

50 Years of Development

Introduction: The epic speech of Bangabandhu on March 7, 1971 was about the liberation of the masses of the country and all the statesmen and public leaders of the world think of the economic liberation of the people of their country and try their best to implement it. And in its continuation Bangabandhu Sheikh Mujibur Rahman wanted the economic liberation of the people of Bengal from the very thought of his release.

The cries of helpless people encouraged him to be a freedom leader and by formulating a growth-friendly economy, this legend dreamed of building an economically prosperous Bangladesh and sacrificed his life for the country before fulfilling his dream of a newly independent country.

Area of Development: On the golden jubilee of independence and the birth centenary of Bangabandhu, the economic development and progress of Bangladesh is eye-catching. Although the pace of the economy has slowed down due to the COVID-19 epidemic, Bangladesh has so far surpassed South Asia in most of the economic and socio-economic indicators.

Bangladesh has made unprecedented progress in the last three decades in terms of any indicator of economic growth and social development. Bangladesh has come a long way in overall growth since 1990 compared to the average rate of developing countries, the poverty rate has halved, the contribution of girls to economic activities has increased rapidly, with Bangladesh being able to overtake other developing countries, even neighboring India, in terms of social indicators such as population, life expectancy, infant mortality rate, girls' schooling rate, adoption rate of able-bodied couples.

1. Expansion of Economy: Bangladesh, which has been free from the exploitation of foreign countries for the past five decades, is now quite strong in the economy and is proud of its economic indicators. Not only Pakistan, Bangladesh is ahead of India in various economic and social indicators. Starting its journey in 1972 with an economy of only Tk 4,985 crore, the size of the current economy of Bangladesh of seven and a half crore people suffering from war and poverty is Tk 11,30,600 crore. Despite the current COVID-19 epidemic, Bangladesh's gross domestic product (GDP) grew by 5.47 percent in the outgoing fiscal year 2020-21. Bangladesh, which has been given a budget of Tk 786 crore in its birth time, has come to the brink of 50 years and a budget of Tk 6,03,681 crore has been given in the fiscal year 2021-22. The zero-sum foreign exchange reserves now exceed US\$ 46 billion and the per capita income of the people of Bangladesh, which once earned US\$ 129, is now US\$ 2,227. According to a report published by the Center for Economics and Business Research (CEBR), a UK-based research institute, published on 26 December 2019, Bangladesh will be one of the 25 largest economies in the world in 2032 after 12 years.

Now ranked 41st, Bangladesh will be the 24th largest economy. If all goes well, Bangladesh will surpass countries like Malaysia, Sweden, Switzerland, Singapore, Vietnam and South Africa in terms of economy in 2033. In 15 years, Bangladesh's GDP growth will average 7 percent. According to the report, Bangladesh's GDP will more than double in the next 15 years. In 2019, Bangladesh's GDP at fixed prices was Tk. 11,30,600 crore. In 2033, the size of GDP will be Tk. 29,15,300 crore.

- 2. Poverty Alleviation:** Analysis of the country's economic indicators from 1972 to 2020 shows that the poverty rate in Bangladesh has been gradually reduced. In 1972, the poverty rate was 88 percent and at the end of 2019, it dropped to 19 percent. In June 2019, the poverty rate dropped to 20 percent and in June 2018, it was 21.8 percent. At the end of June 2020, the extreme poverty rate has come down to 10 percent. A year ago it was 11.3 percent. The Bangladesh Bureau of Statistics (BBS) has made this estimate based on the results of the 2016 Expenditure and Income Survey. According to the World Bank, a person who earns US\$ 1.90 a day is not considered poor. According to the BBS, in 2010 there were 25.8 million people living in extreme poverty in the country and at the end of June 2019, the number of the extremely poor had dropped to just over 16 million. According to the latest BBS data, the population of Bangladesh is now 169.10 million and of these, 32.50 million people are below the poverty line. In the post-independence period of 1973-74, the poverty rate was 48 percent, 82.5 percent of the people lived below the poverty line. However, economists feared that the poverty situation has deteriorated somewhat during the COVID-19 period.
- 3. Sustainable Development:** According to the Sustainable Development Report 2020, Bangladesh ranks 109th out of 166 countries in the world and 5th among South Asian countries. Besides, Bangladesh is ahead of India, Pakistan and Afghanistan. According to the report, Bangladesh is on the right track in reducing poverty. However, even if it succeeds in alleviating extreme poverty, the success rate in alleviating poverty is low.
- 4. GDP Growth:** In the first three years after independence until 1975, the GDP growth rate was 2.75 percent. Now it has risen to more than 6.50 percent and in the fiscal year 2019-20, which exceeded 7 percent. At that time, the poverty rate was 88 percent of the total population. In other words, the lion's share of seven and a half crore people were poor. Now it has been reduced to half and at present the poverty rate is 40 percent. This rate has increased as the population has increased, but the number of the extremely poor has decreased. In 1972, the per capita allocation for the 75 million people of the country was only Tk. 112 but present population of 169.10 million has Tk. 20,000 each.
- 5. Inflation Control:** Economic analysis shows that in the three years since independence, the average inflation rate has been 47 percent due to a shortage of supplies and a lack of purchasing power and now it is down to 6 and a half percent. From 1972-73 to 1979-80, the per capita national savings was 2 percent of GDP and now it has risen to 31 percent. Due to the unprecedented war situation in Ukraine the economic situation is further exacerbated the

