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Economic Planning In Bangladesh (1972-2022)

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October 30, 2023

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Chapter 1

Economics Planing In Bangladesh (1972-2022)

1.1 Introduction

Economic planning plays a crucial role in shaping the development of a nation. This assignment delves into the economic planning in Bangladesh over five decades, from its liberation war in 1971 to 2022, analyzing the key plans, their execution, and assessing their success and failures.

1.2 The Liberation War Of Bangladesh

The Liberation War of Bangladesh, which took place in 1971, was a momentous chapter in the nation's history. It was a fight for independence, a battle to break free from Pakistan and establish Bangladesh as a separate, sovereign country. The people of Bangladesh were driven to this struggle because we were being treated unfairly by the government of Pakistan. We wanted the right to make our own decisions and govern ourselves. This war was no easy task; it was a difficult and challenging period where many people faced hardships and suffering. Families were torn apart, and the land bore witness to both heroism and sacrifice.

The war, which began on March 26, 1971, was marked by intense fighting and determination. Over nine months, the people of Bangladesh, with support from some countries, fought bravely for their independence. Finally, on December 16, 1971, the victory was achieved, and Bangladesh emerged as an independent nation. This historic day, known as Victory Day, is celebrated every year with pride and honor. It signifies the strength, resilience, and the unwavering spirit of the Bangladeshi people in their quest for self-determination and freedom. The Liberation War is a pivotal event that shaped the identity and history of Bangladesh, and its memory continues to be a source of national pride and reflection.

1.3 History of Economics planning in Bangladesh

Bangladesh, a country in South Asia, has a history of trying to make its economy better. It started this journey in 1972 when it became an independent country after a long fight for freedom. From then until 2022, Bangladesh has had different plans for its economy. These plans have helped the country grow and change.

At the start, when Bangladesh was new and had just become a country, the government had to rebuild many things. Bangladesh made its first plan in 1973. This plan was like a road map to help develop different parts of the country, such as farming, roads, and education. But as time went on, the way Bangladesh planned its economy changed. For a while, the country followed a model where the government controlled many businesses. This was from 1975 to 1991. The country made different plans during this time, but the government was more involved in things like factories and banks.

In the 1980s and 1990s, big international groups like the World Bank and the IMF started to influence how Bangladesh planned its economy. They wanted the country to open up to the world and make changes in how the economy worked. So, Bangladesh started to sell some of the businesses it owned and tried to make its economy more like a free market.

From 2016 to 2022, Bangladesh started thinking about how to grow in a way that helps the environment and its people. The country made the Seventh Five-Year Plan to develop the country's infrastructure, make more electricity, and use digital technology to help their economy.

This story of Bangladesh's economic planning is a way to see how a country can grow and change over time, from a place with lots of problems to a place with big dreams and hopes for the future.

1.3.1 Time Periods of Economic Plans

Over the 50-year period, several economic plans were implemented. These include:

1. The First Five-Year Plan (1973-1978)
2. The Second Five-Year Plan (1980-1985)
3. The Third Five-Year Plan (1985-1990)
4. The Fourth Five-Year Plan (1990-1995)
5. The Fifth Five-Year Plan (1997-2002)
6. The Sixth Five-Year Plan (2011-2015)
7. The Seventh Five-Year Plan (2016-2020)
8. Eighth Five-Year Plan (2021-2025)

1.4 Classifications of Bangladesh Economic Plane

The eight FYPs of Bangladesh can be classified into two broad groups:

1. **Post-war rehabilitation and reconstruction plans (First FYP to Fourth FYP):** These plans focused on rebuilding the economy and infrastructure that had been damaged by the Liberation War.
2. **Economic development plans (Fifth FYP to Eighth FYP):** These plans focused on accelerating economic growth and improving the living standards of the people.

More details on the eight FYPs

1. The First Five-Year Plan (1973-1978)

- **Priorities:** Rehabilitation and reconstruction of the economy and infrastructure
- **Key achievements:** Restoration of agricultural production, repair of infrastructure, and provision of basic services

2. The Second Five-Year Plan (1980-1985)

- **Priorities:** Continued rehabilitation and reconstruction, as well as economic development
- **Key achievements:** Further restoration of agricultural production, expansion of infrastructure, and introduction of policy reforms to promote private sector investment and export-oriented growth

3. The Third Five-Year Plan (1985-1990)

- **Priorities:** Sustaining economic growth and reducing poverty
- **Key achievements:** High economic growth averaging 7% per year, significant reduction in poverty rates, and expansion of social services

4. The Fourth Five-Year Plan (1990-1995)

- **Priorities:** Sustaining economic growth and reducing poverty further
- **Key achievements:** Continued high economic growth, further reduction in poverty rates, and expansion of social services

5. The Fifth Five-Year Plan (1997-2002)

- **Priorities:** Economic development and poverty reduction
- **Key achievements:** Sustained economic growth averaging 6% per year, further reduction in poverty rates, and expansion of social services

6. The Sixth Five-Year Plan (2011-2015)

- **Priorities:** Economic development, social development, and environmental protection
- **Key achievements:** Sustained economic growth averaging 6% per year, expansion of social services, and increased investment in environmental protection

