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Adopt PPP methodology to find actual GDP growth

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Economist Syed Mainul Ahsan on Wednesday suggested adopting the purchasing power parity methodology instead of the nominal one to identify the actual gross domestic product growth of the country.

He made the comment at a seminar on 'When am I Richer than You? A Methodological Perspective on the Constant Dollar Per-Capita Income Comparison' arranged by the Bangladesh Institute of Development Studies in the capital Dhaka.

Bangladesh Institute of Development Studies director general Binayak Sen chaired the event.

Mainul also stressed raising the purchasing power of the local currency against the international currency.

He said though the nominal GDP growth of the country was 1 per cent higher than India but still the purchasing power parity of India currency was higher than the Bangladeshi currency.

Mainul, emeritus professor of Concordia University, was the speaker at the seminar.

'Based on the recent data, there are a number of errors on our GDP information as we are still measure our GDP based on the data of 2010,' he said.

He said, 'To minimise these errors, which are found in the current data, we should use 2015 data in this context to find out the real income.'

'Our exchange rate probably is overestimating the question wellbeing, the wellbeing of the nation.'

'Now if we are worried about that, then we can actually tweak these lines by changing the parameters and get close to PPP line.'

He said, 'While PPP may be the most reliable benchmark for an international comparison, this series only goes back to 1990. For a longer series, the best one can do is use constant USD series (GDP, GNI) that the World Bank puts out on a regular basis.'

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