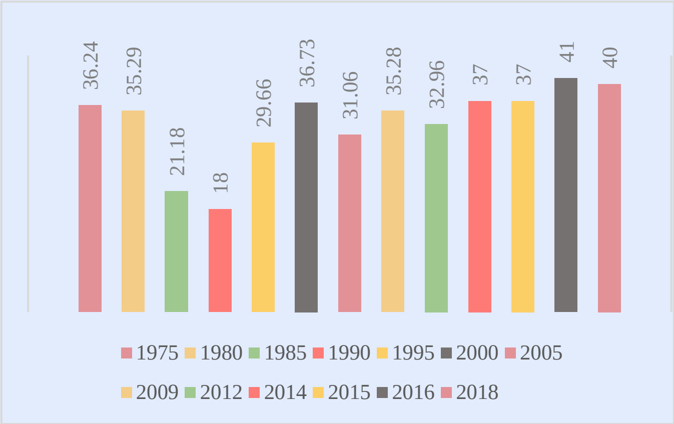
Population

The population of Bangladesh grew gradually from 1975 to 2018. As the data from 1975 to 2009 were 5 years apart, the trend seems very steep; however, the population has grown steadily over the years.



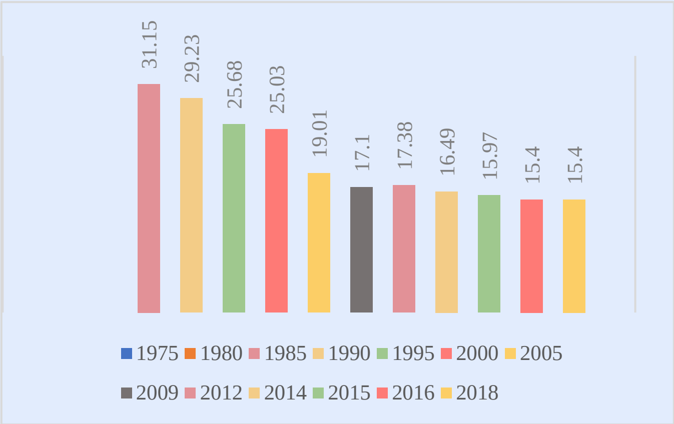
Trade Remoteness

The trade remoteness was steady during the time period of 1975-2000. After that, it fell dramatically about 10% in 2005. From that point onward, the remoteness index was shifting up and down in a close range for about 10 years after which in 2018, it fell about 3 points from the previous year.



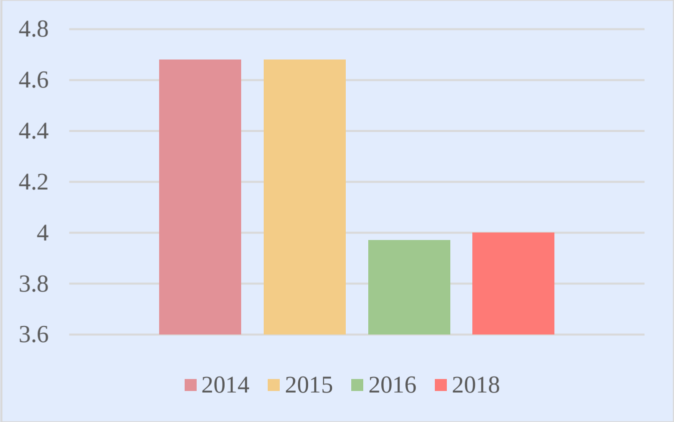
Merchandise Export Concentration

The merchandise export concentration was very erratic between 1975 and 2000. From there it fell about 5% in 2005 and then rose about 4% in 2009 and again fell 3% in 2012. In the year of 2014, it rose about 5% and was steady for a year. Finally, in 2018 the merchandise export concentration was 30% higher than in 2005.



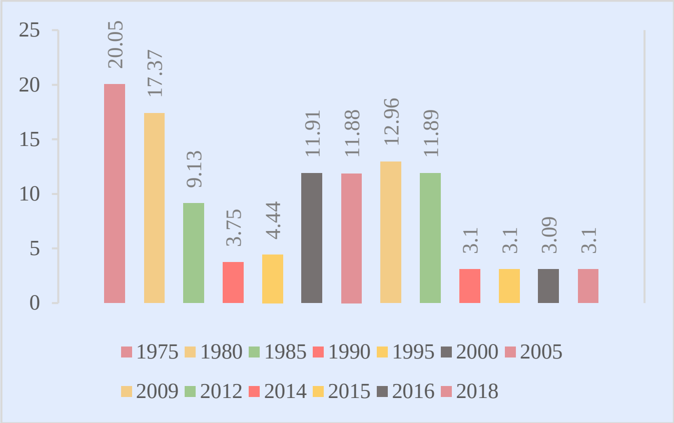
Share of Agriculture, Forestry and Fisheries

The share of agriculture, forestry and fisheries fell gradually over the years from 1975 to 2000. In 2005, it drastically fell about 25% from 2000 and from that point onward, the share has been continuously declining till date. This indicates that the share of agriculture, forestry and fisheries in GDP is showing a downward trend.



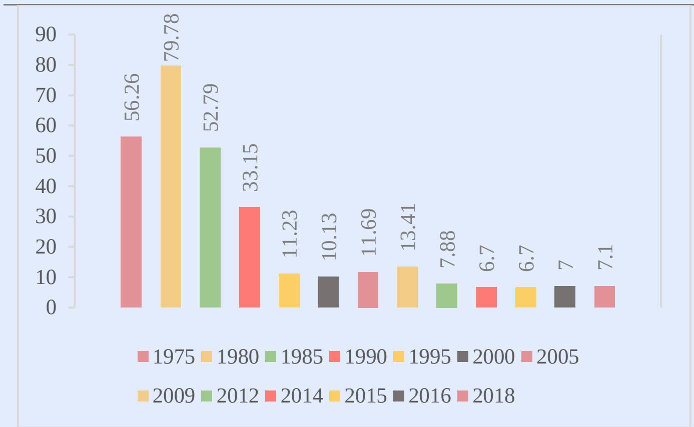
Victims of Natural Disasters

The number of victims of natural disasters has declined from 4.68 per 1 lac population in 2014 to about 4 in 2018.



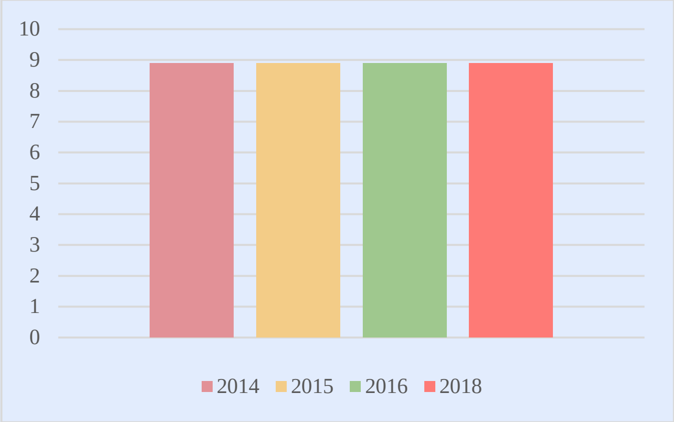
Instability in Agricultural Production

The instability in agricultural production fell significantly from 1980 to 1985 for about 50%. In 1990, the index again fell about 30% from 1985 and remained stable up to 1995. In 2000, the index rose dramatically about 300% and the trend stayed stable till 2012. In 2014, the index fell dramatically again about 75% and remained stable until 2018.



Instability in Merchandise Export

The changes in the merchandise export instability have been rather dramatic during the time period 1975-1995. From 1995, the instability index remained stable within a narrow range until 2009. From 2012 to 2018, the index was pretty stable and significantly lower than in the 80's or in the 90's.



Share of People in the Low Elevated Coastal Areas

The share of people in the low elevated coastal areas has remained stable over the 5-year period.

Figure 3.4B. Brief Analyses of Performance the Eight EVI Indicators

Source: Bangladesh Bureau of Statistics (BBS)

Effects of COVID-19

EVI is one of the three criteria assessed for graduation from the LDC status. Bangladesh was recommended by the CDP in 2018 as it fulfilled all the criteria including the EVI, which was well below the threshold point of 32. The country was on the edge of graduating in 2024 as per the timeline given by the CDP, however, due to the COVID-19 pandemic, the socioeconomic condition took a negative turn and the government appealed for an extension of 2 years (2026) for graduation. This delays the country's extraordinary achievement in the world economy.

Strengths

- The merchandise export concentration has improved significantly which is a positive sign.
- Availability of highly skilled manpower has improved the export basket (Rahman, 2021).
- Victims of natural disaster have decreased over the years.
- Trade remoteness index has improved due to recent trade pacts with neighboring countries such as India, Nepal, Bhutan etc.

Weaknesses

- Physical distance from markets continues to be an important source of economic vulnerability. This is the case for Bangladesh as most of its export (especially the RMG export) is based in Europe, North America and Australia.
- Instability of merchandise export has increased.
- Share of agriculture, forestry and fisheries has decreased.

