

HOW IS OUR ECONOMY GOING? CONTEMPORARY ECONOMIC ANALYSIS OF BANGLADESH

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Photo: Collected

The government is now giving great importance to economic analysis. Strategic breakthroughs to strengthen macroeconomics are necessary, and economic theory will have some practical implications. For example, they will take the necessary measures to curb inflation. It was earlier speculated that oil subsidies would be lifted. Bangladesh is the poorest in tax to GDP (9.3%). Tax collection will also have new economic implications. There is a foreign trade deficit. Again, as the dollar rate increases, businessmen will be discouraged to import many essential foreign goods, in which case the price of essential foreign goods will increase in the country. Due to oil subsidies or price increases, the price of domestic food or any products or services dependent on oil will increase. However, in terms of inflation,

Bangladesh (7.6%) is in a good position among Asian countries (though there are many different by-products). Again, the inflation target for the financial year 2022-23 has been set at 5.6%, which seems not to be realistic.

Dollar reserves are down a bit (\$39+m) but so far they are comforting. Urgently, giving opportunities to exports, creating new export products, and creating foreign markets is the overall cooperation of the government. It is urgently needed to take appropriate steps by the government to import essential goods. Taking appropriate steps by the government to control the price of dollars is also substantial.

Adequate/realistic economic measures are essential to raise the incomes of the lower classes and reduce income inequality. Regular and realistic updating of minimum wages keeping inflation in mind. Speculation or irregularities in the market system should be strictly suppressed. Then the producer will get the right price for the product as well as the consumer will also get the product/service at the right price. Taking new steps to collect foreign remittances, developing inter-country relations, and creating a new international labor market through practical training are emergent to take consideration by the government side. Increasing agricultural production to meet food demand, bringing uncultivated land into agriculture, and market regulation of agricultural products are also essential.

The exact calculation of debt or liability in economic terms is a bit more complicated. Generally, debt to GDP ratio of a certain amount may be considered standard or acceptable by economic standards. For example, America's total debt to GDP (125%) is more than Bangladesh's, and Japan's is more (266%) but these two countries have never gone bankrupt. 36.3% of Bangladesh's GDP but Bangladesh is not unchallenged. We have many debts which are out of the calculation like many internal loans, suppliers' loans, etc. The amount of debt in Bangladesh is not small and its interest rate is very high. Again, many mega project loan installments are yet to start, most of which will start in the 2023/2024 financial year. Loans can then be repaid if there is no economic return from the income sources or projects. Therefore, Bangladesh will face many challenges economically in the coming years. It is important to say that Bangladesh's loan application from the IMF is not unusual. Many countries take such loans.

Above all, it is more important to take correct and realistic steps by doing the correct economic analysis. Steps to be taken in this regard:

- ·Move away from debt dependent no return mega projects
- ·Reduce the cost of development projects by reducing costs
- ·Emphasis on tax collection and adoption of new strategies in this regards
- ·Reduce corruption by showing extra expenditure in the name of development projects
- ·Taking effective measures to create new export products and international markets (including labor markets) to reduce the foreign trade deficit.
- ·Take effective steps to bring unaccounted money (black money) into account and take strict and effective measures against foreign money laundering.
- ·Taking economic problems as problems and taking effective and realistic steps accordingly
- ·Ensuring the rule of law in all cases and taking effective steps to curb corruption.
- ·Regulating the market system, taking effective measures to reduce inflation.
- ·Making the minimum wage realistic and taking effective measures to reduce income inequality.

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