7. The Seventh Five-Year Plan (2016-2020)

- **Priorities:** Achieving middle-income country status by 2021
- **Key achievements:** Sustained economic growth averaging 6% per year, significant progress in achieving middle-income country status, and expansion of social services

8. Eighth Five-Year Plan (2021-2025)

- **Priorities:** Sustainable and inclusive development
- **Key achievements:** Achieve GDP growth of 8.5% per year, reduce poverty rate to 7.4%, and create 13.3 million new jobs

1.5 Early Economic Challenges (1972-1980) & Initial Economic Policies:

In the early years following its independence in 1971, Bangladesh confronted a multitude of formidable economic challenges, primarily stemming from the aftermath of the Liberation War and the long-standing disparities between East and West Pakistan. Below, I've outlined the key economic challenges and initial economic policies implemented, providing historical context and details.

1. Infrastructure Rehabilitation

- **Challenges:** The Liberation War caused widespread destruction of infrastructure, including roads, bridges, and power facilities.
- **Policies:** The government initiated a comprehensive program to rebuild infrastructure, focusing on repairing roads and bridges, rehabilitating power plants, and restoring communication networks. These efforts were essential for reconnecting regions and revitalizing economic activities.

2. War-induced Disruption

- **Challenges:** The war disrupted economic activities, causing production stoppages and supply chain breakdowns.
- **Policies:** To address this, the government implemented policies aimed at stimulating economic activities. Incentives were offered to industries and businesses, and local production was encouraged to kick start economic growth. The government also sought foreign aid for reconstruction.

3. Resource Constraints

- **Challenges:** Bangladesh faced significant resource constraints, including a lack of foreign exchange reserves and capital for investments.
- **Policies:** The government adopted policies to mobilize resources, including negotiations for foreign aid agreements and securing grants and loans from international partners to address resource gaps.

4. Food Security

- **Challenges:** The war disrupted food production and distribution, leading to severe food shortages.
- **Policies:** Early policies placed a strong emphasis on food security initiatives. Programs were introduced to increase agricultural production, improve food distribution networks, and stabilize food prices, ensuring food security for the population.

5. Depleted Treasury

- **Challenges:** The national treasury inherited from the Pakistan era was nearly empty, presenting a significant financial challenge.
- **Policies:** To address this challenge, the government explored various avenues for resource generation. This included seeking international financial assistance and improving revenue collection efforts to replenish the treasury.

6. Inflation and Price Rises

- **Challenges:** The economic turmoil, supply disruptions, and war-induced inflation led to price rises for essential goods.
- **Policies:** Stabilizing prices and controlling inflation were key policy objectives. The government took measures to address price volatility and ensure affordability for the population.

7. Humanitarian Crisis

- **Challenges:** The war created a massive humanitarian crisis with millions of refugees and internally displaced persons.
- **Policies:** Policies were implemented to address the humanitarian crisis, providing shelter, health-care, and basic necessities to the affected population. International organizations also played a significant role in humanitarian efforts.

8. Institutional Building

- **Challenges:** Bangladesh had to build its administrative institutions from the ground up, with a lack of experienced bureaucrats.

- **Policies:** Early policies focused on establishing a functional governmental structure, recruiting and training personnel, and creating a framework for governance.

9. Reintegration of Returning Refugees

- **Challenges:** The return of refugees who had fled to India during the war required careful management.
- **Policies:** The government implemented policies to facilitate the reintegration of returning refugees into society. This included providing housing, livelihood opportunities, and support for rebuilding their lives.

10. Stimulating Industry and Agriculture

- **Challenges:** Reviving the industrial and agricultural sectors was pivotal for economic recovery.
- **Policies:** The government encouraged investment in these sectors, provided incentives for production, and implemented land reforms to promote agriculture and increase food production.

1.6 Economic Structure of Bangladesh

The economic structure of Bangladesh can be divided into the following three sectors:

- **Primary Sector:** With 45% of the workforce engaged in the primary sector (est. 2011), Bangladesh can be called an agrarian economy. Agriculture contributes 30% of the country's GDP and enables Bangladesh to achieve its macroeconomic objectives, including food security, poverty alleviation, human resources development and employment generation. Cooperatives are increasingly motivating farmers to employ modern machinery. Bangladesh primarily produces Jute, Rice, Tobacco, Tea, Sugarcane, Pulses and Wheat. According to the composition of sub sectors, the crop sector contributes 72% of the production, followed by Fisheries at 10.33%, livestock at 10.11% and forestry at 7.33%. The unpredictable weather and natural calamities disrupt the country's economy frequently. To overcome this problem, the government has several irrigation projects to conserve rainwater and control floods. The projects also include controlling pests and using high quality seeds.
- **Secondary Sector:** This sector mainly comprises of small and medium enterprises that give employment to 30% of the country's workforce (est. 2011). It generates 25% of the GDP and 40% of the gross manufacturing output. Bangladesh's light engineering sector is one of the largest and most diverse, producing a wide variety of machinery and spare parts. There are several mills and factories, producing jute, garments, cotton, paper, textile, pharmaceuticals and fertilizers, among other things. Some major manufacturing industries are railways, tea plantation & processing industries, construction sector, ferry and transport. Infrastructure is developing swiftly in terms

of water distribution, power supply, communications and transportation. Bangladesh features a prominent wealth of coal mines.