Challenges Faced

The economy of the country is solely dependent on RMG export for foreign earning. This is a major impediment towards graduating from LDC. Moreover, corruption and inefficiency at every level of the government and other similar organizations have slowed down the progress of EVI over the years.

Future Prospects

Based on the trend analysis, the EVI of Bangladesh is likely to remain stable in the upcoming years since most of its indicators have showed stability in their values over the last few years. Also, graduating from LDC will certainly earn a commendation as an achievement in growth and development in the international community and will boost the chance of foreign investment in the country. The international credit rating will be expected to improve through this improved perception of Bangladesh (Bhattacharya, 2021).

Challenges on the Way Forward

- Pharmaceutical industry will lose the duty-free benefits and also the relaxed patent regulations.
- Allocations may be reduced in climate funding as well (Bhattacharya, 2021).
- Bangladesh may face an 8-10% fall in its gross export revenue due to the loss of duty-free quota-free (DFQF) access to the European market (Bhattacharya, 2021).
- The most crucial challenge the country is likely to encounter is erosion of preferential market access (Habib, 2021).

How to Overcome the Challenges

- To overcome these challenges, the government needs to shift the focus of the policies towards achieving the capacity of supplying raw materials of our export products by local and foreign entrepreneurs based in our EPZ, BEZA, BEPZA, Special Economic Zones (Rahman, 2021).
- The policies pursued by the present government to provide uninterrupted power supply, uninterrupted transportation, efficient port management, efficient manpower, and improvement of digital governance should be continued (Rahman, 2021).

4.0 Conclusion

The main objective of this paper was to present the transition of Bangladesh from independence to the COVID-19 pandemic with respect to its macroeconomic performance during this period. While the objective has been achieved to a great extent, the analysis could have been comprehensive in absence of the limitations mentioned at the beginning of the paper.

The paper primarily focused on the performances of six macroeconomic indicators – Gross Domestic Product (GDP), GINI Coefficient, Inflation, Unemployment Rate, Foreign Direct Investment (FDI) and Balance of Trade (BoT) - and four socioeconomic indicators – Inequality-adjusted Human Development Index (IHDI), Gender Development Index (GDI), Ease of Doing Business and Economic and Environmental Vulnerability Index (EVI) - over the last ten years. The analyses of these indicators were followed by predictions about their future performance, identifications of the potential challenges on the way forward and suggestions on how to overcome them to improve the overall economy of the country.

Gross Domestic Product (GDP) being the most popular and common macroeconomic indicator, the paper started with a brief analysis of GDP. Because GDP is a simple measure, it does not present the actual holistic scenario of the country. A large portion of the benefits of GDP growth goes to the richest people of the country, which invalidates the labor and other contributions of the working class and misrepresents the overall economic health of the country. Economic trends show that Bangladesh is one of the fastest growing economies in the world; however, this growth may become meaningless if the country fails to alleviate the prevailing inequality. With the beginning of 4IR and the posing threats of COVID-19, Bangladesh's growth is already facing multidimensional challenges. To overcome these challenges and become sustainable after graduation from LDC, the country must take steps to reform the economy by diversifying its manufacturing, taking advantage of 4IR, improving policies to create a better environment for investments and by strongly focusing on faster inequality reduction within the country.

Analyses of two other important macroeconomic indicators – inflation and unemployment – revealed slightly disturbing statistics. A country's inflation rate is an important indicator of the monetary policies that the country adopts. As there is a long-run negative relationship between CPI and real GDP, keeping the inflation rate bound to the threshold level is essential for the economic development of the country. Implementing measures taken by regulatory bodies and monitoring the market strictly will help control the inflation rate and smooth our path on the journey of becoming a developing country.

A closer look at the state of unemployment in Bangladesh showed that the worst sufferers of the unemployment problem in the country are the educated and skilled portion of the labor force. While lack of suitable employment is forcing them to migrate, local jobs are being taken up by foreign nationals for not having skilled local personals. This situation can only be tackled if the university curriculums are revised to create industry experts from the future students. Fostering a culture and ecosystem of innovation and entrepreneurship will encourage more youths to take entrepreneurial initiatives and create more jobs for others. As the country is currently enjoying the demographic dividend, this is the best time to utilize its potential human resource.

Two other interrelated macroeconomic indicators – FDI and Balance of Trade (BoT) – offered somewhat contrary statistics. FDI has the potential to make a great impact on the economy of Bangladesh. For Bangladesh to boost its GDP with FDI in the upcoming days, bringing changes in the policy level is a must to provide more systemic support to the investors. Due to the lack of such systemic support, even after having good infrastructure, suitable market, geography and potential labor force, FDI in Bangladesh has not showed satisfactory increases. With the hope of the trade deficit narrowing down, Bangladesh can expect to attract FDI and help achieve the projected increased GDP. Therefore, Bangladesh should now focus on narrowing the decade long exponentially increasing trade deficit by increasing its production and creating new export-dominated industries.

Despite all this growth in the macroeconomic indicator, Bangladesh still falls behind in the global economy to a large extent. The primary reasons include huge inequalities in education and per capita income. Government needs to develop necessary policies to reduce the existing gaps in education and per capita income between low-income and high-income groups as well as women and men. This will result in improved IHDI and GDI values that will further the overall development of the national economy. Moreover, as Bangladesh is expected to graduate from LDC to the developing nation status, it is imperative that the economic growth remain on course. At the same time, to confirm the graduation by 2026, policies need to be developed and implemented to improve the share of agriculture, forestry and fisheries, the trade remoteness and the export basket to keep the EVI in check.

5.0 REFERENCES

ADB: Bangladesh posts highest GDP growth since 1974 in FY18. *Dhaka Tribune*. Retrieved from https://www.dhakatribune.com/business/economy/2018/09/26/adb-projects-7-5-gdp-growth-in-bangladesh-in-fy19

Ahmad, A. M. (2021, March 27). Bangladesh At 50: Economic Challenges Ahead? *BOOM*. Retrieved from https://www.youtube.com/watch?v=brM7xMWJoec

Ahmed, M. (2020, February 18). Poverty and Exclusion. *The Daily Star*. Retrieved from https://www.thedailystar.net/supplements/29th-anniversary-supplements/digitisation-and-inclusivity-taking-everyone-along/news/poverty-and-exclusion-1869652

Amadeo, K., & Brock, T. J. (2021, January 20). Balance of Trade: Favorable Versus Unfavorable. Retrieved from https://www.thebalance.com/balance-of-trade-definition-favorable-vs-unfavorable-3306261

An update on Special Economic Zones in Bangladesh. *Light Castle*. Retrieved from https://www.lightcastlebd.com/insights/2019/10/an-update-on-special-economic-zones-in-bangladesh

Baird, S., Seager, J., Sabarwal, S., Guglielmi, S., & Sultan, M. (2020). Adolescence in the time of COVID-19: Evidence from Bangladesh. *GENDER & ADOLESCENCE: GLOBAL EVIDENCE*. Retrieved from https://www.gage.odi.org/wp-content/uploads/2020/11/Adolescence-in-the-time-of-COVID19-Evidence-form-Bangladesh.pdf

Bangladesh: foreign investment. Retrieved from https://santandertrade.com/en/portal/establish-overseas/bangladesh/investing

Bangladesh Investment Development Authority (n.d.). *Bangladesh Investment Handbook: A guide for investors*. Retrieved from http://bida.gov.bd/wp-content/uploads/2020/08/Bangladesh-Investment-Handbook-by-BIDA-high-res-version-1.pdf

Bangladesh Investment Development Authority (n.d.). *Investment in Bangladesh*. Retrieved from http://bida.gov.bd/?page_id=133

Bangladesh Planning Commission (2020). *Sustainable development goals, Bangladesh progress report 2020*. Retrieved from https://www.bd.undp.org/content/bangladesh/en/home/library/democratic_governance/bangladesh-sustainable-development-goals--sdgs--progress-report-.htmlBangladesh Overview. *THE WORLD BANK*. Retrieved from https://www.worldbank.org/en/country/bangladesh/overview

Bangladesh receives UN recommendation for graduating from LDC. (2021, February 27). *Dhaka Tribune*. Retrieved from https://www.dhakatribune.com/bangladesh/2021/02/27/bangladesh-receives-final-recommendation-on-graduation-from-ldc-2#:~:text=In%20the%20Economic%20Vulnerability%20Index%20%28EVI%29%2C%20score%20of,Myanmar%20and%20Timore-Leste%20to%20the%202024%20triennial%20review.

