

"Reflection on the Current State of Bangladesh Economy and the Future Prospect of It"

1. Introduction

Bangladesh was a struggling poor nation in south asia. It faced colonial rule for over 200 years. Centuries of colonial rules almost destroyed its economical backbones. From there, Bangladesh eventually started to grow its GDP and other sectors like healthcare, food development, import-export sector. Despite having made progress, there are many problems that the economy of Bangladesh is facing. To resolve the matters, key challenges of the economy of our country are discussed here.

2. Economic Growth

Bangladesh, after independence, had a very interesting history of economic growth and prosperity. It faced many ups and downs. In 1971, Bangladesh was suffering from hunger, poverty and a significant amount of people were suffering from malnutrition. There were not enough jobs, clothes to wear, food to buy or any money to buy the bare minimum essentials. It faced famine in 1974, causing the death of nearly one million people. From this serious condition, Bangladesh not only recovered, it entered from one of the poorest countries to lower-middle income status in 2015. The GDP in 2010-2023 was 6.4 and the poverty came down significantly. The moderate poverty rate declined from 49.6 percent to 30.0 percent in 2022 . Besides that, human development improved in many dimensions. It redacted the infant mortality rate and raised literacy rate. The main drivers of GDP in Bangladesh are remittance, and the service sector (around 51%, from 2013-2023) . However, there were many incidents to prove the data manipulation. The political influence caused several data manipulations to show increased GDP of

Bangladesh. The record of poverty alleviation was mostly made up stories and failed projects, where data were changed and corrupted

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3. Structural Stagnation

If an economy fails to shift into more valuable, diversified and results in more output, it is referred as a “Structural Stagnation”. The economy becomes more and more unsustainable in these cases. There are many reasons for this. Overdependence on any certain sector like garment and remittances in case of Bangladesh. Also, weak industrial policy and failure to innovate new ideas of development. Low FDI(Foreign Direct Investment) . not providing enough skill development to the human resources of our country are the main reasons. Bureaucratic hurdles and policy inconsistency are another two reasons for the structural stagnation .

4. Inflation

The macroeconomic environment of Bangladesh in the last decade got impacted by various factors, including GDP growth, inflation, foreign sectors, fiscal and monetary policy, human capital, poverty, world politics etc. In recent years, the inflation rate in Bangladesh has slowed down to 9.32% in 2025, which is marked as the lowest in the last few years. This indicates decreased food and nonalcoholic beverages price , housing and utilities etc. The inflation rate fluctuates a lot though. Different types of inflation could be seen in Bangladesh in recent years.

1. Demand pull Inflation
2. Cost push Inflation
3. Structural Inflation

Root causes of inflation in Bangladesh can be many facts.

1. Food price volatility: The food price rises globally during previous years. The day to day foods like egg, oil, grocery items price rises due to unstable market situations. These all eventually caused inflation.
2. Supply chain disruptions : Recent wars happened worldwide like, Ukraine-Russia war caused damage in supply chain of export and import. The shortage of products caused the prices to rise high, in result, to fulfill the daily needs, people had to buy things despite the high prices. The high demand and low supply was a big reason for the inflation in Bangladesh.
3. High oil prices: The oil prices have increased by about 40-50% from the end of 2021, the rising demand and supply constraints caused the rise. In result, the production cost has also increased and that affected many sectors of the economy as oil is essential for transportation purposes.
4. Increasing money supply: to balance the economic demand, Bangladesh Bank has implemented some policies like supplying more printed notes to market. Against that, there was no significant corresponding productivity. Which eventually led to inflation.

Impacts of Inflation throughout the years(2014-2024):

Erosion of real income- As the inflation rises, the actual income becomes low comparatively. The overpriced food and other essentials were getting tough to get at the time of high inflation. The low- and middle-income groups suffered the most.

Impact on accounting and finance services: The inflation caused severe finance problems due to the rise of the exchange rate in the international market. In the domestic market however, people faced difficulties buying properties and in the stock market.

Increased social unrest and pressure on government subsidies: The inflation causes the poor to get more poor and as a result, people were struggling to provide himself with minimum food and other essentials. As a result, the government was

facing immense pressure to fulfill rest and give subsidies.

5. Government Debt

National debt:

Public debt has risen in a controlled manner. Government eventually borrowed from the banks and formed a significant portion. Till December 2024, Bangladesh's internal government debt stood at nearly 4,800,000 BDT million. National debt is in total 50% of the total internal debt of Bangladesh.

External debt

Until September, 2024, the total external debt of Bangladesh has been 104 billion USD. 81% of the total loan is taken by the government and the public sector. From the private sector, the loan is 19 billion USD. Long term Debt is 88.19% of total, which stands for 91 billion USD, short term debt is 13 billion USD. The condition of external debt is still in steady supply. But recent large infrastructure projects loans by China and multilateral banks pose huge risk if returns are delayed.

6. Corruption in Bangladesh

From the past decade, corruption has been a deep-rooted challenge for Bangladesh's economy. From manipulating data to show more GDP to money laundering, the economy of Bangladesh has seen all of the crimes. Bangladesh faces systematic corruption across public areas.

Some of the high corrupting area and sectors of Bangladesh economy are-

1. Mega projects: The government and the political influencers often manipulated the mega projects, showing huge cost then actual costs and laundered the money. These projects often involve bribing, political favoritism and many other crimes.

2. Tax Evasion: The upper income class people often reduce their tax by corrupting their actual income. This reduces the state revenue and widens inequality. .
3. Judicial inefficiency is a good reason why the corruption rate in Bangladesh is so high. The bribing culture, political power influences the judicial system. Criminals are often not punished and let go. Police and other judicial bodies sometimes show reluctance in opening a case file against the peoples with political favour on their side.
4. Corruption in the Anti-corruption Commission in Bangladesh is another reason why the corruption rate is getting higher each and every year. The corrupting bodies are not getting caught and let go as the ACC also runs by political favoritism. The people in favour of the current government always get easy safety from their crimes.

7. Poverty, Inequality and Vulnerability

In 1971, when the independence war was over, Bangladesh had one of the poorest economies in the world. People used to suffer from serious malnutrition and many other things. From that citation, Bangladesh has improved its situation. Poverty rate has declined significantly(now around 18.7 %) . Although, the inflation, economic ups and downs and discrimination caused people to be vulnerable to economic shocks.

- Inequality- the economic inequality between urban and rural areas, people from different backgrounds and getting different amounts of privileges are causing the inequality. The improper distribution of resources is also an important reason why the socio-economic culture of Bangladesh is so vulnerable.
- Access to education, healthcare and other services are limited. People from underprivileged areas are barely getting good medical care and enough nutritions.

As a result, they are suffering from different diseases and conditions. On the other hand, higher class people with enough on their plates are able to be treated properly.

- Climate change affects the poor. Bangladesh is a natural disaster prone country. People living especially in coastal and flood-prone regions like riverbanks or near the sea suffer from vulnerable situations due to shortage of resources and loss of properties.

Banishing inequality and vulnerability will need tough policies, better judicial systems, and investment in human capital to improve their lives. As a third world country, Bangladesh needs to improve the skill of their manpower and develop enough scopes to employ people to reduce severe inequality and poverty.

8. Conclusion

The economy of Bangladesh has really interesting arches to be observed. The global economy, wars and supply chain distribution caused them. Despite being one of the poorest nations, it managed to secure rank among middle income countries. The economical observant opinions about political influences and global influences though, the poverty rate , inflation rate and GDP have been significantly reduced in past decades. Its growth achievements are commendable. The government should focus on reforming the corruption and other institutions to keep moving toward a future prosperity for all its citizen.

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