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# The economy of Bangladesh: Making wonderful strides ahead

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**Abstract:** Bangladesh is a small country of South East-Asia. The country achieved independence in 1971 through a bloody war of nine months and started her painful journey there from. Like many other things, the economy of Bangladesh was destroyed due to the liberation war. Geographically the country is considered a natural disaster prone country. Natural disasters like floods, cyclones, tidal-bores, draught etc. very frequently visit this small country and transfix its economy very ruthlessly. Overpopulation, disease, famine, illiteracy, poverty, unemployment, political unrest and instability etc. are the salient features of the country. It is only a decade or so that its economy assumed diverged dimension from solely an agro- based economy. Foreign grants and aids were also inseparable factors of the economy. But those days are no more. Its economic situation has quite reversed for the better and its features and prospects are worth praising. It has already started making outstanding strides and marching forward on the path of a sustainable development and advancement. All the indices regarding economy show positive signs of development. Taking recent Bangladesh economy into account, some eminent Economists and international organizations have opined that the country is going to be included among the next eleven rapid growing economies after BRICS. The researchers have tried to explain the nature and behavior of various variables related to the development of the economy from the periods of 1989-90 to 2011-12. The relevant data and statistics show that the behavior of the variables is very interesting. The researchers have also noticed some major problems. If the government and authorities concerned make proper endeavor to solve these problems, it is strongly hoped that the country will emerge as a middle income group country by 2022.

**Keywords:** Growth, Development, Agriculture, Readymade Garments, Foreign Remittance

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## 1. Scenario of Bangladesh Economy

Present Bangladesh region was under the Muslim rule for over five and a half centuries from 1201 to 1757 A.D. After that it was ruled and governed by the East India Company and British Raj for nearly 190 years, from 1757 to 1947. With the termination of the British colonial rule in August, 1947 the Indian sub-continent was partitioned into India and Pakistan (BBS, 1995). Bangladesh was then a part of Pakistan and was known as East Pakistan. The Pakistani government ruled the country for about 24 years when an oppressive existence had to be borne by the East Pakistan (Awwal, 1992). During the whole period of the Pakistani rule, East Pakistan was exploited of all its resources (Awwal, 1992). The people of this region were simple, innocent, illiterate, unconscious and maintained their livelihood by subsistence farming. Poverty, diseases, famine and natural disasters have been ever present

specters. Floods divested its land and tidal waves from the sea swept away thousands of lives. The people, whose life was often shaped by tragedy of some kind or other, really lived a very poor life (BBS, 1995). Capitalizing these features of the country and the people, external agents tended very frequently to capsize the state power and they succeeded in doing so. In such a dishonorable and non-symphonic situation, one great leader, the great son of the soil Banghabondhu Sheikh Mujibur Rahaman came up with unprecedented patriotism and charismatic leadership to liberate and save the nation. He organized and motivated the people to establish their rightful claims and made them jump into the liberation war with a smiling face. On December 16, 1971 Bangladesh came into being as an independent and sovereign state defeating the occupation Pakistani army through a sanguinary war of long nine

months, starting from March 25, 1971. Naturally, immediately after the war, the economy of the newly born state was very vulnerable and fragile. All economic and social infrastructures were broken and damaged, and it was really very difficult to run the country by the then government. For due reasons, the growth rate of the economy was not satisfactory. Besides, at the same time the defeated power and other local and international bad elements poked nose into the country's own affairs and tried to create an anarchic and horrible situation in this country. Consequently, the great leader along with all his family members, except his two daughters, was killed. This mishap again put the country into deep troubles. During the period from 1975 to 1982, as many as 30 unsuccessful Military coups occurred and 3 of them became successful (Rahaman, 2013). Furthermore, at the same time 4 dreadful floods, a devastating famine and all destructive cyclones hit the economy badly. As a result, the economic condition gradually started going down. Then the economists, prominent persons and the leading international organizations would frequently remark that it was almost impossible to accelerate the economy of Bangladesh. Indeed, it was a test case of development. The State minister of the then United State of America Mr. Henry Kiesinger in 1972 termed Bangladesh to be a bottomless basket (Islam, 2013). However, all of the major political parties and the common people revolted against the military and autocratic Government of Earshad. The Government collapsed and again a ray of democracy peeped into the minds of the people. A care taker government was formed to conduct a free and fair election. The care taker government completed their job successfully and set a democratic government to the power. This time marks a turning point for establishing democracy and inducing development. However, the democratic culture of this country is not so up to the mark. The political parties and the elite people are yet to be more serious and earnest in flourishing democracy in the truest sense of the term, if we want to enhance and strengthen our national development. After experiencing a 22 years democratic rule, the Bangladesh economy has raised itself to a position in which we can take pride. Very recently some leading newspapers of the world and a number of Economic Organizations, along with a Nobel Laureate, have made very positive remarks on the economy of the country. Some of the comments are as follows:

- i. According to the Goldman Sachs, Bangladesh is going to be one of the fast growing economies of eleven countries after BRICS (Islam, 2013).
- ii. According to the Wall Street, the development running of Bangladesh is worth praising (Islam, 2013).
- iii. The Economist remarks that Bangladesh has made remarkable development and has been able to reduce poverty to a remarkable extent (Islam, 2013).
- iv. The Guardian says that the economy of Bangladesh will supersede some European Economies within 2050 (Rahaman, 2013).
- v. The Nobel Laureate Professor Amartya Sen observed that Bangladesh has crossed Indian economy in respect of some human indices (Islam, 2013).
- vi. According to the Oxford Poverty & Human Development Report, Bangladesh has achieved capability to reduce poverty at the rate of 3.2% per annum which is greater than India (Rahaman, 2013).
- vii. According to the World Bank, Bangladesh will be middle income country in the year 2021 (Islam, 2013).
- viii. According to the United States of America, the economy of Bangladesh will supersede the European economy within 2030 (Islam, 2013).
- ix. According to the Human Development Index of 2012, the position of Bangladesh is 146 among the 186 countries (Rahaman, 2013).
- x. The Millennium Development Goals of the United Nations have fixed some targets for the developing countries to achieve within a fixed span of time. Bangladesh is the country that has already achieved some issues before the targeted time (Islam, 2013). These are:
  - i. Reducing poverty;
  - ii. Increasing enrolment in primary education;
  - iii. Ensuring gender equality in education;
  - iv. Ensuring pure drinking water;
  - v. Improving sanitation system;
  - vi. Reducing infant mortality rate &
  - vii. Increasing life span.

Observing these positive remarks of the recognized organizations, the researchers put their interest to explain the performance of Bangladesh economy by explaining the available data from 1989-90 to 2011-2012 fiscal years.

## 2. Objectives of the Study

The principal objective of this study is to determine a comparative position of overall economic performance of Bangladesh economy from 1989-90 to 2011-2012. In this regard, the relevant objectives are as follows:

- i. To examine the change in Agriculture, Industry and Service sectors during the said periods;
- ii. To observe the change of growth rate of Gross Domestic Product and per-capita Income during the periods;
- iii. To show the change of investment, foreign aids, export, import and reserve of foreign currency during the above stated periods;
- iv. To observe the change in remittance during the above periods and Garments earning and
- v. To examine the change in income inequality and poverty reduction in the Bangladesh economy during the said periods.

### 3. Methodology Followed

This study is a result of desk research. Two methods are followed in this regard. Firstly, the existing available reports, documents and news papers have been critically analyzed. Secondly, the researchers have collected and used secondary data. For secondary data the researchers mainly depended on the Bangladesh Economic Review 1995, 1996, 2010, 2012 and Statistical Year Book of Bangladesh 1995, published by the Economic Adviser's Wing, Finance Division, Ministry of Finance, Government of Bangladesh ([www.mof.gov.bd](http://www.mof.gov.bd)) and Bangladesh Bureau of Statistics, Statistics Division, Ministry of Planning, Government of Bangladesh. The researchers used 1989-90 as the base year and 2011-12 as the compared year. The tools and techniques used in analyzing the data were mostly statistical and accounting in nature. Statistical techniques include percentages, simple averages and the like while accounting techniques are only adding, subtracting, multiplying and dividing. After that the information has been arranged in the tabular form and diagrams. The issues dealt with in this study are very important, very recent and interesting. So, the people who like to term the Bangladesh Economy as a fast forwarding one will find this study very much helpful.