Bangladesh Rich-Poor Inequality. *DBC News*. Retrieved from https://www.youtube.com/watch?v=ocZSJb9o_pE

Bangladesh's GDP to grow at 5.8pc this fiscal year: ADB. *The Daily Star*. Retrieved from https://www.thedailystar.net/business/news/bangladeshs-gdp-grow-58pc-fiscal-year-adb-2085193

Bangladesh to see 3rd fastest rise of the rich. *The daily Star*. Retrieved from https://www.thedailystar.net/country/news/bangladesh-3rd-fastest-growing-country-rich-population-report-1689829

Basu, K. (2018). Why is Bangladesh Booming? *BROOKINGS*. Retrieved from https://www.brookings.edu/opinions/why-is-bangladesh-booming/

Basu, K. (2021, March 26). Bangladesh at 50. *Brookings*. Retrieved from https://www.brookings.edu/opinions/bangladesh-at-50/

Bhattacharya, D. (2021, March 11). Bangladesh qualifies for LDC graduation: What next? *The Financial Express*. Retrieved from https://www.thefinancialexpress.com.bd/views/views/bangladesh-qualifies-for-ldc-graduation-what-next-1615473209

Bhattacharya, D. (2021, March 27). Bangladesh At 50: Economic Challenges Ahead? *BOOM*. Retrieved from https://www.youtube.com/watch?v=brM7xMWJoec

Bhuiya, M. M. M, Khanam, R., & Rahman, M. M. (2016). Microfinance Operations in Bangladesh- An Overview. *Journal of Applied Business and Economics, 18*(3), 1-11.Adhikari, R. (2019, August 13). Six ways the least developed countries can participate in the Fourth Industrial Revolution. *WORLD ECONOMIC FORUM*. Retrieved from https://www.weforum.org/agenda/2019/08/6-ways-least-developed-countries-can-participate-in-the-4ir

Byron, R. K., & Habib, W. B. (2021, January 27). Covid widens disparity in education. *The Daily Star*. Retrieved from https://www.thedailystar.net/backpage/news/covid-widens-disparity-education-2034465

Chowdhury, T. T. Graduation of Bangladesh as Least Developed Countries (LDC). *Bangladesh Institute of Development Studies.* Retrieved from https%3A%2F%2Fwww.unescap.org%2Fsites%2Fdefault%2Ffiles%2F1%2529%2520Bangladesh%2520-%2520Tahreen.pdf%3Ffbclid%3DIwAR02a-LgS5O2nDWY41UEFja9uRDBdYQoftOdfzMjChZ3zk72ayz8KJYtz9A&h=AT3C7td3I3SqEF9grcfKWpYrSWNgS3W83mSa1d5ssegthLq4sS9XL-vUfZWub9usXmiO_Gl7_Y1t2SmE1JBdVdS3sVJQeKIZdJfJ48myxmQ9tdi21iZrXW8gyU1bmPelOHrLHdxnFsTPZwY

Das, N. (2020, October 17). The coronavirus pandemic hits female workers the worst. *The Financial Express*. Retrieved from https://www.thefinancialexpress.com.bd/views/the-coronavirus-pandemic-hits-female-workers-the-worst-1602947436

Department of Economic and Social Affairs, United Nations. (n.d.). Retrieved from https://www.un.org/development/desa/dpad/least-developed-country-category/evi-indicators-ldc.html

Economy of Bangladesh. *WIKIPEDIA*. Retrieved from https://en.wikipedia.org/wiki/Economy_of_Bangladesh

Elahi, S., Hosen, D., Nizam, E. H., Ali, S. B., & Shifat, R. I. (2019). Comparative analysis in RMG industries before and after the Rana Plaza incident in Bangladesh. *Journal of Textile Engineering and Fashion Technology*, *5*(4), 202-211.

Fan, Q. (2017, June 12). *What can Bangladesh do to deliver more and better jobs for everyone?* World Bank Blogs. Retrieved from https://blogs.worldbank.org/endpovertyinsouthasia/what-can-bangladesh-do-deliver-more-and-better-jobs-everyone

FDI inflow sets a new benchmark. (2009, September 17). *The Daily Star*. Retrieved from https://www.thedailystar.net/news-detail-106261

Fernando, J., & Boyle, M. J. (2021, April 25). Inflation. *Investopedia*. Retrieved from https://www.investopedia.com/terms/i/inflation.asp

Gafur, I., & Andaleeb, S. S. (2021, January 22). Is BCS creating a mismatch and imbalance in the job sector? *The Daily Star*. Retrieved from https://www.thedailystar.net/opinion/news/bcs-creating-mismatch-and-imbalance-the-job-sector-2031797

Ganguly, S. (2020, November 28). Bangladesh Is Everyone’s Economic Darling, It Might Not Last. Retrieved from https://foreignpolicy.com/2020/11/28/bangladesh-is-everyones-economic-darling-it-might-not-last/

GDP, SAVINGS AND INVESTMENT. *Bangladesh Economic Review 2020*. Retrieved from https://mof.portal.gov.bd/sites/default/files/files/mof.portal.gov.bd/page/f2d8fabb_29c1_423a_9d37_cdb500260002/Chapter-02%20%28English-2020%29.pdf

GiNi Index. *Investopedia*. Retrieved from https://www.investopedia.com/terms/g/gini-index.asp

Habib, W. B. (2021, January 12). Graduation from LDC: Govt. seeks 5-year transition period. *The Daily Star*. Retrieved from https://www.thedailystar.net/frontpage/news/graduation-ldc-govt-seeks-5-year-transition-period-2026073

Hasan, M. (2020, December 30). Trade deficit narrows further in November. *Dhaka Tribune*. Retrieved from https://www.dhakatribune.com

Holy, I. J., & Rozario, S. (2020, October 8). FDI inflow in Bangladesh: Time to rethink and redesign policies. *LightCastle Partners*. Retrieved from https://www.lightcastlebd.com/insights/2020/10/fdi-inflow-in-bangladesh-time-to-rethink-and-redesign-policies

Hossain, S. (2021, January 21). Graduate unemployment in light of LDC graduation. *The Financial Express*. Retrieved from https://www.thefinancialexpress.com.bd/education/graduate-unemployment-in-light-of-ldc-graduation-1611218486

Hossin, M. Z. (2020, August 23). What causes the inequality in life-expectancy between men and women? *The Daily Star*. Retrieved from https://www.thedailystar.net/opinion/news/what-causes-the-inequality-life-expectancy-between-men-and-women-1949149

Hussain, Z., & Raihan, S. (2019). Inequality at all-time high. *The Daily Star*. Retrieved from https://www.thedailystar.net/frontpage/news/inequality-all-time-high-1745569

Hye, H. A. (2021, March 16). Spectre of inflation after the pandemic. *The Financial Express*. Retrieved from https://thefinancialexpress.com.bd/views/views/spectre-of-inflation-after-the-pandemic-1615904108

IMF projects 5% GDP growth for Bangladesh in 2021. *Dhaka Tribune*. Retrieved from https://www.dhakatribune.com/bangladesh/2021/04/07/imf-projects-5-gdp-growth-for-bangladesh-in-2021#:~:text=The%20International%20Monetary%20Fund%20(IMF,2022%20and%205.4%25%20in%202026.

Improve ease of doing business. (2021, April 28). *The Daily Star*. Retrieved from https://www.thedailystar.net/business/news/improve-ease-doing-business-2084909

Income disparity remains despite economic advancement. *The Independent, Bangladesh*. Retrieved from https://www.youtube.com/watch?v=96zei7rlrJM

Income Inequality. *Investopedia*. Retrieved from https://www.investopedia.com/terms/i/income-inequality.aspKenton, W. (2020, December 18). Balance of Trade (BOT). *Investopedia*. Retrieved from https://www.investopedia.com/terms/b/bot.asp

International Labour Organization, ILOSTAT database. (2021, January 29). *Unemployment with advanced education (% of total labor force with advanced education) - Bangladesh*. World Bank Group. Retrieved from https://data.worldbank.org/indicator/SL.UEM.ADVN.ZS?end=2017&locations=BD&start=2006&type=shaded&view=chart

International Labour Organization, ILOSTAT database. (2021, January 29). *Unemployment with intermediate education (% of total labor force with advanced education) - Bangladesh*. World Bank Group. Retrieved from https://data.worldbank.org/indicator/SL.UEM.INTM.ZS?end=2017&locations=BD&start=2006&type=shaded&view=chart

International Labour Organization (ILO) & The Mastercard Foundation. (2016, December). *SWTS country brief*. The ILO Work4Youth project and Center for Economic Development and Administration (CEDA). Retrieved from https://www.ilo.org/wcmsp5/groups/public/---ed_emp/documents/publication/wcms_537754.pdf

Islam, M. S., Musa, M., & Das, R. K. (2012). The comparative growth of service sectors in Bangladesh. *Research Journal of Finance and Accounting*, *3*(5), 181. Retrieved from https://www.iiste.org/Journals/index.php/RJFA/article/download/2138/2119

James, C. (2021, February 12). Foreign direct investment (FDI). *Investopedia*. Retrieved from https://www.investopedia.com/terms/f/fdi.asp

Kabir, F. H. M. H. (2021, January 2). 2.6m new jobs a year difficult in post-pandemic Bangladesh: Economists. *The Financial Express*. Retrieved from https://www.thefinancialexpress.com.bd/economy/bangladesh/26m-new-jobs-a-year-difficult-in-post-pandemic-bangladesh-economists-1609557370

