



***The Economy of  
Bangladesh:  
50 Years of Economic  
Development***

by  
M M Huq, M K Mujeri and Q Shahabuddin

# INTRODUCTION

- **Economic development** is a demanding process
  - Often the case of low-income developing countries facing extreme difficulties
  - It is only Japan which can truly be considered as the first country from the so-called 'non-European' origin which can claim as successfully reaching the 'developed country' status
- **DEVELOPMENT STRATEGIES:** Bangladesh provides an excellent example of a country which has experienced quite different forms of economic management and controls.
  - At its start, the country experimented with a socialist-type of development with heavy state controls, with large scale nationalisation of various industrial and non-industrial units.
  - Since the early 1980s, the economy started moving to private sector-led growth
  - From the mid-1980s, the implementation of neoliberal policies started taking place, with encouragement from international financial institutions.
- Book analysis:
  - Supportive of this **hybrid-type of liberalized economic policy**
  - Helps bring significant successes in achieving rapid developments in agricultural and manufacturing sectors

The main findings can perhaps be grouped under the following:

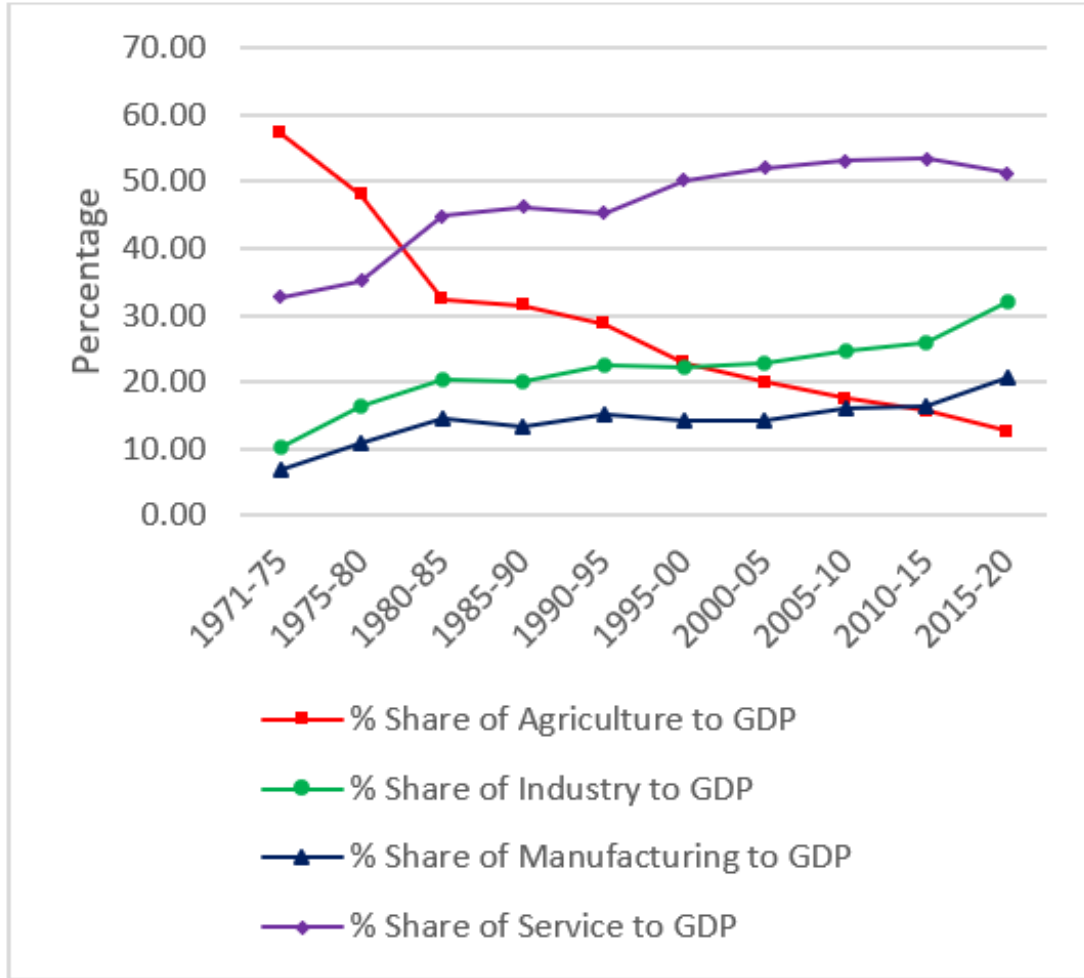
**a) Key Achievements**

**b) Major Challenges and Concerns**

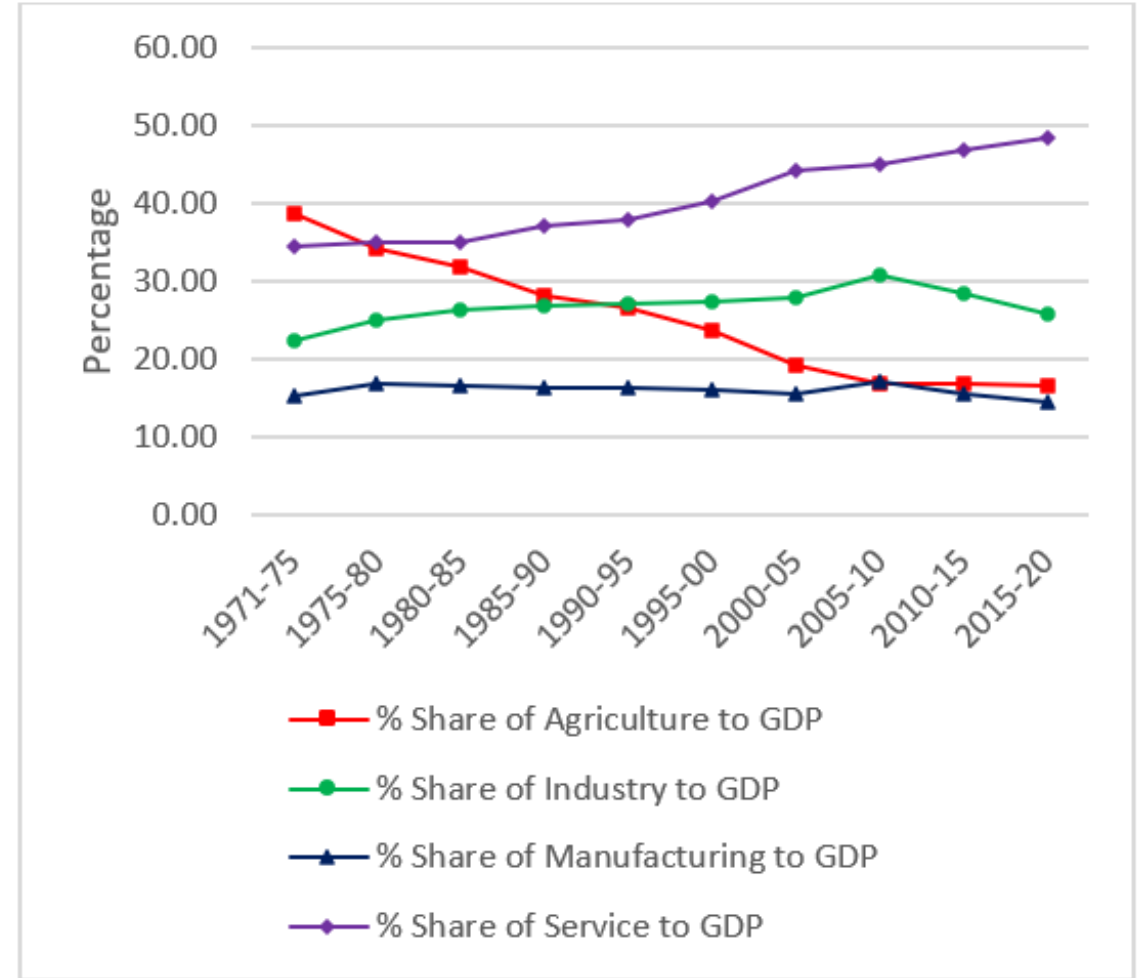
# KEY ACHIEVEMENTS

- **Structural Transformation:**
  - Considered as the key achievement of Bangladesh
  - Following the industrialisation strategy as pursued, solid transformation of the economic structure has taken place
- **Success of Macroeconomic fundamentals**
  - Bangladesh succeeded in raising savings and foreign exchange earnings of the country
  - closing the two critical gaps: Savings-Investment gap and Foreign Exchange gap
  - Rapid improvements in various social indicators
- Along with **poverty reduction**, a significant **advancement in various social indicators** has taken place:
  - Increase in life expectancy
  - Reduction in child mortality
  - Advancement in female empowerment