- **Tertiary Sector:** In the last two decades, Bangladesh has seen incredible growth in its service sector. As of 2011, 25% (2011 est.) of the country's workforce was employed in this sector. Although this percentage is lesser than the primary and secondary sectors, a large part of the country's GDP comes from service sector. The hospitality industry, in particular, has shown considerable growth.

Source : https://www.academia.edu/7983766/Economic_Structure_of_Bangladesh

1.6.1 Overview of Bangladesh Economy

Table 1.1: **Per capita GDP and GNI at Current Prices**

(Base: 2015-16)	Unit	2019-20	2020-21	2021-22	2022-23(p)
GDP	(Mill.Tk.)	31,704,694	35,301,848	39,717,164	44,392,733
GNI	(Mill.Tk.)	33,017,012	37,159,966	41,290,624	46,185,291
Population	(Mill.No.)	167.4	169.11	171.30	170.79
Per capita GDP	(In Tk.)	189,361	208,751	231,861	259,919
Per capita GNI	(In Tk.)	197,199	219,738	241,047	270,414
Exchange rate	(Tk per US\$)	84.78	84.81	86.30	97.81
GDP	(Mill. US\$)	373,959	416,264	460,219	453,852
GNI	(Mill. US\$)	389,438	438,175	478,451	472,178
Per capita GDP	(In US \$)	2,234	2,462	2,687	2,657
Per capita GNI	(In US \$)	2,326	2,591	2,793	2,765