Khan, A. M. (2014). Income Inequality in Bangladesh. Retrieved from http://bea-bd.org/site/images/pdf/063.pdf

Khatun, F. (2021, March 15). Bangladesh's achievements in 50 years and making it meaningful. *The Daily Star*. Retrieved from https://www.thedailystar.net/opinion/macro-mirror/news/bangladeshs-achievements-50-years-and-making-it-meaningful-2060477

Mahmood, M. (2020, November 7). Rising income inequality in Bangladesh: The case for wealth tax. The Financial Express. Retrieved from https://www.thefinancialexpress.com.bd/views/rising-income-inequality-in-bangladesh-the-case-for-wealth-tax-1604762772

Mansur, A. H. (2020, October 16). Why is Bangladesh's Economy Growing While Many Others Are Struggling? *BOOM*. Retrieved from https://www.youtube.com/watch?v=eCcrqid7_tQ

Mazid, M. A. (2019, October 19). Bangladesh: The state of income inequality. *The Financial Express*. Retrieved from https://thefinancialexpress.com.bd/views/bangladesh-the-state-of-income-inequality-1571497852

Moazzem, K. G. (2018, August 30). *Transformation in the RMG sector in post-Rana Plaza period: Findings from CPD survey*. Paper presented at the meeting of Centre for Policy Dialogue, DhakaSchiller, B. R., Hill, C., & Wall, S. (2013). *The Macro Economy Today*. New York, NY: McGraw-Hill/Irwin.

Mujeri, M. K. (2019, March 15). Employment strategies for Bangladesh. *The Financial Express*. Retrieved from https://www.thefinancialexpress.com.bd/views/employment-strategies-for-bangladesh-1552663154

Mukut, G. K. (2018, March 11). Migrating young people cause brain drain. *Daily Sun*. Retrieved from https://www.daily-sun.com/printversion/details/294437/Migrating-young-people-cause-brain-drain

OP-ED: Understanding FDI in Bangladesh. (2020, November 22). *Dhaka Tribune*. Retrieved from https://www.dhakatribune.com/opinion/op-ed/2020/11/22/op-ed-understanding-fdi-in-bangladesh

Ovi, I. H. (2020, June 16). UNCTAD: FDI in Bangladesh falls by 56% in 2019. *Dhaka Tribune*. Retrieved from https://www.dhakatribune.com/business/economy/2020/06/16/unctad-fdi-in-bangladesh-falls-by-56-in-2019

Ovi, I. H. (2020, August 11). Bangladesh's per capita income rises to $2064. *Dhaka Tribune*. Retrieved from https://www.dhakatribune.com/business/economy/2020/08/11/bangladesh-s-per-capita-income-at-2-064-for-fy20

Ovi, I. H. (2020, August 12). Covid-19 impact: National poverty rate rises to 29.5% as of June. *Dhaka Tribune*. Retrieved from https://www.dhakatribune.com/health/coronavirus/2020/08/12/covid-19-impact-national-poverty-rate-rises-to-29-5-as-of-june#:~:text=According%20to%20Bangladesh%20Bureau%20of,from%2011.3%25%20during%20the%20period.

Ovi, I. H. (2020, October 26). Why can't Bangladesh attract private investment? *Dhaka Tribune*. Retrieved from https://www.dhakatribune.com/business/2020/10/26/ease-of-doing-business-inefficiency-bureaucracy-making-progress-slow

Pettinger, T. (2019, July 24). Inflation: advantages and disadvantages. Retrieved from https://www.economicshelp.org/blog/315/inflation/inflation-advantages-and-disadvantages/

Policy Analysis Unit Bangladesh Bank. (2008, February). Inflation and the Poor in Bangladesh. *Bangladesh Bank*. Retrieved from https://www.bb.org.bd/pub/research/policypaper/pp0801.pdf

POVERTY MAPS OF BANGLADESH 2016. *Bangladesh Bureau of Statistics*. Retrieved from http://www.bbs.gov.bd/site/page/648dd9f5-067b-4bcc-ba38-45bfb9b12394/Income,-Expenditure-&-Poverty

PricewaterhouseCoopers Bangladesh Private Limited (PwCBPL). (2019, August). *Destination Bangladesh*. Retrieved from https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=&cad=rja&uact=8&ved=2ahUKEwiqyYTiscHwAhUaVysKHXRRBjMQFjAAegQIAxAD&url=https%3A%2F%2Fwww.pwc.com%2Fbd%2Fen%2Fassets%2Fpdfs%2Fresearch-insights%2F2019%2Fdestination-bangladesh.pdf&usg=AOvVaw0vxucvc8VM-DMYdG3DvcNp

Rahman, A. (2021, March 30). Benefits and challenges of Bangladesh's graduation from LDC status. *The Financial Express*. Retrieved from https://www.thefinancialexpress.com.bd/views/views/benefits-and-challenges-of-bangladeshs-graduation-from-ldc-status-1617113479

Raihan, S. (2019, February 7). Six macroeconomic challenges. *The Daily Star*. Retrieved from https://www.thedailystar.net

Raihan, S. (2019, February 17). Creating new employment opportunities. *The Daily Star*. Retrieved from https://www.thedailystar.net/supplements/28th-anniversary-supplements/entrepreneurship-key-youth-employment/news/creating-new-employment-opportunities-1702963

Rashid, M. (2020, January 14). *Brain drain creating dangerous skill and expertise gaps in Bangladesh*. LightCastle Partners. Retrieved from https://www.lightcastlebd.com/insights/2020/01/brain-drain-creating-dangerous-skill-and-expertise-gaps-in-bangladesh

Remittance inflow tops $21b in 2020. *The Financial Express*. Retrieved from https://thefinancialexpress.com.bd/economy/bangladesh/remittance-inflow-tops-21b-in-2020-1609687724

REPORT ON THE HOUSEHOLD INCOME AND EXPENDITURE SURVEY 2016. *Bangladesh Bureau of Statistics*. Retrieved from http://www.bbs.gov.bd/site/page/648dd9f5-067b-4bcc-ba38-45bfb9b12394/Income,-Expenditure-&-Poverty

Rich in Bangladesh rising faster than anywhere. *The Daily Star*. Retrieved from https://www.thedailystar.net/online/news/fastest-growing-rich-population-country-bangladesh-report-1632385

Rising Inequality in Bangladesh. *Citizen's Platform for SDGs, Bangladesh.* Retrieved from https://bdplatform4sdgs.net/rising-inequality-in-bangladesh/?fbclid=IwAR3nW1s-s6aT0mufaOn-RWqk42li60qrV74eZRL-VQ1z1CWUc7qTFbJysP8

Rooney, K. (2019, November 19). Here's what you need to know about Bangladesh's rocketing economy. *WORLD ECONOMIC FORUM*. Retrieved from https://www.weforum.org/agenda/2019/11/bangladesh-gdp-economy-asia/

Sarwar, M. S. (2020, November 26). Improving doing business ranking. *The Financial Express*. Retrieved from https://www.thefinancialexpress.com.bd/views/opinions/improving-doing-business-ranking-1606411582Robinson, G. (2018, December 19). The Rise and Rise of Bangladesh. *NIKKEI Asia*. Retrieved from https://asia.nikkei.com/Spotlight/The-Big-Story/The-rise-and-rise-of-Bangladesh

Shafiullah, M., & Islam, S. Z. (2020, July 2). Setting Bangladesh economy into the Covid-19's new normal. *The Financial Express*. Retrieved from https://thefinancialexpress.com.bd/views/views/settling-bangladesh-economy-into-the-covid-19s-new-normal-1593706599

Shibli, A. (2018, September 23). Why do women get less pay than men? An economic analysis of the gender pay gap in Bangladesh. *The Daily Star*. Retrieved from https://www.thedailystar.net/opinion/open-dialogue/news/why-do-women-get-less-pay-men-1637131

Shourave, M. S. (2020). EXPORT PERFORMANCE OF THREE MAJOR SECTORS AND A VIEW ON EXPORT CONCENTRATION: A STUDY ON BANGLADESH. *International Journal of Advanced Research*, 1112-1121. DOI:10.21474/IJAR01/11767

Sosale, S., Asaduzzaman, T. M., & Ramachandran, D. (2019, June 24). Girls' education in Bangladesh: A promising Journey. *World Bank Blogs: End Poverty in South Asia*. Retrieved from https://blogs.worldbank.org/endpovertyinsouthasia/girls-education-bangladesh-promising-journey#:~:text=Data%20from%20the%202017%20Bangladesh,reaching%20a%20mere%2059%20percent.