post Covid-19 world. Rise in oil price and food causes inflation and the effect of it is relatively low in Bangladesh than many countries.

- 6. Debt Management:** However, the country's debt has increased in 50 years. According to the government, as of February 2020, the country's internal debt was Tk.10,87,163 crore and of this, the private sector debt is Tk. 9,70,348 crore and the government and state-owned loans are Tk. 1,16,814 crore. In addition, the debt is more than 35 percent of GDP but borrowing from domestic sources has been increased by reducing dependence on foreign loans. According to the International Monetary Fund (IMF) and the World Bank, foreign debt is up to 40 percent of GDP. Bangladesh's foreign debt is below 15 percent of GDP.
- 7. Per Capita Income:** In almost fifty years of independence, the per capita income of the people of Bangladesh has increased at a significant rate. In 1972, the average per capita income of the people of Bangladesh was US\$ 129 and now it has exceeded two thousand dollars. At the end of the last fiscal year 2020-21, the average per capita income stood at US\$ 2,559.
- 8. Economic Freedom:** In many respects, Bangladesh's success is far greater than that of Pakistan and India, which has been praised several times by Nobel laureate Bengali economist Professor Amartya Sen. The Washington-based Heritage Foundation of the United States publishes the Economic Freedom Index every year. In the index prepared for 2019, Bangladesh's score is 55.6 and Bangladesh's position has improved by seven steps compared to the previous year. Bangladesh ranks 121 st among the countries in the world in terms of independence in overall economic activities. India ranks 129 th, Pakistan 131st and Nepal 136th. In this assessment, numbers are calculated based on the rule of law, the amount of government revenue and expenditure, policy formulation and implementation skills, and the characteristics of a free market economy. Bangladesh ranks 27 th among 43 countries in Asia and the Pacific.
- 9. Development in human resources:** There is also success in population growth. The rate is now only 1.3 percent in Bangladesh and 1.4 percent in South Asia. The average is much higher in low-income countries, at 2.1 percent. Right after independence, the average life expectancy of the people of the country was 46 years, now that average is 72.8 years but the average in South Asia is 65 years. In low-income countries, 70 out of 1,000 newborns die, 52 in South Asia, and 35 in Bangladesh. In Bangladesh, girls go to school the most but Bangladesh is only lagging behind in eliminating malnutrition among children under the age of five.
- 10. LDC Graduation:** Bangladesh was included in the LDC sub-strata among the developing countries in December, 1975. In this year of the jubilee celebration of our independence, a timeline has finally been set for moving out of the group of LDCs, in 2026, after five decades as

an LDC. Also to note that the country has been able to reach this point by meeting all the three graduation criteria at the two successive reviews by the UN Committee for Development Policy (CDP), in 2018 and 2021. This is indeed a most impressive achievement and an important milestone in our country's post-independence journey.

The economic fragility index has to be 32 points or less, the human resource index has to get 66 or more points and the per capita income index has to be US\$ 1,230. The per capita income is calculated by the United Nations atlas system. There, the three-year average is calculated by combining various factors, including inflation.