### 4. Findings

#### 4.1. Growth of Food Grain production

Basically the economy of Bangladesh is agro-based. The main occupation of the people is agriculture which employs more than 68.5% labor force in the year 1989-90. It is said that the land of this country is very fertile but the productivity rate of agriculture per acre is too low if we compare it with that of other developing countries in the world. The causes of low production are paucity of capital, lack of knowledge of new inputs and techniques, inadequate agricultural credit, less crop intensity and less irrigated land. As a result, the country was compelled to import huge quantity of food grains from abroad every year and had to pay a large amount of foreign currency. So, the government has placed highest importance to achieve self sufficiency in food sector. To attain this goal and to fulfill the food demand of the vast population of the country, the government has taken up steps to scale up subsidy on agricultural inputs, ensure fair price and supply of agricultural inputs, extend irrigation facilities and increase the disbursement of agricultural credit. As a result, the production rate and quantity have increased dramatically. It can be clear from table-1.

**Table 1.** Description of Food Grain production, Irrigated land, Use of Chemical Fertilizer and Agricultural Credit – 1989-90 to 2011-2012

Description	1989-90	2011-2012	Total Change	Change %	Annual Change %
Food Grain Production (Rice, Wheat and Maize)LMT	187.5	351.20	163.7	87.31	3.97
Quantity of Chemical Fertilizer LMT	19.67	40.49	20.82	105.85	4.81
The Quantity of Irrigated Land LH	25.77	65.115	39.38	152.81	6.95
Disbursement of Agricultural Credit \$ CT	687.0	13132.15	12445.15	1811.52	82.34
Converting it to dollar: 32 taka in 1989 & 79 taka in 2012 per US Dollar \$	21.47	166.23	144.76	674.24	30.65

Sources:

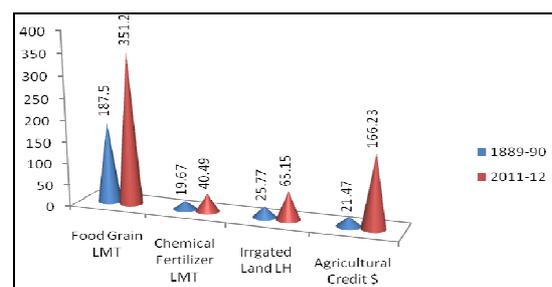
\* Bangladesh Economic Review-2012, Economic Adviser's Wing, Finance Division, Ministry of Finance, [www.mof.gov.bd](http://www.mof.gov.bd)

\* Bangladesh Economic Review-1996, Economic Adviser's Wing, Finance Division, Ministry of Finance, [www.mof.gov.bd](http://www.mof.gov.bd)

\* NB: CT = Crore Taka, TMT = Thousand Metric Tons, LH = Lac Hectors, LMT = Lac Metric Ton

From table 1, it is found that the food grain production was 187.5 LMT in 1989-90 but it increased to 321.20 LMT in the year 2011-12. Total food grain production was increased 163.7 LMT during this periods. The total percentage change was 87.31% and annual percentage change was 3.97%. At the same time, the use of chemical fertilizer, quantity of irrigated land and disbursement of agricultural credit were 1967 TMT, 25.77 LH and 687 CT in 1989-90 but it increased to 4049TMT, 65.15 LH and 13132.15 CT in the year 2011-12. The total change was 2082 TMT, 39.38 LH and 12445.15 CT during the said periods. The total percentage change was 105.85%, 152.81 and 1811.52% of above main inputs of Agriculture. The annual Change of these items was 4.81%, 6.95% and 82.34%. If we express it by dollar the total and annual change are 674.24% and 30.65% respectively. Due to rapid growth of food grains, the country has achieved self sufficiency in food within the said periods. We know that

the food grains are directly related to the issues like poverty alleviation, rising standard of living and increasing opportunity for employment. It therefore can be said that the tremendous positive result of agriculture sector was one of the major causes of rapid change in the economy of Bangladesh. One can see the agricultural change of the Bangladesh Economy through the following figure-1.