Story of Rising Bangladesh – 1971 – 2018| Fastest Developing Country. *Bangla Express TV*. Retrieved from https://www.youtube.com/watch?v=aPgEFfiYO7M

The Growing Economy of Bangladesh. Retrieved from https://www.youtube.com/watch?v=DuInXp11Kkg

The World Bank. (2020). *Doing Business: Comparing Business Regulation in 190 Economies-2020*. Retrieved from documents1.worldbank.org/curated/en/688761571934946384/pdf/Doing-Business-2020-Comparing-Business-Regulation-in-190-Economies.pdf

This is how Bangladesh became one of the world's fastest growing economies. *Zunaid Ahmed Palak*. Retrieved from https://www.youtube.com/watch?v=WJSTnx5WgQ0

Uddin, J. (2020, August 11). Disparity widens in Bangladesh as per capita income goes up. *New Age*. Retrieved from https://www.newagebd.net/article/113218/disparity-widens-in-bangladesh-as-per-capita-income-goes-up

Uddin, A. K. M. Z. (2019, November 13). FDI hits all time high. *The Daily Star*. Retrieved from https://www.thedailystar.net/business/news/fdi-hits-all-time-high-1826473

Uddin, A. K. M. Z. (2020, December 22). FDI edges down for first time in 7 years. *The Daily Star*. Retrieved from https://www.thedailystar.net/business/news/fdi-edges-down-first-time-7yrs-2015229

Uddin, M. (2018, May 7). *How tech affects women*. Retrieved from https://cpd.org.bd/decliningfemale-participation-in-rmg-sector-cpd-stu

Unemployment rate. (2021, March 22). *Investopedia*. Retrieved from https://www.investopedia.com/terms/u/unemploymentrate.asp

What are the opportunities for investment in Bangladesh? (n.d.). *CDC Investment Works*. Retrieved from https://www.cdcgroup.com/en/news-insight/insight/articles/what-are-the-opportunities-for-investment-in-bangladesh/

What milestones have Bangladesh crossed in 50 years. *CRi*. Retrieved from https://cri.org.bd/2021/03/26/what-milestones-have-bangladesh-crossed-in-50-years/

6.0 APPENDICES

6.1 Gross Domestic Product (GDP)

Table 6.1A GDP (Constant) - Bangladesh (1971-2019)

Year	GDP (Billion Dollars)	Year	GDP (Billion Dollars)	Year	GDP (Billion Dollars)	Year	GDP (Billion Dollars)	Year	GDP (Billion Dollars)
1971	24.96	1981	30.7	1991	43.9	2001	70.42	2011	112.73
1972	21.48	1982	31.35	1992	46.29	2002	73.12	2012	130.74
1973	22.19	1983	32.57	1993	48.47	2003	76.58	2013	138.6
1974	24.32	1984	34.13	1994	50.36	2004	80.59	2014	146.99
1975	23.32	1985	35.28	1995	52.93	2005	85.86	2015	156.63
1976	24.65	1986	36.75	1996	55.33	2006	91.59	2016	167.77
1977	25.3	1987	38.13	1997	57.81	2007	98.05	2017	179.99
1978	27.09	1988	39.06	1998	60.81	2008	103.95	2018	194.14
1979	28.39	1989	40.16	1999	63.65	2009	109.2	2019	209.97
1980	28.63	1990	42.42	2000	67.01	2010	115.28		

Source: Bangladesh Bureau of Statistics

Table 6.1B Sectoral Share of GDP at Constant Prices
(Base Year: 2005-06) (In percentage)

Sector/Sub-sector	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20*
1. Agriculture and Forestry	**13.7**	**13.09**	**12.81**	**12.32**	**11.7**	**11.12**	**10.67**	**10.15**	**9.83**
a) Crops & horticulture	10.01	9.49	9.28	8.87	8.35	7.86	7.51	7.06	6.76
b) Animal Farming	1.9	1.84	1.78	1.73	1.66	1.6	1.53	1.47	1.43
c) Forest and related services	1.78	1.76	1.74	1.72	1.69	1.66	1.62	1.62	1.64
2. Fishing	**3.68**	**3.68**	**3.69**	**3.69**	**3.65**	**3.61**	**3.56**	**3.49**	**3.52**
3. Mining and Quarrying	**1.61**	**1.65**	**1.63**	**1.68**	**1.77**	**1.8**	**1.78**	**1.74**	**1.72**
a) Natural gas and crude petroleum	1	1.01	0.98	1	1.04	0.98	0.92	0.85	0.8
b) Other mining & coal	0.61	0.64	0.65	0.68	0.73	0.82	0.86	0.89	0.92
4. Manufacturing	**18.28**	**19**	**19.47**	**20.16**	**21.01**	**21.74**	**22.85**	**24.08**	**24.18**
a) Large & medium scale	14.86	15.49	15.95	16.58	17.37	18.01	19.07	20.21	20.22
b) Small scale	3.42	3.51	3.51	3.58	3.64	3.73	3.78	3.87	3.96
5. Electricity, Gas and Water Supply	**1.41**	**1.45**	**1.42**	**1.42**	**1.5**	**1.52**	**1.54**	**1.55**	**1.57**
a) Electricity	1.17	1.21	1.19	1.19	1.26	1.29	1.32	1.34	1.35
b) Gas	0.15	0.15	0.15	0.14	0.15	0.14	0.13	0.12	0.12
c) Water	0.09	0.08	0.09	0.09	0.09	0.09	0.09	0.09	0.1
6. Construction	**6.78**	**6.9**	**7.03**	**7.16**	**7.26**	**7.36**	**7.5**	**7.63**	**7.89**
7. Wholesale and Retail Trade	**14.02**	**14.03**	**14.1**	**14.08**	**13.99**	**14.01**	**13.95**	**13.92**	**13.87**
8. Hotel and Restaurants	**0.74**	**0.75**	**0.75**	**0.75**	**0.75**	**0.75**	**0.75**	**0.74**	**0.75**
9. Transport, Storage and Communication	**11.49**	**11.5**	**11.49**	**11.43**	**11.31**	**11.26**	**11.13**	**11.01**	**11.09**
a) Land Transport	7.32	7.31	7.27	7.24	7.18	7.17	7.09	7.01	7.07
b) Water transport	0.86	0.84	0.81	0.79	0.76	0.74	0.71	0.68	0.67
c) Air transport	0.14	0.13	0.12	0.12	0.12	0.11	0.11	0.1	0.1
d) Support transport services, storage	0.69	0.67	0.65	0.64	0.63	0.63	0.64	0.64	0.65
e) Post and Tele communications	2.48	2.56	2.64	2.63	2.65	2.61	2.58	2.58	2.59
10. Financial Intermediations	**3.21**	**3.3**	**3.34**	**3.38**	**3.39**	**3.45**	**3.45**	**3.42**	**3.39**
a) Monetary intermediation (Banks)	2.62	2.73	2.79	2.84	2.88	2.96	2.97	2.95	2.91
b) Insurance	0.41	0.39	0.37	0.36	0.34	0.32	0.3	0.29	0.29

c) Other financial auxiliaries	0.19	0.18	0.18	0.18	0.17	0.17	0.18	0.18	0.19
11. Real Estate, Renting and Business Activities	**7.22**	**7.07**	**6.95**	**6.81**	**6.64**	**6.49**	**6.31**	**6.13**	**6.09**
12. Public Administration and Defence	**3.35**	**3.36**	**3.39**	**3.49**	**3.63**	**3.7**	**3.71**	**3.65**	**3.67**
13. Education	**2.23**	**2.24**	**2.26**	**2.29**	**2.39**	**2.48**	**2.46**	**2.44**	**2.46**
14. Health and Social Works	**1.9**	**1.88**	**1.86**	**1.83**	**1.84**	**1.85**	**1.83**	**1.89**	**1.97**
15. Community, Social and Personal Services	**10.38**	**10.09**	**9.82**	**9.52**	**9.18**	**8.87**	**8.52**	**8.15**	**8.01**
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Source: Bangladesh Bureau of Statistics (BBS)

*Provisional

6.2 GINI Index

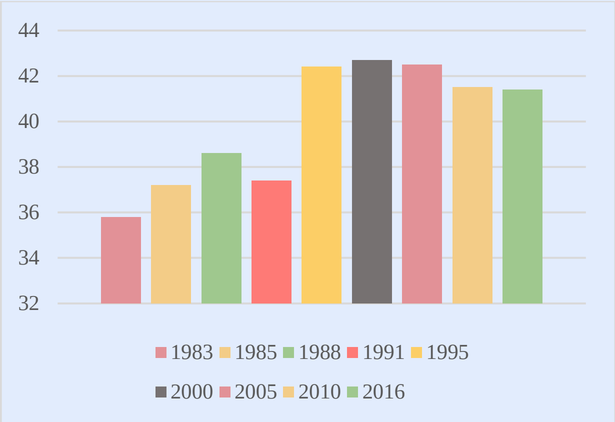


Figure 6.2A. Bangladesh's Income Share Held by the Highest 20% (1983-2016)

Source: knoema.com

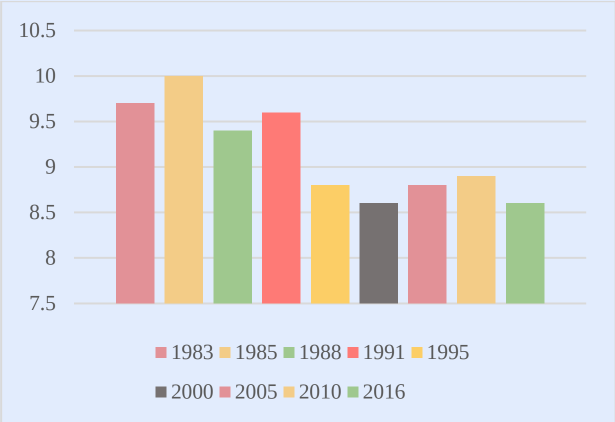


Figure 6.2B. Bangladesh's Income Share Held by the Lowest 20% (1983-2016)