Source: <https://bbs.gov.bd/site/page/b588b454-0f88-4679-bf20-90e06dc1d10b/>

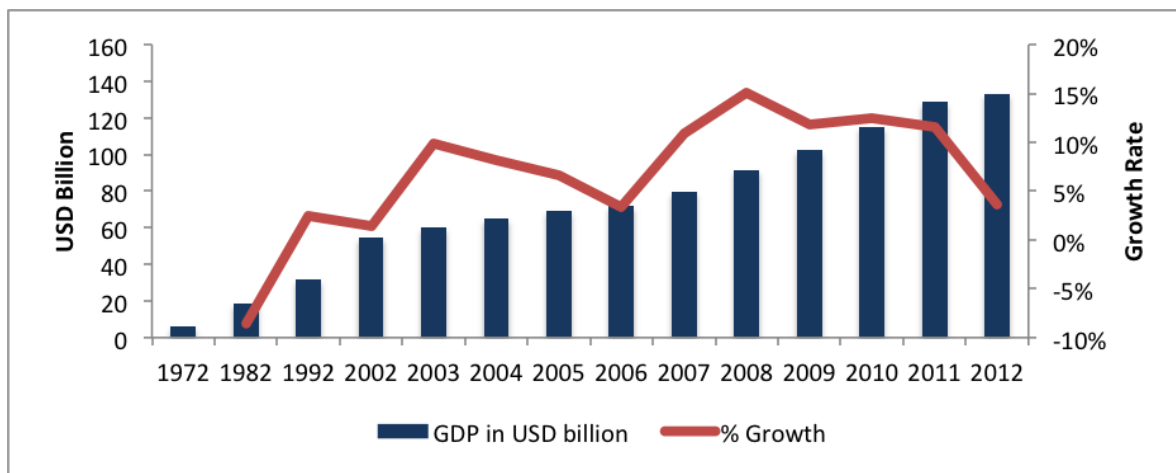


Figure 1.1: GDP Growth rate of Bangladesh

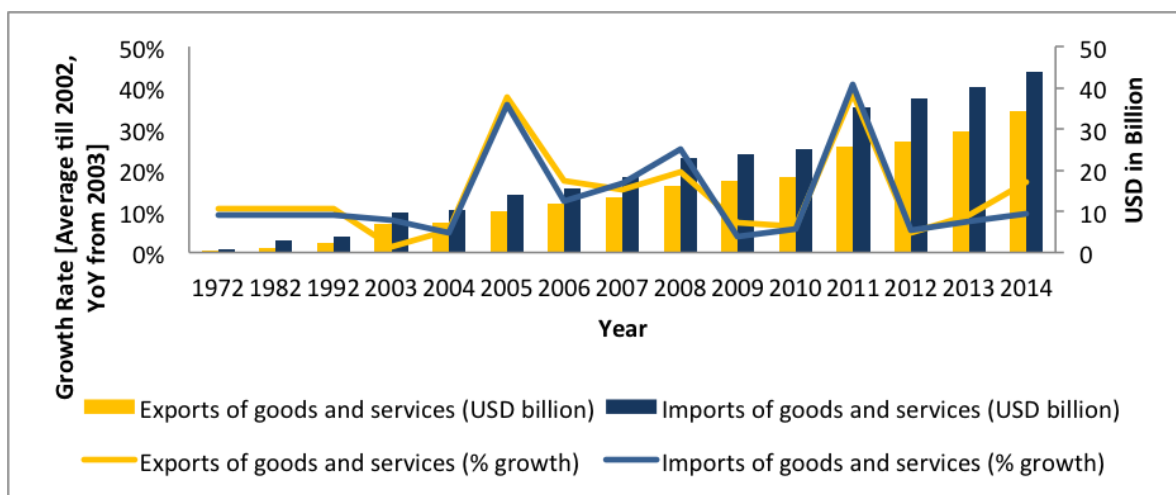


Figure 1.2: Trade Growth of Bangladesh

Source Embassy of Bangladesh Paris

<https://www.bangladoot-paris.org/2013-06-03-11-28-34/economy.html>

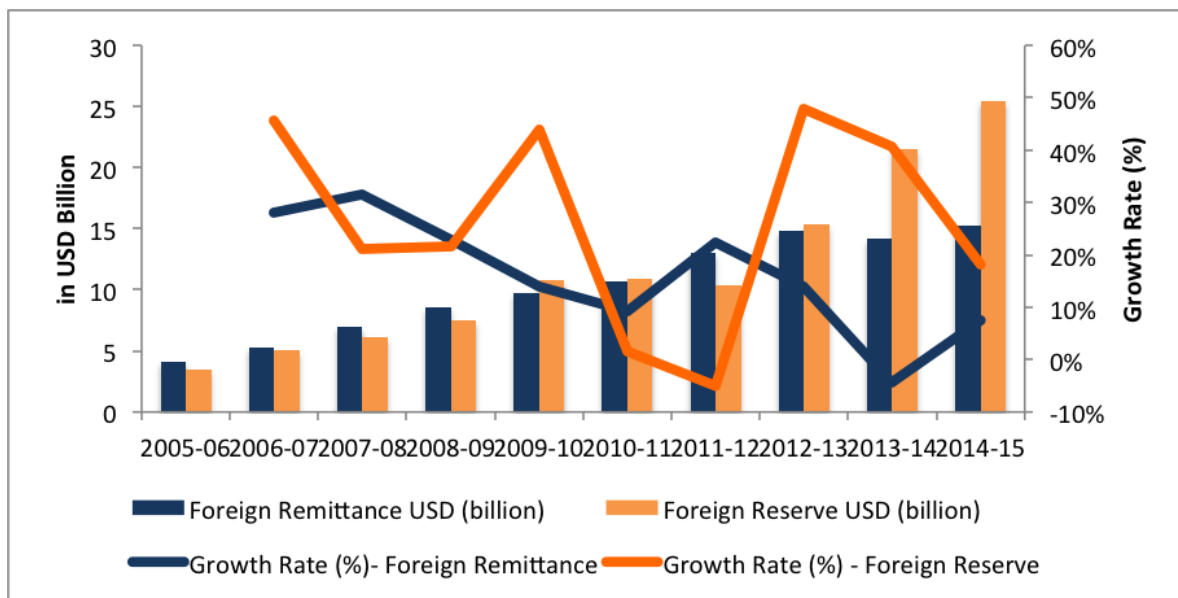


Figure 1.3: Foreign Reserve and Remittance Growth in Bangladesh

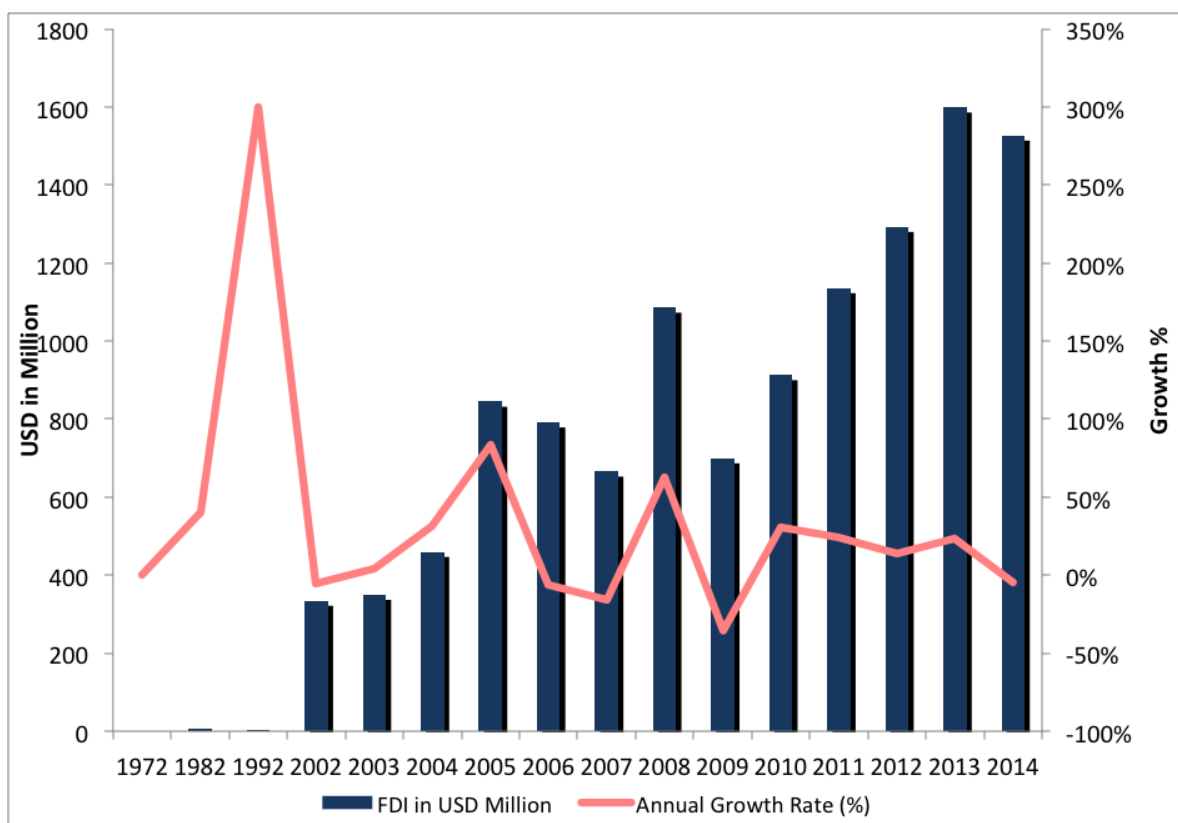


Figure 1.4: Foreign Direct Investment in Bangladesh

1.7 Success and Failure of The Bangladesh Economic Planning

1.7.1 First Five Years Plan (1973-1978)

After independence of Bangladesh, introduction of socialistic economy received priority to the policy makers of the government and encouraged the private entrepreneurs for establishing new industries along with the nationalized enterprises to get rid of the economic depression. To achieve this, this five years plan was prepared.

- **Objectives**

- Reconstruction and Rehabilitation
- Agricultural Self-Sufficiency
- Employment Generation
- Poverty Alleviation
- Infrastructure Development
- Industrialization
- Education and
- Institutional Strengthening
- Social Equity
- Natural Resource Management

- **Efficiency and Success**

- **Agricultural Growth:** The plan successfully increased agricultural production, making Bangladesh self-sufficient in food, particularly in rice and wheat. This achievement significantly improved food security.
- **Infrastructure Development:** The plan invested in critical infrastructure projects, including roads, bridges, and irrigation systems, which greatly enhanced transportation and connectivity, improving access to remote areas.
- **Reduced Poverty:** The plan's emphasis on rural development and agriculture contributed to a reduction in rural poverty rates, benefiting a large portion of the population.
- **Expansion of Education:** Efforts to expand educational opportunities led to increased enrollment in schools and a significant rise in literacy rates.
- **Health-care Services:** The plan improved access to basic health-care services, resulting in better health outcomes and a decline in mortality rates, particularly among children.
- **Export Diversification:** It laid the foundation for diversifying exports by promoting non-traditional export items, reducing dependence on a few commodities, and expanding foreign exchange earnings.

- **Employment Generation:** The plan created employment opportunities, especially in the agricultural and rural sectors, helping to alleviate unemployment and underemployment.
- **Institutional Capacity Building:** The plan strengthened government institutions and administrative capacities, enhancing their ability to plan and implement development projects effectively.
- **Regional Development:** It worked to reduce regional disparities by focusing on equitable resource allocation and development across different regions of the country.

- **Limitations and Failure**