**Figure 1.** Comparative position of food grain production and other inputs

#### 4.2. Structural Transformation and Sector Wise Growth

We know that the development of an economy depends on the structural transformation of an economy, from agriculture to industry or to service sector for example. The country that can do it timely and properly will achieve the development. From the observation, the data show that the Bangladesh government is doing it carefully, gradually and properly by applying policies and strategies. This transformation will be clear from the next paragraph. On the other hand, if any analyst tries to explain the economic performance of an economy he will try to explain the position of various sectors that contribute to the Gross Domestic product (GDP). The three main sectors of the Bangladesh economy are: 1) Agricultural Sector; 2) Industrial Sector and 3) Service Sector.

From table-2 it is found that the contribution of agricultural sector to GDP in 1989-90 was 38.30% but in 2011-12 it was only 19.29%. It means the contribution of agriculture kept falling and the negative changing rate of agriculture sector was -2.26% during the stated period. It is a positive sign for the economy as indicates that the structure of the economy is changing. If we consider the changes in terms of Taka or Dollar, we will find the growth of agriculture sector is very high. In 1989-90 the contribution of agriculture sector was \$849.34 crore but it was \$1568.06 crore in 2011-12. The total positive changes in agriculture sector were \$718.72 crore Dollars. If we show it as percent, the growth is 84.62%. The annual

growth rate is 3.92% in terms of Dollar.

From the same table it is also found that the contribution of industrial sector to GDP was 9.90% but it reached 19.01% in the fiscal year 2011-12. The annual growth rate is 4.18%. Again if we consider the changes in terms of Dollar, we will find an interesting result. In 1989-90 the value of industrial sector was \$ 201.59(C) but it was \$1982.15 (C) in 2011-12. The total change of the Dollar value of Industrial Sector is \$ 1780.56 and annual growth rate is 40.15%.

Same growing results will be found in case of Service Sector. In 1989-90 the contribution of service sector to GDP was 51.80% and it increased to 61.70% in 2011-12 fiscal years. If we show the changes in terms of Dollar, we can say the annual growth rate of service sector is 24.56%.

Now we would try to explore the GDP growth of Bangladesh economy from 1989-90 to 2011-12 fiscal years. In 1989-90 the GDP was \$23.05 billion Dollar but it stood \$115.79 billion in 2011-12. The data tell that the GDP increased 5.02 times during these periods. The annual changes of GDP are 18.29 % from the base year. At the same time the per capita GDP gradually increased and it was \$772 in the year 2011-12 and \$ 1115 in the year 2013-14.

All the information indicates that the economy of Bangladesh keeps moving forward without any major hindrance. The information and changes of the sectors and GDP are shown in figure-2.

**Table 2.** Contribution and Change of Agriculture, Industry and Service Sectors to the Gross Domestic Product, GDP and Per Capita GDP – 1989-90 to 2011-2012

Description	1989-1990	2011-2012 (13-14)	Total Change	% Total Change	% Annual Change	
Agriculture Sector % CPP	38.30	19.29	-19.01	- 49.63	- 2.26	
Industrial Sector % CPP	9.90	19.01	9.11	92.02	4.18	
Service Sector% CPP	51.80	61.70	9.9	19.11	.87	
Agriculture Sector \$ and \$ (C)	27179	123877	96698	355.78	16.17	
	849.34	1568.06	718.72	84.62	3.92	
Industrial Sector \$ and \$ (C)	6451	156590	150139	2327.37	105.79	
	201.59	1982.15	1780.56	883.26	40.15	
Service Sector \$ and \$ (C)	40127	634317	594190	1480.77	67.30	
	1253.97	8029.33	6775.36	540.31	24.56	
GDP Growth (BT) (CP)	737.53	9147.8	8410.27	1140.33	51.83	
Converting it to dollar: 32 taka in 1989 & 79 taka in 2012 per US Dollar	23.05	115.79	92.74	402.36	18.29	
Per capita GDP \$	208	772	1115	564	271.15	12.33

Sources:

\* Bangladesh Economic Review-2012, Economic Adviser's Wing, Finance Division, Ministry of Finance, www.mof.gov.bd

\* Bangladesh Economic Review-1996, Economic Adviser's Wing, Finance Division, Ministry of Finance, www.mof.gov.bd

\* NB: C = Crore Taka, BT = Billion Taka and Dollar, CPP = Constant Price, CP = Current Price, \$ = Dollar, \$ = Taka