Source: knoema.com

Table 6.2A	**Income GINI coefficient in rural and urban areas (1974-2010)**		
Year	**National**	**Rural**	**Urban**
1973-74	0.36	0.35	0.38
1981-82	0.39	0.36	0.41
1983-84	0.36	0.35	0.37
1985-86	0.38	0.36	0.37
1988-89	0.38	0.37	0.38
1991-92	0.39	0.36	0.40
1995-96	0.43	0.38	0.44
2000	0.45	0.39	0.50
2005	0.47	0.43	0.50
2010	0.46	0.43	0.45
Change during 1973-2010	0.10	0.08	0.07
Average Annual Rate of Change (%)	0.77	0.63	0.51

Source: Bangladesh Bureau of Statistics

6.3 Inflation

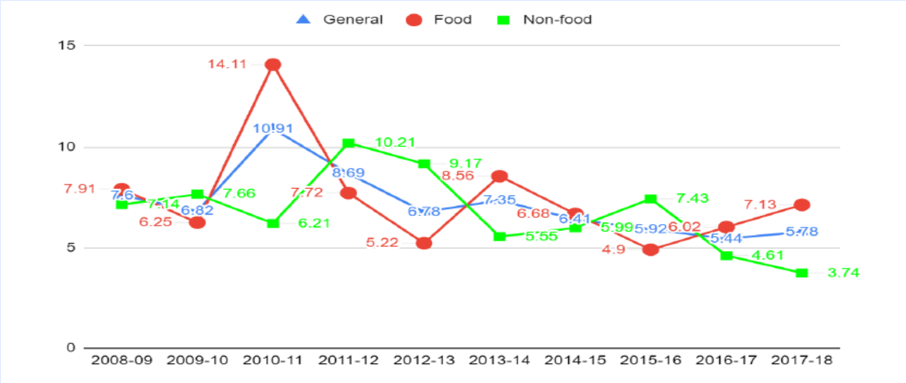


Figure 6.3A. Rate of Inflation at National Level

Source: Trading Economics

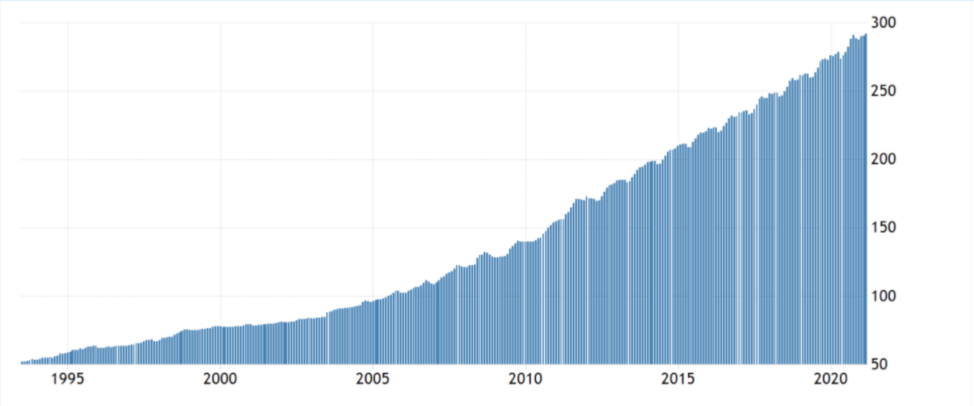


Figure 6.3B. CPI Index of Each Year from 1993-2021

Source: Trading Economics

Table 6.3A	**Historical Data (Time Series) of CPI (1973-2005)**					
	Base: 1973-74=100					
Year	**Index**			**Inflation**		
	General	**Food**	**Non-food**	**General**	**Food**	**Non-food**
1973-74	100.00	100.00	100.00			
1974-75	167.17	176.89	150.79	67.17	76.89	50.79
1975-76	153.19	148.60	160.90	-8.36	-15.99	6.70
1976-77	156.89	150.16	167.97	2.42	1.05	4.39
1977-78	176.69	173.65	181.13	12.62	15.64	7.84
1978-79	191.24	185.45	200.97	8.23	6.80	10.95
1979-80	226.55	225.16	230.31	18.46	21.41	14.60
1980-81	254.97	244.69	272.47	12.54	8.67	18.31
1981-82	296.50	288.15	310.56	16.29	17.76	13.98
1982-83	325.94	312.77	348.11	9.93	8.54	12.09
1983-84	357.47	350.47	369.27	9.67	12.05	6.08
1984-85	396.58	387.89	411.21	10.94	10.68	11.36
1985-86	436.03	429.46	447.11	9.95	10.72	8.73
1986-87	481.18	483.42	477.41	10.35	12.56	6.78
	Base: 1985-86=100					
1985-86	100.00	100.00	100.00			
1986-87	113.87	115.44	111.03	13.87	15.44	11.03
1987-88	121.12	123.38	117.03	6.37	6.88	5.40
1988-89	131.30	133.66	127.02	8.40	8.33	8.54
1989-90	136.37	137.04	135.15	3.86	2.53	6.40
1990-91	147.70	148.11	146.95	8.31	8.08	8.73
1991-92	154.44	154.30	154.69	4.56	4.18	5.27

1992-93	158.67	157.17	161.38	2.74	1.86	4.32
1993-94	163.87	161.80	167.69	3.28	2.95	3.91
1994-95	178.40	176.77	181.38	8.87	9.25	8.16
1995-96	190.27	189.13	191.86	6.65	6.99	5.78
1996-97	195.07	191.85	200.99	2.52	1.44	4.76
Base: 1995-96=100						
1995-96	100.00	100.00	100.00			
1996-97	103.96	103.67	104.47	3.96	3.67	4.47
1997-98	112.96	114.51	110.73	8.66	10.46	5.99
1998-99	120.94	125.16	115.10	7.06	9.30	3.95
1999-00	124.31	128.52	118.64	2.79	2.68	3.08
2000-01	126.72	130.30	122.25	1.94	1.38	3.04
2001-02	130.26	132.43	127.89	2.79	1.63	4.61
2002-03	135.97	137.01	135.13	4.38	3.46	5.66
2003-04	143.90	146.50	141.03	5.83	6.93	4.37
2004-05	153.23	158.08	147.14	6.48	7.90	4.33

Source: Bangladesh Bureau of Statistics

Table 6.3B **Historical Data (Time Series) of CPI (2005-2020)**

Base: 2005-06 = 100

Year	Index			Inflation		
	General	Food	Non-food	General	Food	Non-food
2005-06	100	100	100			
2006-07	109.39	111.63	106.51	9.39	11.63	6.51
2007-08	122.84	130.30	113.27	12.30	16.72	6.35
2008-09	132.17	140.61	121.36	7.60	7.91	7.14
2009-10	141.18	149.40	130.66	6.82	6.25	7.66
2010-11	156.59	170.48	138.77	10.92	14.11	6.21
2011-12	170.19	183.65	152.94	8.69	7.73	10.21
2012-13	181.73	193.24	166.97	6.78	5.22	9.17
2013-14	195.08	209.79	176.23	7.35	8.56	5.55
2014-15	207.58	223.80	186.79	6.41	6.68	5.99
2015-16	219.86	234.77	200.66	5.92	4.90	7.43
2016-17	231.82	248.90	209.92	5.44	6.01	4.61
2017-18	245.22	266.64	217.76	5.78	7.13	3.73
2018-19	258.65	281.33	229.58	5.48	5.51	5.43
2019-20	273.26	296.96	243.00	5.65	5.56	5.85

