

## **Session-1 (December 1, 2021), Paper-1:**

### **Abstract**

#### **ICTs and Economic Growth: Rethinking Digitalization Strategies for Faster Economic Recovery**

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The Bangladesh government has been pursuing a big push for digitalization under its Digital Bangladesh Vision since 2009 as a shifting development strategy, and within the agenda, various policies are formulated and substantial investments are made. Digitalization might have both direct and indirect impacts on various sectors that might have contributed to the improvement of total factor productivity and economic growth. This paper thus makes an attempt to assess the impact of digitization on total factor productivity and economic growth in Bangladesh. Total factor productivity is important while distinguishing between replication and innovation. The results show that the TFP growth rates are negative for the period during 1981 to 2014. However, the changes in TFP growth patterns have been positive. The negative TFP growth rates signify an inefficient production process and yet the positive changes in TFP growth patterns indicate the potential Bangladesh have to accelerate the growth rate of the economy if productivity excels into positive territory. We find that two ICT indicators, such as tele-density and ICT service exports, have significant impact on TFP growth and therefore on overall economic growth. This finding addresses the fact that in the absence of any significant policy reforms in the 2010s, the only discernable policy changes with necessary investments were made towards the development of ICT sector and digitization process that might have contributed to incremental economic growth in Bangladesh. The findings thus call for better and widespread use of digital technologies in the productive process and firms' investments in ICT-based innovations, which will contribute to faster recovery from Covid-induced losses and accelerate economic growth.