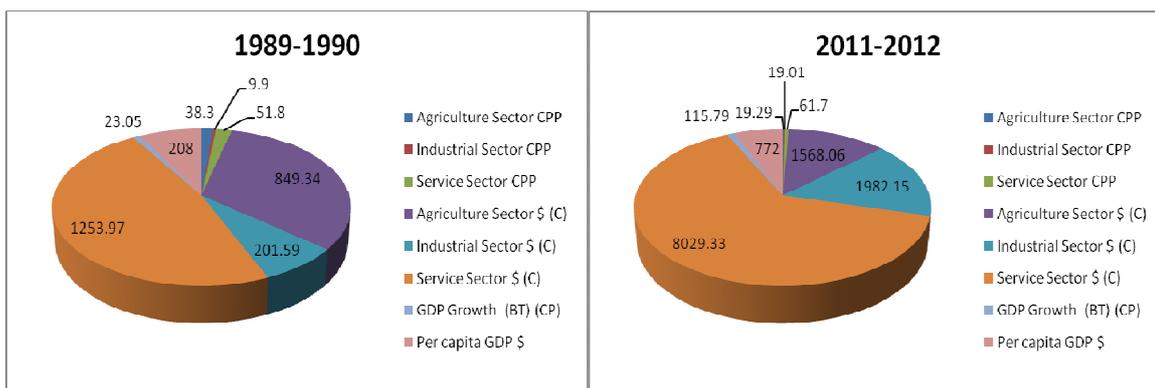


Figure 2. Comparative position of various sectors

### 4.3. Investment Situation of Bangladesh Economy

One of the most important indicators for the development of an economy is investment. The investment environment is very positive and congenial with some exceptions. However, private and public - except foreign investment- investment gradually increased at a considerably fast rate. From the table -3, it is found that the amount of investment was 944.27 billion taka in 1989-99 but it increased to 2327.8 billion taka in the fiscal year 2011-12. The total growth was 1383.53 billion taka during these periods. The percent of total growth was 146.52 % and annual growth rate is 6.66%.

Foreign aids are another interesting indicator for explaining development process. The amount of foreign aids received by the government was 1810 and 2126.47 Million Dollars in 1989-90 and 2011-12 respectively. The annual increasing rate was only .79%. But if we notice and compare it with GDP share, we will find that foreign aid has been gradually falling and the rate was only < 2% to GDP in 2011-12 but it was 13.7% in the year 1981(Islam,2013). The falling rate of the foreign aids indicates the strengthening of Bangladesh economy. The following figure-3 shows the situation of Investment and Foreign aids received by the government of Bangladesh.

Table 3. The Position of Private and Public Investment and Foreign aids in Bangladesh Economy during the Periods of 1989-90 to 2011-2012

Description	1989-1990	2011-2012	Total Change	% Total Change	% Annual Change
Investment Govt. + Private (BT)	944.27	2327.8	1383.53	146.52	6.66
Foreign Aids (Total) (MD)	1810	2126.47	316.47	17.48	.79
Foreign aids % to GDP (30yrs)	13.7 % (1981)	< 2 % (2012)			

Sources:

- \* Bangladesh Economic Review-2012, Economic Adviser’s Wing, Finance Division, Ministry of Finance, www.mof.gov.bd
- \* Bangladesh Statistical Year Book-1995, Bangladesh Bureau of Statistics
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- \* BT = Billion Taka, MD = Million Dollar