The government had to face the following hazards in implementing various programs taken in the *First Five Years Plan*.

- Firstly, the expected amount of foreign assistance from the donors could not be received due to unusual inflation and economic meltdown in the developed countries and this situation prolonged up to 1978.
- Secondly, devastating flood of 1974 caused massive damage of crops in many years which resulted in famine countrywide.
- Thirdly, the export-import ratio of Bangladesh gradually deteriorated in the global market specially the import value of oil increased manifold.
- Fourthly, the rehabilitation program management of trade and commerce, finance and industry and building a national administrative structure in a newly born war-ravaged country become very complicated and time consuming.

All these reasons delayed and made the rehabilitation task of the economy difficult and pushed back the national productivity rate in 1975-1976 to that of 1969-1970

1.7.2 Two Years Plan (1978-1980)

At the terminal period of the FFYP although overall management of the economy marked improvement with more stability, objectives of the plan were hindered of too due to many number of income projects. For this reason, The Second Five Years Plan (SFYP) of the country could not be formulated. In this situation, a two year plan was formulated to complete the on-going projects as many as possible within available resources.

This plan was instituted to address an economic crisis, fiscal deficits, and balance of payments challenges, with a focus on immediate policy reforms and structural adjustments to stabilize the economy and manage limited resources effectively

1.7.3 Second Five Years Plan (1980-1985)

After immediate Completion of the TYP, the Second Five Years Plan(SFYP) was announced with the programs of attaining the food self-sufficiency, rise of industrial production, extended education

program and expansion of foreign trade and exchange by exporting man power.

- **Objectives**

- Raising the standard of living at noticeable level by ensuring adequate supply of basic needs
- Attaining self-sufficiency in the shortest time
- Increasing opportunities of productive employment
- Eradicating illiteracy through implementation of mass primary education
- Reducing Population Growth Rate
- Encouraging people's participation in development activities
- Utilizing domestic resources

- **Efficiency and Success**

- The Economic Growth was strong and consistent, fostering increased stability and development.
- Agricultural Productivity was in notable growth, particularly food grains, improved food security and reduced import dependency.
- Prioritization of Infrastructure Projects, such as transportation and energy, promoted economic development and accessibility.
- By diversifying export items, reliance on a few commodities were reduced and foreign exchange earnings were broadened.
- Investments in Education and Health-care improved literacy rates, school enrollments, and health-care services, thereby enhancing the quality of life.

