

Economic Problems of Bangladesh and Solutions



Developing countries like Bangladesh exist some economic problems which are the main barriers to their economic development. The economy of BD was based on Agriculture till 1990 and it is transforming to the industry and service sector.

Due to fertile soil, many rivers turned this country an agricultural one. This country has huge labor. So, labor-intensive industries like RMG (readymade garments) booms here. Bangladesh also earns remittances exporting labor to abroad.

Bangladesh is the 30th (2020) in the world in purchasing power parity and it is 39th (2019) largest in the world in terms of nominal GDP and its total GDP size is \$347991 billion (nominal, 2020).

Although this country is performing well, some factors hinder to its economic development. Those problems are discussed below-

Population

Bangladesh is an overpopulated country and currently, it has about 16.46 cr people and population density is about 1265 p/km². So, food shortage and unemployment is available here.

Technology

The use of technology can accelerate a countries economic development. The developed countries are using modern technologies everywhere, without technologies they can't think a moment.

But developing countries like Bangladesh are using labor-intensive technologies in production. So, they can produce only a few products compare to a developed country.

Unequal Distribution of resource

In Bangladesh, only a few rich people have the majority of resources and money. So, the majority of people leads to poorer life. They are unable to improve their condition. Resentment and unrest arise there.

Price stability

The average inflation rate in Bangladesh is about 5.6% since 1990. The inflation increases the price of food and non-food items and it creates pressure on domestic demands.

Sometimes the inflation rate goes higher and the highest inflation rate after 2000 is 11.4% in 2008. Higher inflation holds a countries economic development.

Unemployment

There is a serve unemployment problem in Bangladesh because of low employment opportunities and lack of industries.

About 2.5 million working people are unemployed and there is many disguised unemployed person in the agriculture sector. As a result per capita productivity is very low in this country.

Underdevelopment of Agriculture

Bangladesh is an agricultural dependent country but its productivity is very low. About 40% of people and many industries directly depends on this sector.

But ancient technologies of cultivation and natural calamities make this productivity lower.

Underdevelopment of Industries

Although there are unlimited natural resources and huge manpower in the BD industrialization process is slow here because of lack of capital, low skilled manpower, infrastructure, and planning.

Without industrialization, no one can imagine about economic development. But in recent day's ready-made garments is doing well.

Low per-capita Income

The per-capita income of Bangladeshi people is very low because there is lower production in industry and agriculture. Here per-capita income is only \$2173 (2020) and it is increasing slowly.

Low Standard of Living

Half of the people live below the poverty line who fails to fill their minimum requirements. They are in the shortage of food and nutrition which reduces their productivity.

Inflation

The current inflation rate of Bangladesh is about 5.5% which is higher than in most other countries. Investors feels disinterested in investing in such high inflation countries.

Some dishonest business makes syndicates, store products, stopping selling, and create a scarcity of products to earn much money. This will have a bad effect on the total economic system.

Capital Shortage

Due to low-income people are unable to save and there is a lack of sufficient investment. Low investment turns lower productivity in industry and agriculture.

Food Deficiency

Although Bangladesh is an agriculture-dependent country and agriculture has the highest labor force, sometimes it faces food-deficit because of proper planning.

Its ancient cultivating method, local seeds, excess use of chemical fertilizer and insecticides, lack of irrigation facilities and natural calamities turns agriculture production low.

Education

Education is one of the main element which leads a countries development. The literacy rate of Bangladesh is about 62% and it is improving day by day but there is a shortage of skilled manpower.

Low FDI

Due to a lack of skilled labor, infrastructure, and political instability, foreigners feel disinterested in investing in this country. Governments are taking many initiatives to attract FDI.

Dependence of foreign assistance

Developing countries like Bangladesh require many infrastructures and there need huge investments in building those infrastructures.

This country can't build all of those with its own fund. They depend on foreign assistance. That foreign assistance comes with some conditions which are not good for a country.

Underdeveloped Infrastructure

Most of the infrastructure of Bangladesh needs more development. Roads, railways, waterways, ports, airways, communication system, electricity, etc requires huge development.

Corruption

Corruption is a barrier to the economic development of a country. It arises with a weak management system and nepotism. It exists in Bangladesh because there is monopoly power on decision making, no accountability and low level of income.

Political instability

Political instability, Social peace, and discipline are the pre-conditions of a countries economic development. The political movement has an effect on production, investment and overall economic development.

Natural Calamities

Every year lots of natural calamities hit in this country. Those are flood, cyclone, river erosion etc are hampering natural economic activities.

Lack of proper planning

The plans which are made by respective authority is not good enough and sometimes they fail to implement those plans. So, we fail to achieve the desired progress.

Lack of Entrepreneurs

In this country, there is a shortage of entrepreneurs. Peoples are hankering after jobs. Entrepreneurs can earn foreign currencies, create job opportunities and can change the countries overall economic conditions.

Solutions of the Economic Problems of Bangladesh

Agricultural development

The increase of food production will fill up food deficit problem and agricultural development will increase the standard of living of rural people. Agricultural production will increase by modern technology, use better fertilizer and hybrid seeds, expansion irrigation and food control.

Capital Accumulation

Investment can increase production in agriculture, industry and service sector. To increase investment Bangladeshi people should start savings and the government of BD should cooperate on profitable investments.

Rapid Industrialization

It is impossible to get developed badge without industrialization. Industrialization can fasten urbanization and use natural resources. Job opportunities will create for working force and they will lead a better life. RMG is doing better here.

Use of Natural Resources

This country has lots of fertile lands, water resources in the river, natural gas and other mineral resources. But Bangladesh is unable to full utilization of those resources. The best utilization of those resources will increase employment and production.

Population Control

Economic development will not be easy unless the growth rate becomes slower. Bangladesh should create awareness on family planning program. As a result per capita, income will increase.

Technical Education

The education rate of common people should increase. The government should implement a technical education system, training everywhere. If every people took technical education they will become an asset to our country.

Full Employment

Full employment is necessary for a developed country. We should create entrepreneurs in all sectors to employ all working people. Labor-intensive industries should get high priority.

Skilled worker

Skilled laborers can increase production and able to complete his job in a short time. Although this country has a huge unemployed person, there is a shortage of skilled labor. So, we import laborers from foreign countries.

Developed infrastructure

The infrastructure of our country is not good enough. We should build up new roads, buildings, airports, waterways and repair the existing ones.

Anti-Corruption commission

Corruption is the main problem for a developing country. To accelerate the development process, corruption should be eradicated from this country.

Proper planning

Proper and effective planning is the key to economic development. The plan should be made by the expertise and the government should implement those. For the rural sector there must have a rural development plan.

Equal distribution of resources

Only a few people are the owner of most of the resources of Bangladesh. So, the number of poor people and poverty is increasing. This is not good for socio-economic development. Equal distribution of resources and wealth ensures socio-economic development.

To ensure economic development all economic problems must be solved. Effective plans must be formulated and implemented.