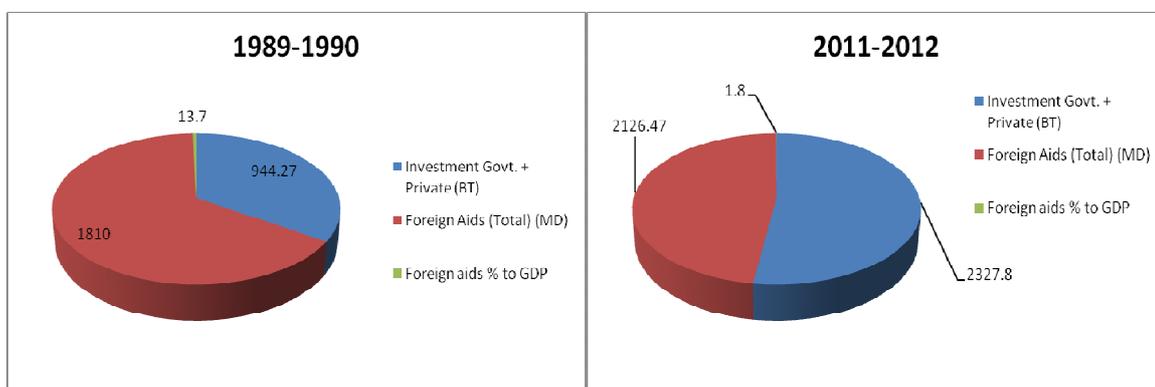


Figure 3. Comparative position of investment and foreign aids

#### 4.4. Import and Export Position of Bangladesh Economy during the period of 1989-90 to 2011-12

The import and export indicators are very important for showing the development process of an economy. Normally export and import must be increased at the time of initial journey of development. But export must supersede import slowly when the development will get force. From table-4, it is found that Bangladesh imported 3759 million dollars of commodities and services in the year 1989-90 but the amount of export was only 1523.71 million dollars in the year 2011-12 which was 2.47 times less than import expenditures. But in 2011-12 the export and import expenditure was 24288 and 35516 million dollars respectively and it was 1.30 times less than the import expenditure but it was very much less than the period of 1989-90. The data of the table - 4 also indicate that the export earning of the country gradually increased at a modest rate. From the table-4 it is also found that the export earning was increasing (67.91%) which was more than the import expenditure (38.40%) during the 1989-90 to 2011-12 periods. It also indicates that in 1989-90 fiscal year 40.53 % of the import expenditure was fulfilled by the export earning but the capability of the economy was increased up to 68.39% in the year 2011-12. It is indeed, positive sign of the development of the economy of Bangladesh.

Bangladesh exports her manpower to other countries to mitigate the unemployment and to earn foreign currencies. This index shows very positive sign in this case. The

amount of manpower export was 110 thousand in the 1989-90 fiscal years but it increased up to 691 thousand within 22 years. The increasing rate of this is 20% per annum. Due to this reason, the remittance was increased 72.47% per annum during these periods. If we see it in terms of Dollars, it is found that the remittance was \$758 million in the year 1989-90 but in 2011-12 it was \$12843 million. The combination of remittance and other incomes of the country made a handsome reserve of foreign currency (18.08 billion US\$) in the economy in the year 2014. The annual growth rate of foreign currency was 11.26%. This reserve shows the economy of Bangladesh is now healthy and strong. The readymade garment is sector playing an important role on the way of development in Bangladesh economy. The sector started its journey in the year 1976 in a shabby position, but now the sector has flourished and is called one of the most important determinants of Bangladesh economy. Presently, the sector absorbs 3.5 million labor forces in which 90% are female and all of them have come from villages and under privileged families of Bangladesh. Actually, they have changed the economic structure of this economy. The export earning of this sector was 609 million USD in 1989-90 but it stood 9603 million USD in 2011-12 fiscal year. It was 15.78 times higher from the initial years. Due to their engagement in economic activities poverty has been reduced, unemployment problems have solved to a great extent and enhancement of women empowerment has been outstandingly upgraded. All the events are shown in the following figure-4.

**Table 4.** Descriptions of Import, Export, Overseas Employment, Income and Foreign Currency Reserves in Bangladesh Economy during the Periods of 1989-90-2011-12

Description	1989-1990	2011-2012 2014 for FR	Total Change	% total Change	% Annual Change
Import \$ (MD)	3759.00	35516.00	31757.00	844.83	38.40
Export \$ (MD)	1523.71	24288.00	22764.29	1494.00	67.91
Import Expenditure meet by the Export earnings %	40.53	68.39	-	-	-
Overseas Employment (000)	110	691	581	528.19	20.00
Remittances \$ (MD)	758.00	12843.00	12085.00	1594.33	72.47
Readymade Garments \$US (MD)	609	9603	8994	1476.85	67.13
Foreign Currency Reserve \$ (BD) 1989-2014	5.20	18.08	12.88	247.69	11.26

Sources:

\* Bangladesh Economic Review-2012, Economic Adviser's Wing, Finance Division, Ministry of Finance, www.mof.gov.bd