- **Limitations and Failure** The plan struggled with foreign exchange shortages, affecting the import of essential goods and machinery, which hindered industrial development. Despite an emphasis on industrialization, the plan faced slow industrial growth in the industrial sector, which limited diversification. The plan did not significantly address income inequality, as wealth distribution remained uneven, particularly in rural areas. The rapid population growth rate during the plan period exerted pressure on resources and services, impacting development efforts. For the inflationary pressures, partly due to global oil price increases, affecting the cost of living and the purchasing power of citizens. Political instability disrupted policy implementation and development efforts.

1.7.4 Third Five Year Plan (1985-1990)

In the backdrop of internal financial instability, two successive devastating floods, protectionism, frequent fluctuations in the trade conditions, unstable aid commitment combined with external obstacles; the TFYP was formulated with the expectation of creating a stable economic environment in the country.

- **Objectives**

- Reduce the Population Growth Rate
- Widen the scope of productive employment
- Develop technological base for long-term structural change
- Achieve self sufficiency in food
- Meet the minimum basic needs of the people
- Strengthen Economic Growth
- Expedite self reliance

- **Efficiency and Success**

- Sustainable contribution in the Economic Growth, with an increased Gross Domestic Product (GDP) and improved economic stability.
- Continued to prioritize Infrastructure Development, leading to the expansion of transportation networks, energy supply, and communication systems, which fostered economic progress.
- Successful Diversification of Export Items, reducing the country's reliance on a few commodities and broadening foreign exchange earnings.
- Encouraging Private Sector Development led to increased investments, job creation, and economic diversification.
- Notable improvements in Education and Health-care Services, with increased school enrollments, higher literacy rates, and enhanced health-care accessibility.

- **Limitations and Failure** Encountering Fiscal Deficits and challenges in revenue collection, impacting the government's ability to fund development projects effectively. No significant development in income inequality, as wealth distribution remained uneven, particularly in rural areas. Rapid Population Growth continued to exert pressure on resources and services, impacting development efforts and social indicators. Faced Resource Constraints, affecting the timely implementation of key projects and programs. Also faced Inflationary Pressures, partly due to global oil price increases, affecting the cost of living and the purchasing power of citizens. Political Instability remains to hinder the development efforts.

1.7.5 Fourth Five Years Plan (1990-1995)

Average GDP growth during the Fourth Five Years Plan (FFYP) was targeted as at 5% per annum, out of which 3.6% in agriculture, 9.1% in industry, 11% in electricity, gas and natural resources, 8.8% in construction, 5.4% in transport and communication, 5.1% in trade and others and 3.1% in public services.

- **Objectives**

- Accelerating Economic Growth. It is envisaged that the Annual Growth Rate of GDP would be 5% during the plan period
- Poverty alleviation and employment generation through human resource development
- Increase self-reliance

- **Efficiency and Success**

- Continued to robust Economic Growth, fostering economic stability and development, with a consistently increasing Gross Domestic Product (GDP).
- Gradual improvement in Infrastructure Development and Human Development which enhanced economic accessibility and quality of life for citizens.
- Private Sector Development was growing as the foundation of the economy, as the investment and job creation were going up.
- Declination in Poverty Rates were noticed, particularly in rural areas.
- Efforts to expand the Energy Sector led to increased energy supply, enhancing energy security

- **Limitations and Failure** External Factors, such as global economic conditions and international commodity prices, had an impact on the plan's effectiveness, influencing trade balances and economic stability. Corruption and Governance issues affect the efficient allocation of resources and the implementation of development projects. In spite of improving the infrastructures, there were still Infrastructure Gaps in critical structure of rural areas. Although a number of school enrollments were increasing, the Education Quality, particularly in rural areas, remained a concern. Efforts to address Environmental Sustainability were insufficient, with concerns about deforestation and pollution persisting.

1.7.6 Fifth Five Years Plan (1997-2002)

The Fifth Five years Plan was formulated keeping in mind a set of dimensions like certain creation of productive employment and poverty alleviation, self reliance in food, development of human resources, infrastructures, controlling population growth, maintaining social peace, getting technology-based knowledge and improvement of social justice etc.

- **Objectives**

- Alleviating poverty(7.3% per annul) through bringing economic dynamism
- Generating ample scope of employment by utilizing labor intensive technology
- Achieving food production beyond the self-sufficiency level to export
- Taking measures for producing high valued export commodities

- Developing necessary infrastructure, private sector and exploration of natural energy
- Developing human resources with emphasis on compulsory primary education and vocational training
- Keeping Population Growth Rate within 1.20% by the end of the plan period and ensuring good health and nutrition of babies and mothers
- Strengthening country's scientific and technological based with the emphasis on research and development of technologies
- Promoting natural resources for sustainable development
- Reducing gender gap and supporting girl's education, employment and special support
- Establishing social justice by strengthening law and order and the rule of law

● **Efficiency and Success**

- Fostering Economic Prosperity, with the country experiencing sustained economic growth and positive trends in its overall economic performance.
- A significant emphasis on the Infrastructure Expansion, such as roads, energy supply, and communication systems, leading to improved accessibility and enhancing economic development.
- Encouragement of Private Sector initiatives resulted in increased investments and job creation, contributing to economic diversification and expansion.
- Modernization of Key Sectors like agriculture, industry, and social services were more efficient, competitive, and in line with contemporary standards.
- Increasing literacy rates, and improved access to health-care for the Human Development.
- Successful Diversification of Export Items reduced dependency on a limited range of commodities.