Source: Bangladesh Bureau of Statistics

6.4 Unemployment Rate

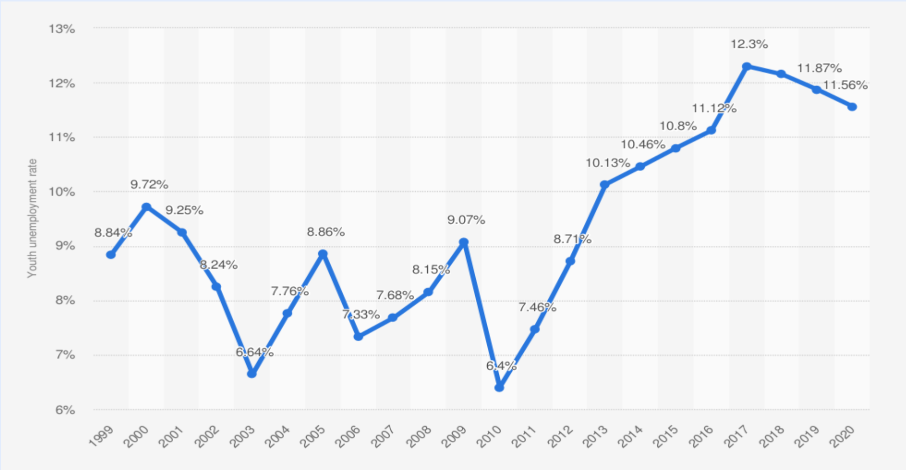


Figure 6.4A. Youth Unemployment Rate of Bangladesh

Source: World Bank

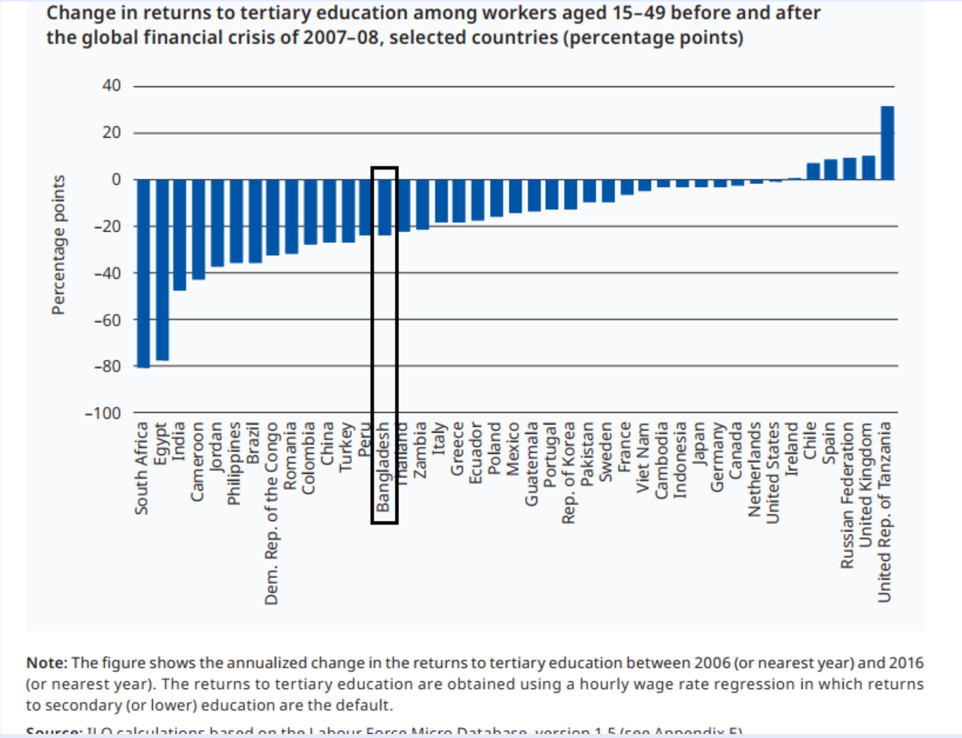


Figure 6.4B. Change in Returns to Tertiary Education among Workers Aged 15-49 Before and After the Global Financial Crisis of 2007-08

Source: ILO Calculations Based on the Labor Force Micro Database

6.5 Foreign Direct Investment (FDI)

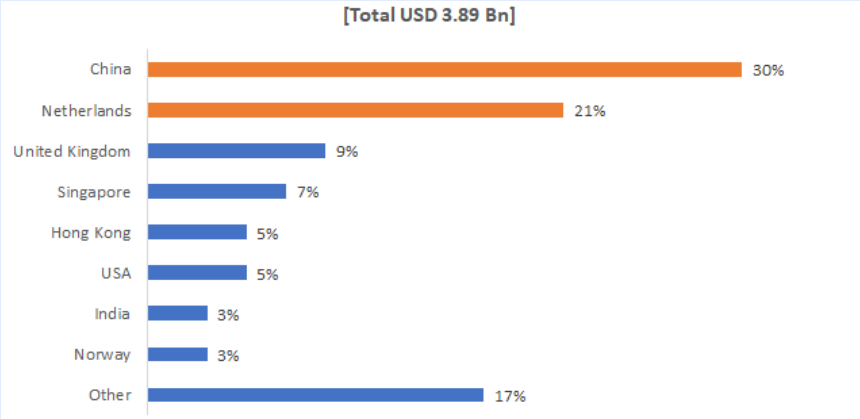


Figure 6.5A. Net FDI Inflows from Major Countries during 2019 (June-July)

Source: Bangladesh Bank, LightCastle Partners

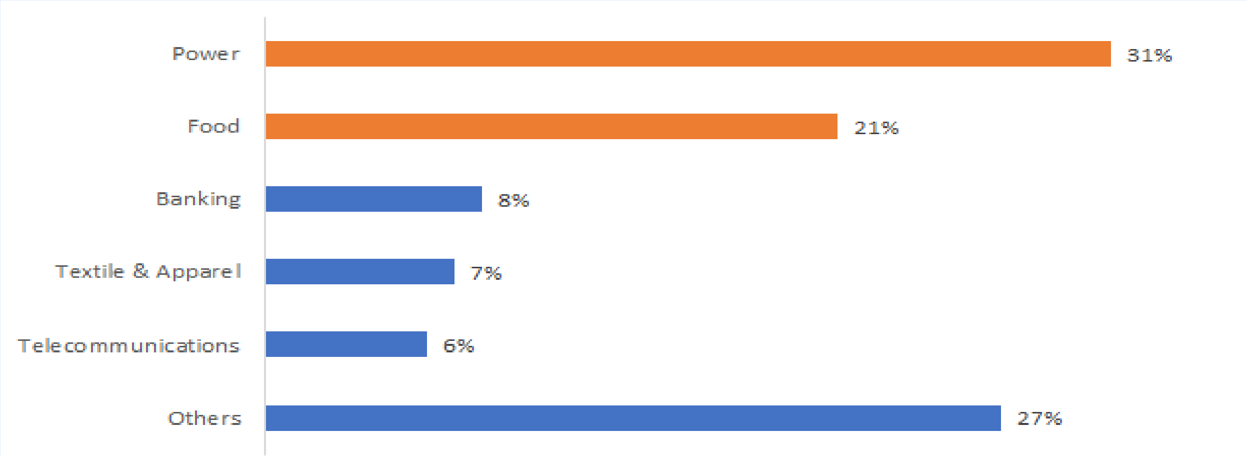


Figure 6.5B. Net FDI Inflows from Major Sectors during 2019 (June-July)

Source: Bangladesh Bank, LightCastle Partners

6.6 Balance of Trade (BOT)

Table 6.6A	**Summary of Exports, Imports and Balance of Trade of Bangladesh**		
Year	**Export**	**Import**	**Balance**
1987-88	41161	91588	-50427
1988-89	42686	95075	-52389
1989-90	51415	113305	-61890
1990-91	60272	111877	-51605
1991-92	74198	132756	-58558
1992-93	88215	138198	-49983
1993-94	98739	137540	-38801
1994-95	136970	218564	-81594
1995-96	144521	254646	-110125
1996-97	171554	290187	-118633
1997-98	229408	318916	-89508
1998-99	245620	341017	-95397
1999-00	247415	372022	-124606
2000-01	306477	436949	-130472
2001-02	302119	518443	-216324
2002-03	337885	506200	-168315
2003-04	437098	630363	-193265
2004-05	532831	769954	-237123
2005-06	691950	962345	-270395
2006-07	850309	1118664	-268355
2007-08	985931	1496722	-510791
2008-09	1074992	1580898	-505906
2009-10	1134589	1794324	-659735
2010-11	1629733	2659405	-1029672
2011-12	1762288	2942810	-1180522
2012-13	2268607	3144291	-875684
2013-14	2122602	2822310	-699708
2014-15	2408850	3670702	-1261852
2015-16	2634668	3869349	-1234681
2016-17	3003837	4712495	-1708658
2017-18	3087936	5511644	-2423708
2018-19	3481620	5722675	-2241055

Source: Bangladesh Bureau of Statistics

6.7 Inequality-adjusted Human Development Index (IHDI)

Table 6.7A Bangladesh's IHDI for 2019 relative to selected countries and groups

	IHDI Value	Overall Loss (%)	Human Inequality Coefficient (%)	Inequality in Life Expectancy at Birth (%)	Inequality in Education (%)	Inequality in Income (%)
Bangladesh	0.478	24.4	23.7	17.3	37.3	16.6
Nepal	0.446	25.9	24.9	17.5	40.9	16.3
Pakistan	0.384	31.1	30.2	29.9	43.5	17.2
South Asia	0.475	25.9	25.4	20.2	37.5	18.5
Medium HDI	0.465	26.3	25.9	20.8	37.1	19.7

Source: Human Development Report, UNDP

6.8 Gender Development Index (GDI)

Table 6.8A Gender Development Index Groups

Group	HDI Achievements Between Women and Men	Absolute Deviation
Group 1	High equality	< 2.5%
Group 2	Medium to high equality	2.5 – 5%
Group 3	Medium equality	5 – 7.5%
Group 4	Medium to low equality	7.5 – 10%
Group 5	Low equality	> 10%