\* Bangladesh Economic Review-1996, Economic Adviser's Wing, Finance Division, Ministry of Finance, www.mof.gov.bd

\* Bangladesh Bank, 2014, Quarterly Report, Statistics Department, Dhaka, Bangladesh

\* NB: MD = Million Dollar, BD = Billion Dollar

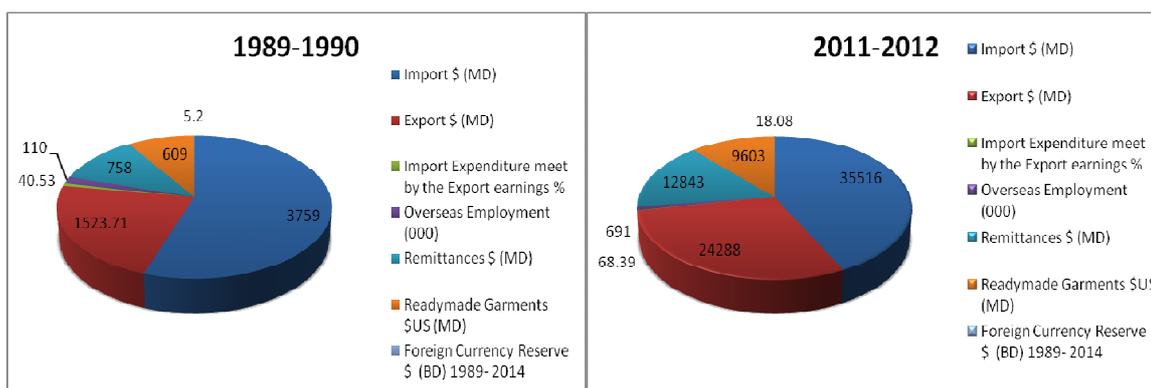


Figure 4. Comparative position of import, export and other variables

#### 4.5. Human Resource Related Issues of Bangladesh Economy

Actually real sector development does not mean real development of an economy. Economists and Sociologists have argued that the actual development will depend on the development of human resources. In order to develop the economy of Bangladesh, the government has been implementing various programs in the sectors related to human resource like education, health and family welfare. Due to these programs the population growth rate has decreased sharply from 2.17% to 1.37% during these periods. Dramatic changes happened in the infant mortality, crude death and birth, primary school enrolment and gender balance. On the other hand, health, nutrition, life expectancy and other related issues have been changing at a modest rate. All of the changes of human resource development are shown in the table-5 and the figure-5

Table 5. Description of Population, Health and Education Related Information – 1989-90 to 2011-12

Description	1989-1990	2011-2012
Population (1991) and (2012) cores	11.15	15.06
Growth rate of population (1991) & (2012) %	2.17	1.37
Male- Female ratio	100 : 106	100: 103
Crude Birth (000)	33	19.2
Crude Death (000)	11.3	5.5
Size of family	5.6	4.4
Marriage time: Male (yrs)	25.1	25.4
Female (yrs)	18.1	18.6
Fertility (per women)	4.35	2.11
Infant mortality (000)	102	35
Life expectancy (yrs)	56	69
Health (Bed per person) 2009-10	3242	1860
Doctor per person	5303	2785
Pure Drinking water %	80.03	96.3
Improved sanitation %	21	38
Adult Education %	23.8	57.9
Primary enrolment %	87	99

Sources:

\*Bangladesh Economic Review-2012, Economic Adviser’s Wing, Finance Division, Ministry of Finance, www.mof.gov.bd