- **Limitations and Failure** Grappling with Resource Limitations, both in terms of financial and human resources. This constrained the comprehensive implementation of development programs and projects, leading to delays and incomplete achievement of various plan objectives. Income Inequality remains one of the persistent failures as the plan did not adequately rectify wealth disparities, particularly in rural areas. Lack of sufficient attention remained a concern about the Long-term Sustainability of development efforts. The rapid and unchecked Population Growth led to the challenges in improving human development indicators. Governance and Corruption including inefficiencies in resource allocation and project implementation, persisted as significant limitations, hindering the full realization of the plan's potential like before.

1.7.7 Sixth Five Years Plan (2011-2015)

The Sixth Five Years Plan has been made with some core targets in the context of Vision 2021. Notwithstanding past progress with poverty reduction, the Government recognizes that Bangladesh is still a low income developing country. An estimated 47 million people are living below the poverty line. Most of the labor force is engaged in low productivity and low income jobs. The access to secondary and tertiary education is limited and the quality of education at all levels is deficient. The poor group in Bangladesh is severely disadvantaged in terms of ownership of assets and has inadequate access to institutional finance as well as to basic services including quality education, health-care, water and sanitation. This group of people is also disproportionately affected by natural disasters and the adverse effects of climate change. Publicly supported mitigating measures in the form of social protection programs are inadequate

- **Objectives**

- Acceleration of Economic Growth and Employment
- Benefiting from higher labor force growth (the demographic dividend) and ensuring *Labor Quality*
- Improving factor productivity through *Information Technology*
- Reducing *Population Growth*
- Ensuring *Food Security, Social Protection* for under-privileged population, *Gender Parity* and *Environmental Sustainability*
- Improving Governance and Administrative Capacity
- Managing the spatial dimensions of growth and reducing
- Strengthening *Civil Service, Income Inequality*

- **Efficiency and Success**

- Growth of Income has gone up from 6.3% to 7.06%. This was a substantial growth and highest achievement of GDP in the last 8 years.
- As Poverty was the single most important socio-economic policy challenge for Bangladesh, the government was trying hard to reduce the incidence of poverty and improve the living standards of its millions of impoverished citizens. Bangladesh has made substantial progress in reducing poverty, where the percent of population living below the poverty line went down from more than 80 percent in early 1970s to 24.3% percent in FY10.
- Achieving 100 percent net enrollment rate for Primary Education, increasing enrollment rate to 60% in 12th class and reduced Fertility Rate to 2.2%
- Proportion of rural population with access to safe drinking water increased to 96.5% and urban population with access to Sanitary Latrines to 100%.

- Generation of Electricity was increased to 15,457 MW by FY15, electrical coverage increased to 68%, Energy Efficiency by 10% and development of many critical Infrastructure.
 - Female to male Ratio in tertiary education to be raised from current 32% to 60%.
 - Environmental Sustainability robust as productive forest coverage increased by 2%, improving air quality in Dhaka, treated all urban waste in rivers and many other things.
 - Developing in the ICT sector, increasing public spending on Research and Development to 1% of GDP by FY15.
- **Limitations and Failure** Economic Growth was not still sufficient in context of other mid-income country. Sector, Macroeconomic, Urban and Human Resource Development were still need an improvement. And also Gender equality, income inequality, social protection to be improved.

1.7.8 Seventh Five Years Plan (2016-2020)

- **Objectives**

- Growth of Income and Reduction of Poverty
- Sectoral Development
- Human Resource Development
- Gender and Income Inequality, Social Protection
- Energy and improvement of Infrastructure
- Environmental Sustainability

- **Efficiency and Success**

- Attaining average real GDP growth rate of 7.4% per year and extreme poverty reduced by about 4%.
- Significant growth in the agriculture, industry and service sectors. Also the GDP increased by 21% for the contribution of the manufacturing sector.
- Building Inclusive house for urban inhabitants including for people living in informal settlements and slums.
- Installing generation capacity of electricity which was increased to 23,000 MW by 2020 and many other infrastructure to cope up with traffic jam.
- Environmental, Climate Change and Disaster Risk Reduction Considerations are integrated into project design, budgetary allocations and implementation process.
- Also the notable improvement in ICT Sector.

- **Limitations and Failure** Poverty was still need to be fully eliminated and more contribution was needed to our GDP. Bangladesh did not attain Upper Middle-Income Country (UMIC) status yet and also major Sustainable Development Goal(SDG) targets. The citizens were not fully benefited by the planning.