11. Agricultural Development: The World Bank and the IMF say continued growth at 6 percent has boosted the rural economy. The income sent by 8 million expatriates, about 4 million workers in the readymade garment sector and the green revolution in agriculture or two crops on one land have played a major role in reducing poverty. According to World Bank, agriculture has played a key role in reducing Bangladesh's poverty from 48.9% in 2000 to 31.5% by 2010 with over 87% of rural people part of their some income from agricultural activities. Bangladesh now needs to shift toward high-value agriculture, including horticulture, livestock, poultry and fisheries to foster future growth and further reduce poverty.

Driving Forces of Development: For several years Bangladesh's economic development has been gaining great appreciation from the world media like the Wall Street Journal and Bloomberg. Even in the media of Pakistan, the economic growth of Bangladesh has been discussed at different times. According to a [Bloomberg report](#), although in 1971, Pakistan was about 70% richer than Bangladesh, on the 50th anniversary of its independence, Bangladesh was 45% richer than Pakistan.

1. **Inclusive Development:** The government has continued to increase the budget for the social programs for the backward and the extremely poor. 40 percent of the country's extremely poor people are now covered by this program. The money that the government is spending in this sector as part of GDP is on par with India, a big economy. Nepal, Pakistan and Sri Lanka spend much less than that.
2. **Women Empowerment:** Experts also think that the advancement of women has played a big role in the wonderful success of Bangladesh. According to the IMFO, institutions like Grameen Bank mainly provide micro-credit to girls. There are also the world's largest private companies like BRAC. With the adoption of family planning programs, the birth rate of girls has come down and they are now able to engage in much more economic activities. As a result, the role of the daughter in determining the number of family members has also increased and out of 4 million workers in the garment sector, the number of girls is more.

3. **Foreign Direct Investment:** Political stability and infrastructural development, foreign direct investment in the country has increased. Also, in the last few years, global companies like Uber, FoodPanda, Alibaba, and Amazon have expanded their business in Bangladesh. According to a Bangladesh Bank source, Bangladesh has received an average of \$3.61 billion per year in foreign direct investment over the past decade and in 2019 alone, FDI amounted to \$3.89 billion. In that year, the highest FDI came to the power and energy sector. Investment in the food, textile, banking, and telecommunications sectors have also increased. Another destination for foreign investment was the country's start-up sector. According to a report by Light Castle Partners, currently, there are more than 1,000 active start-ups in the country, and more than 200 new start-ups are being founded every year. In 2020, start-ups in Bangladesh were able to raise \$35 million in foreign investment.
4. **Rise of SMEs:** Securities and Exchange Commission is working to ensure investment in SMEs across the country. As a part of this, approval has been given to bring SMEs to the stock market. With the expansion of small and medium businesses, the growth of large industries as well as the country's online-based businesses are doing quite well. The e-commerce sector in Bangladesh has grown significantly over the past decade, and the e-commerce market size is expected to exceed 3 billion dollars by 2023. According to a report in The Financial Express, about 2,000 e-commerce sites exist in the country and it is estimated that there are about 50,000 Facebook-based F-commerce pages and groups.
5. **Surge in Export:** According to a survey conducted by the Indian Ministry of Finance for the fiscal year 2020-21, Bangladesh's exports grew at an annual rate of 8.6% from 2011 to 2019. However, based on the Bloomberg article, at the same time, the average growth rate of global exports was only 0.4%. As stated by the Bangladesh Bureau of Statistics, in the fiscal year 2018-19, Bangladesh's total export volume has increased by 12.75% to more than 41 billion dollars compared to the previous year. According to the Observation of Economic Complexity, Bangladesh ranks 52nd in the world in terms of exports. The RMG sector is the biggest contributor to Bangladesh's success in terms of exports. At the end of the 2019-20 fiscal year, Bangladesh was able to export about 34 billion dollars worth of products, of which 83% were RMG products. Other than RMG, Bangladesh also exports home textile, leather & leather goods, jute and jute products, agricultural products, fisheries, ceramics, pharmaceuticals, ships and vessels, softwares & ICT products, and electronics and electrical products. Another notable reason behind Bangladesh's success in exports is tariff-free access to the developed countries.
6. **Role of Remittance:** According to a report in The Daily Star, around 10 million Bangladeshi expatriate workers are currently working worldwide. Most of them are in the Middle Eastern countries like Saudi Arabia, Abu Dhabi, and Qatar. There are also Bangladeshi migrant workers in Malaysia, Singapore, South Africa, Australia, the USA, and in some European countries. In 2020, these migrant workers sent about 21.75 billion dollars in remittance even during the Covid-19 pandemic, which is 15.57% more than the previous year. Remittances