Source: Human Development Report, UNDP

Table 6.8B Gender Development Index of Bangladesh (1995-2019)

1995	2000	2005	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
0.711	0.765	0.801	0.848	0.838	0.845	0.866	0.917	0.927	0.891	0.881	0.895	0.904

Source: Human Development Report, UNDP

Table 6.8C Bangladesh's GDI for 2019 relative to selected countries and groups

Country/Group	F-M Ratio	HDI Values		Life Expectancy at Birth		Expected Years of Schooling		Mean Years of Schooling		Estimated GNI per Capita	
	GDI Value	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male
Bangladesh	0.904	0.596	0.660	74.6	70.9	12.0	11.2	5.7	6.9	2,873	7,031
Nepal	0.933	0.581	0.623	72.2	69.3	13.0	12.6	4.3	5.8	2,910	4,108
Pakistan	0.745	0.456	0.612	68.3	66.3	7.6	8.9	3.8	6.3	1,393	8,412
South Asia	0.824	0.570	0.692	71.3	68.7	11.9	11.5	5.5	8.4	2,393	10,416
Medium HDI	0.835	0.567	0.679	70.8	67.9	11.7	11.4	5.3	8.1	2,530	9,598

Source: Human Development Report, UNDP

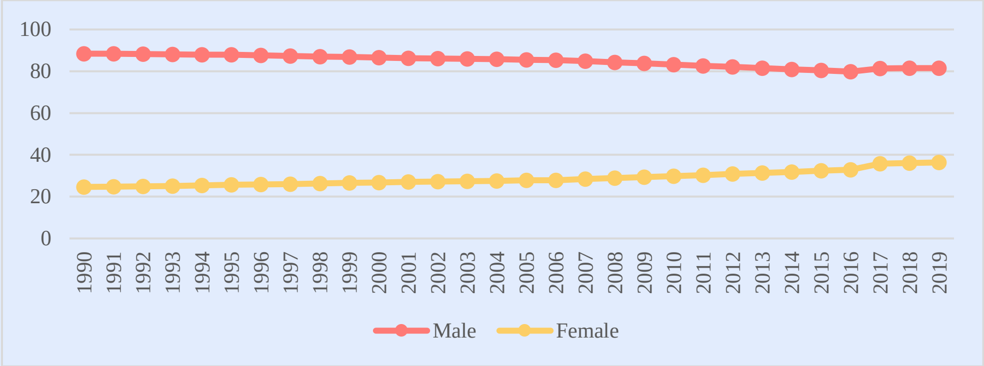


Figure 6.8A. Labor Force Participation Rate of Male and Female (% of Population Aged 15+) (Modeled ILO Estimate) - Bangladesh

Source: The World Bank Data

Table 6.8D	Labor Force Participation Rate of Male and Female (% of Population Aged 15+) (Modeled ILO Estimate) - Bangladesh							
Year	**Male**	**Female**	**Year**	**Male**	**Female**	**Year**	**Male**	**Female**
1990	88.42	24.65	2000	86.55	26.82	2010	83.19	29.85
1991	88.33	24.77	2001	86.32	27	2011	82.64	30.34
1992	88.22	24.93	2002	86.12	27.2	2012	82.08	30.84
1993	88.11	25.13	2003	85.92	27.4	2013	81.52	31.34
1994	88	25.36	2004	85.73	27.6	2014	80.96	31.85
1995	87.88	25.63	2005	85.55	27.8	2015	80.39	32.37
1996	87.61	25.82	2006	85.35	27.91	2016	79.83	32.88
1997	87.35	26.06	2007	84.83	28.38	2017	81.43	35.86
1998	87.08	26.31	2008	84.29	28.87	2018	81.48	36.15
1999	86.81	26.57	2009	83.75	29.36	2019	81.51	36.37

Source: The World Bank Data

6.9 Ease of Doing Business

Table 6.9A	Performance of Ease of Doing Business Indicators			
	2017	**2018**	**2019**	**2020**
Starting a Business	122	131	138	131
Construction Permits	138	130	138	135
Getting Electricity	187	185	179	176
Registering Property	185	185	183	184
Getting Credit	157	159	161	119
Protecting Investors	70	76	89	72
Paying Taxes	151	152	151	151
Trading Across Borders	173	173	176	176
Enforcing Contracts	189	189	189	189
Resolving Insolvency	151	152	153	154
Ease of Doing Business	176	177	176	168

Source: *www.doingbusiness.org*

7.0 GLOSSARY REVIEW

Balance of Trade Balance of trade (BoT) is the difference between the value of a country's exports and the value of a country's imports for a given period. BoT is the largest component of a country's balance of payments (BOP) (Kenton, 2020). If a country imports more than it exports it runs a trade deficit or an unfavorable balance of trade. If it imports less than it exports, it is called a favorable balance of trade or a trade surplus. A negative balance of trade does not necessarily explicate a negative scenario in the economy, and it must be considered in the context of the business cycle and other economic indicators. Whether a positive or negative BoT is beneficial for an economy depends on the countries involved, the trade policy decisions, the duration of the positive or negative BoT, and the size of the trade imbalance, among other things.

Ease of Doing Business Ease of doing business is an index published by the World Bank. It is an aggregate figure that includes different parameters which define the ease of doing business in a country (The Economic Times, n.d.). This index measures 10 indicators upon which the benchmark is created and compared with other economies of the world. The 10 indictors are – 1) starting a business, 2) dealing with construction permits, 3) getting electricity, 4) registering property, 5) getting credit, 6) protecting investors, 7) paying taxes, 8) trading across borders, 9) enforcing contracts and 10) resolving insolvency.

Economic and Environmental Vulnerability Index (EVI) The EVI is a measure of structural vulnerability to economic and environmental shocks. Since 2015 the CDP (Committee for Development Policy) uses absolute thresholds for the EVI to determine inclusion and graduation eligibility. The inclusion threshold has been set at 36 and the graduation threshold has been set at 10 per cent below the inclusion threshold at 32. High vulnerability indicates major structural impediments to sustainable development and a higher EVI represents a higher economic vulnerability. The EVI is composed of eight indicators, grouped into an economic and environmental sub-index. They are - 1) Population size, 2) remoteness, 3) merchandise export concentration, 4) share of agriculture, forestry and fisheries in gross domestic product, 5) homelessness owing to natural disasters, 6) instability of agricultural production, and 7) instability of exports of goods and services, 8) the share of population living in low elevated coastal zone.

Foreign Direct Investment A foreign direct investment (FDI) is an investment made by a firm or individual in one country into business interests located in another country. Generally, FDI takes place when an investor establishes foreign business operations or acquires foreign business assets in a foreign company (Chen, 2021).

GDP Growth Rate The gross domestic product (GDP) growth rate measures how fast the economy is growing. The rate compares the most recent quarter of the country's economic output to the previous quarter (Amadeo, 2021).

Gender Development Index The GDI measures gender gaps in human development achievements by accounting for disparities between women and men in three basic dimensions of human development—health, knowledge and living standards using the same component indicators as in the HDI. The GDI is the ratio of the HDIs calculated separately for females and males using the same methodology as in the HDI. The closer the value of GDI to 1, the smaller the gap between women and men. It is a direct measure of gender gap showing the female HDI as a percentage of the male HDI (UNDP, n.d.).

Gini Index The Gini index, or Gini coefficient, is a measure of the distribution of income across a population developed by the Italian statistician Corrado Gini in 1912. It is often used as a gauge of economic inequality, measuring income distribution or, less commonly, wealth distribution among a population. The coefficient ranges from 0 (or 0%) to 1 (or 100%), with 0 representing perfect equality and 1 representing perfect inequality. Values over 1 are theoretically possible due to negative income or wealth (Hayes, 2021). The GINI coefficient ranging from 0.2-0.3 represents relative inequality in income, 0.3-0.4 represents adequate inequality in income, 0.4-0.5 means a big income gap between upper and lower social class.

Gross Domestic Product Gross Domestic Product (GDP) is the total market value of all final goods and services produced within a nation's borders in a given time period (Schiller, Hill, & Wall, 2013)**.**

HDI The Human Development Index (HDI) is a summary measure of average achievement in key dimensions of human development: a long and healthy life, being knowledgeable and have a decent standard of living. The HDI is the geometric mean of normalized indices for each of the three dimensions (UNDP, n.d.).

IHDI The IHDI combines a country's average achievements in health, education and income with how those achievements are distributed among country's population by "discounting" each dimension's average value according to its level of inequality. Thus, the IHDI is distribution-sensitive average level of human development (UNDP, n.d.).

Inflation Inflation is an increase in the average level of prices of goods and services (Schiller, Hill, & Wall, 2013)

Unemployment Rate The unemployment rate is the percent of the labor force that is jobless. It is a lagging indicator, meaning that it generally rises or falls in the wake of changing economic conditions, rather than anticipating them. When the economy is in poor shape and jobs are scarce, the unemployment rate can be expected to rise. When the economy is growing at a healthy rate and jobs are relatively plentiful, it can be expected to fall (Investopedia, 2021).


ECONOMICS