1.7.9 The Running(8th) Five Years Plan(2020-2025)

Addressing COVID-19 Challenges and Sustainable LDC Graduation

Introduction

- The Eighth Five Year Plan (8th FYP), which will be implemented during *FY 2021-25*, is currently being finalized before placing it to the *NEC* for final approval
 - The draft plan document, which was prepared early, had to be revisited on account of adjustment because of the *COVID-19* pandemic
- The 8th FYP is expected to take into cognizance the experiences and lessons learnt from the 7th FYP (*FY 2016–20*)
 - The experience and result of implementing the 7th FYP have been rather mixed. The *COVID-19* pandemic has caused major disruptions in macroeconomic management as the plan period reached its final year in *FY2020*
- The 8th FYP will need to be informed by three key challenges
 - Economic recovery and rebound in *post-COVID* period
 - Graduation from the LDC group by 2024
 - Second crucial (five-year) lap in implementing the SDGs by 2030
- 8th FYP must also address electoral pledges of the ruling party made prior to 2018 National Election

Two broad themes of the plan

- **Promoting Prosperity**

The plan has emphasized on appropriate policies, frameworks and devised suitable and sustainable development strategies for promoting prosperity. For this, the first step is to bring Bangladesh closer to attaining Upper Middle-income Country (UMIC) status, major Sustainable Development Goal (SDG) targets, and eliminating extreme poverty.

- **Fostering Inclusivity**

A broad-based strategy of inclusiveness with a view to empowering every citizen to participate fully and benefit from the development process and helping the poor and vulnerable with social protection- based income transfers has been adopted in the plan.

Plan is divided into two main parts

- **Macroeconomic perspective**

The first part delineates the macroeconomic framework for the plan period (July 2020-June 2025) along with strategic directions and policy framework for promoting inclusiveness, reducing poverty and inequality. It also describes the resource envelop and overall fiscal management tools of the government and specifies the Development Results Framework (DRF) for proper monitoring and evaluation.

- **Sectoral Strategies**

The second part sets out the sectoral strategies for thirteen sectors (except defense) with some specific targets to attain by FY 2025. The ministries/divisions are expected to follow these sectoral strategies and action measures while preparing their sector specific projects and programs to achieve their respective targets set in the 8th Five Year Plan.

The 8th Plan centers on six sub-core themes

1. **Rapid recovery from COVID-19** to restore human health, confidence, employment, income and economic activities
2. A broad-based **strategy of inclusiveness** with a view to empowering every citizen to participate fully and benefit from the development process and helping the poor and vulnerable with social protection- based income transfers
3. **GDP growth acceleration**, employment generation, productivity acceleration and rapid poverty reduction
4. A **sustainable development** pathway that is resilient to disaster and climate change, entails sustainable use of natural resources and successfully managing the inevitable urbanization transition
5. Development and improvement of critical institutions necessary to **lead the economy to UMIC status**
6. **Attaining SDG targets** and coping up the impact of Least Developed Country (LDC) graduation (sustainable transition with exploring alternatives to the erosion of preferential benefits and not to go back to previous LDC status).

Challenges in implementations of the plan

During the implementation period of the 8FYP, the government will face a number of challenges. The **four** specific ones are the following:

- Covid-19 pandemic
- Graduation from the least developed country (LDC) category

Table 1.2: GDP Growth Projections under the 8FYP

Particulars	FY20 (Actual)	FY21	FY22	FY23	FY24	FY25
Pre-COVID-19 GDP growth (as perpp2041)	8.19	8.23	8.29	8.32	8.37	8.51
GDB growth with COVID-19	5.24	7.40	7.70	8.00	8.32	8.51

- Implementation of the Sustainable Development Goals (SDGs) and
- Climate change vulnerability

Besides, Russia Ukraine war, rise in fuel price, disruption in supply chain and currency devaluation are some other major challenges that government needs to confront with.

Focus of the Plan

The plan mainly focuses on 7 areas:

1. Labour-intensive manufacturing
2. Export-oriented manufacturing-led growth
3. Agricultural diversification
4. Dynamism in cottage, small and medium enterprises
5. Modern services sector
6. ICT based entrepreneurship, and
7. Overseas employment.

8FYP targets for indicators:

- Inflation - 4.60%
- Public & Private Investment – Public (25.3%) & Private (74.7%)
- Employment - 1 corer 13 lac 30 thousands
- Poverty reduction – 15.60%
- Revenue mobilization – 12.3% of GDP
- Allocation for Annual Development Plan (ADP) – 3675.3 Billion USD

Key Takeaways

- Bangladesh has targeted 8.51 per cent economic growth for the 8th Five Year Plan. To accommodate this growth target, the gross investment needs to be raised to 36.59 per cent of GDP by FY 2025.
- As per the Planning Minister, some Tk. 64,959.8 billion is required to implement the 8th Five-Year Plan. Out of the amount, 94.9% will be mobilized from the domestic source, while 5.1% will be financed from external resources.
- Since the beginning of the COVID-19 pandemic, the government has taken various steps to combat its fallout. It has taken a comprehensive plan to overcome the negative impacts of pandemic on economy and people.
- The comprehensive plan is based on 4 (four) main strategies discouraging luxury expenditures and prioritizing government spending that creates job, creating loan facilities through commercial banks at subsidized interest rate for the affected industries and businesses, expanding the coverage of the government's social safety net programs.
- In light of the comprehensive plan and strategies, the government has declared a number of stimulus packages to support the emergency health-care services to protect jobs and achieve smooth economic recovery.

1.7.10 References

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