sent by migrant workers contributed about 6.6% in the total GDP of Bangladesh. Due to the increase in remittance inflow, the socio-economic development of the rural people have picked up significant pace.

7. **Infrastructural Development:** In the last ten years, many infrastructure development projects have been undertaken in the country. In the fiscal year 2019-20, Bangladesh has allocated 40,000 crore for 10 mega projects to strengthen the communication network and power & energy sector. The notable projects are the Rooppur Nuclear Power Plant in Pabna, Metro Rail project in Dhaka, elevated expressways, Dhaka Airport expansion project, Matarbari Deep Sea port, etc. Besides, the Padma Bridge, which is built with full state funding of BDT 30,193 crore will be functional by June 2022. In addition to these projects, the people of remote areas of the country now have better connectivity with urban and commercial centers

Challenges: Although Bangladesh's economy is currently rapidly growing, many sectors still need development to maintain their sustainability.

1. **Unemployment:** In proportion to the population, although the literacy rate in Bangladesh is fairly good, the unemployment rate in the country is about 5.3%. The unemployment rate was 4.22% in the pre-pandemic stage, but the rate has risen slightly due to layoffs in most organizations during the pandemic.
2. **Brain Drain**
3. **Lack of Skill:** Big companies are facing problems when hiring local talent. As a result, many expatriates from India, China, Thailand, and Sri Lanka are working in higher positions in the country's private sector and a lot of money is flowing out of the country. It's possible to reduce the country's unemployment rate if there is a way for the young generation to develop their skills somewhere.
4. According to a source in the ICT Ministry of Bangladesh, there are about 5 lakh active freelancers in the country. Bangladeshi freelancers bring in 100 million dollars every year to the country. Yet they neither get social recognition nor government supports.
5. **Excessive Dependency on RMG:** Based upon World Bank's 2019 data, Bangladesh's total export earnings are more than 15% of the country's total GDP. More than 80% of Bangladesh's export earnings come from the RMG sector. However, the competition has increased more than before due to the garment industry's growth in Vietnam and African countries. Therefore, Bangladesh has to increase the number of exports to RMG and other sectors for the economy of Bangladesh to mature. Besides, in the fiscal year 2019-20, the total import of Bangladesh was about 68.18 billion dollars. Bangladesh should alter its trade balance by increasing exports and reducing import dependency in order to maintain the current economic growth rate
6. **LDC Graduation aftermaths:** Currently, around 73% of Bangladesh's RMG export is enjoying duty-free market access being an LDC. Once graduated, Bangladesh will face significant preference erosion in the EU market since other major exporting countries like

China, Indonesia, India, Cambodia and Vietnam's tariff regime will remain unchanged. we currently enjoy single transformation rules of origin under the Everything but Arms (EBA) scheme of EU GSP which will be stopped after graduation and 45% of export in EU might face hindrance.

Conclusion: But despite the COVID-19 epidemic, Bangladesh's GDP grew by 5.47 percent in the outgoing fiscal year 2020-21. Economists say our engagement with the world economy has grown at a satisfactory rate, and the country's economy is doing well. The country's economy is in the right place. Before 2025, the country's foreign exchange reserves will exceed US\$ 50 billion. Bangladesh leads in all indicators of the economy and now it is rushing to write its name in the list of developed countries.

The country is no longer a 'bottomless basket', but a young 50-year-old state called Bangladesh, the rising sun of South Asia and a symbol of economic development, progress and liberation. Bangabandhu's dream of building Bangladesh as a happy, prosperous and welfare state is a true transformation. The scope of his development ideas was everywhere and which was universal, infallible and timeless. The golden Bengal of Bangabandhu's dream is becoming a reality today with the help of his right daughter.