\* Bangladesh Statistical Year Book-1995, Bangladesh Bureau of Statistics, Dhaka

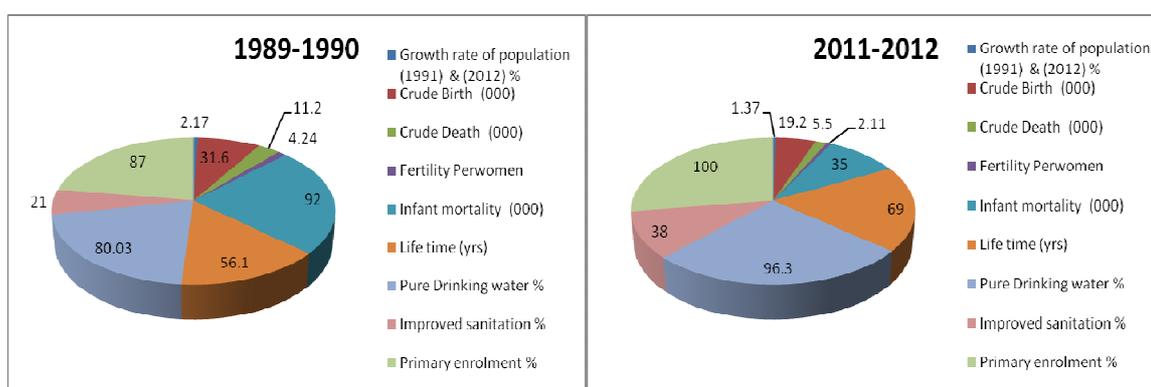


Figure 5. Comparative position of human resources

#### 4.6. Position of Poverty and Income Inequality

The achievement of Bangladesh economy is great in case

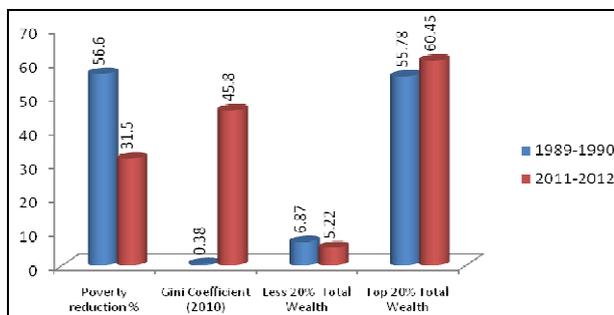
of poverty reduction. The absolute poverty which stood 56.6 % in 1989-90 moved down 31.5% in 2010 on the basis of headcount ratio. Annual reduction rate of poverty is

1.14% during these periods. On the other hand, Human Development Report 2011 of UNDP revealed that Bangladesh scored 0.292 in Multidimensional Poverty Index. The Bangladesh government set out Vision 2021 in order to reduce poverty rate to 25% by 2013 and 15% by 2012. Bangladesh is already ahead of many developing countries in terms of achieving the targets of MDGs. But in case of income and wealth distribution, the situation is very bad, that is disparity is high. According to the data of table-6 the value of Gini coefficient was .38 in 1989-90 but it rose at .46. It means the disparity is rising gradually. It is also proved from the data of table-6 that top 20% of the population owned 55.78% and 60.45% resources of the country in the year 1989-90 and 2011-12 but bottom 20% owned only 6.87% and 5.22% resource of the country in the same year. The total scenario would be seen in the table and figure-6.

**Table 6.** Description of Poverty reduction and Income disparity- 1989-90 to 2011-2012

Description	1990-1991	2010
Poverty reduction %	56.6	31.5
Gini Coefficient (2010)	0.38	0.46
Bottom 20% Total Wealth	6.87	5.22
Top 20% Total wealth	55.78	60.45

Sources: \*Bangladesh Economic Review-2012, Economic Adviser's Wing, Finance Division, Ministry of Finance, www.mof.gov.bd



**Figure 6.** Comparative position of poverty and income inequality

## 5. Existing Problems Relating to Development of Bangladesh Economy

From our observation it is revealed that a few problems still exist which hinder the development process of Bangladesh economy. These are:

- 1) Lack of good governance;
- 2) Lack of responsibility and accountability in

Administration;

- 3) Spread of terrorism and corruption ;
- 4) Red tapism;
- 5) Loan defaulting culture and financial indiscipline;
- 6) Lack of human rights;
- 7) Political instability and upheavals;
- 8) Shortage of Gas, Electricity and modern communication system;
- 9) Lack of quality education and
- 10) Inequality of income distribution.

## 6. Conclusions

From our findings and results, it is clear that the life blood of Bangladesh economy is agriculture, foreign remittance and readymade garments. These three sectors have changed the economy rapidly and helped other sectors to develop. As a result, the economy eradicates poverty and raises standard of living and thus it keeps moving forward at a remarkable pace. If, and only if, the government solves the problems stated above and maintains the existing pro-agro-industry policies and strategies, the country will reach middle income country of the world between 2022.

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