## Structural Change of the Bangladesh Economy, 1971-75 to 2015-2020



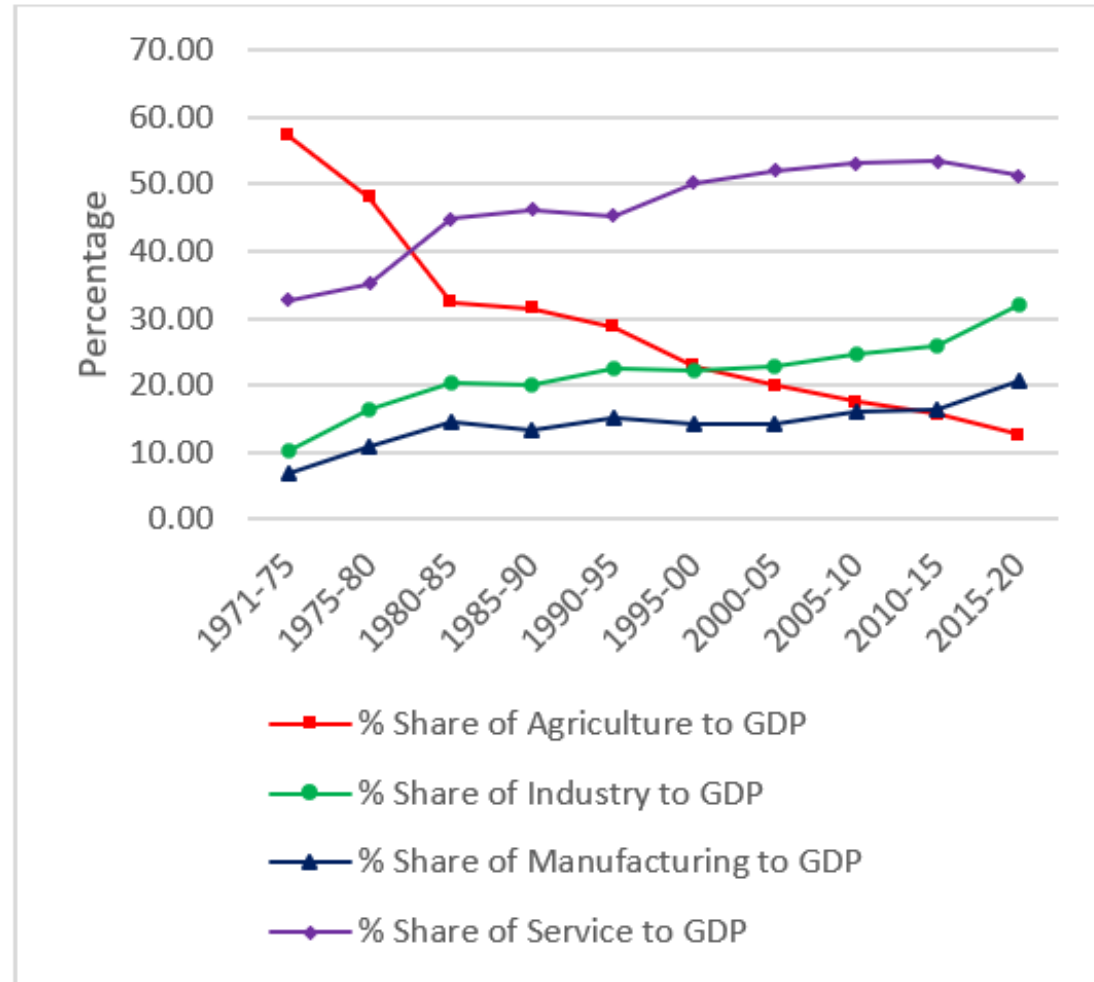
## Structural Change of the Indian Economy, 1971-75 to 2015-2020



Source: Drawn by the author based on data from the World Bank (2022).

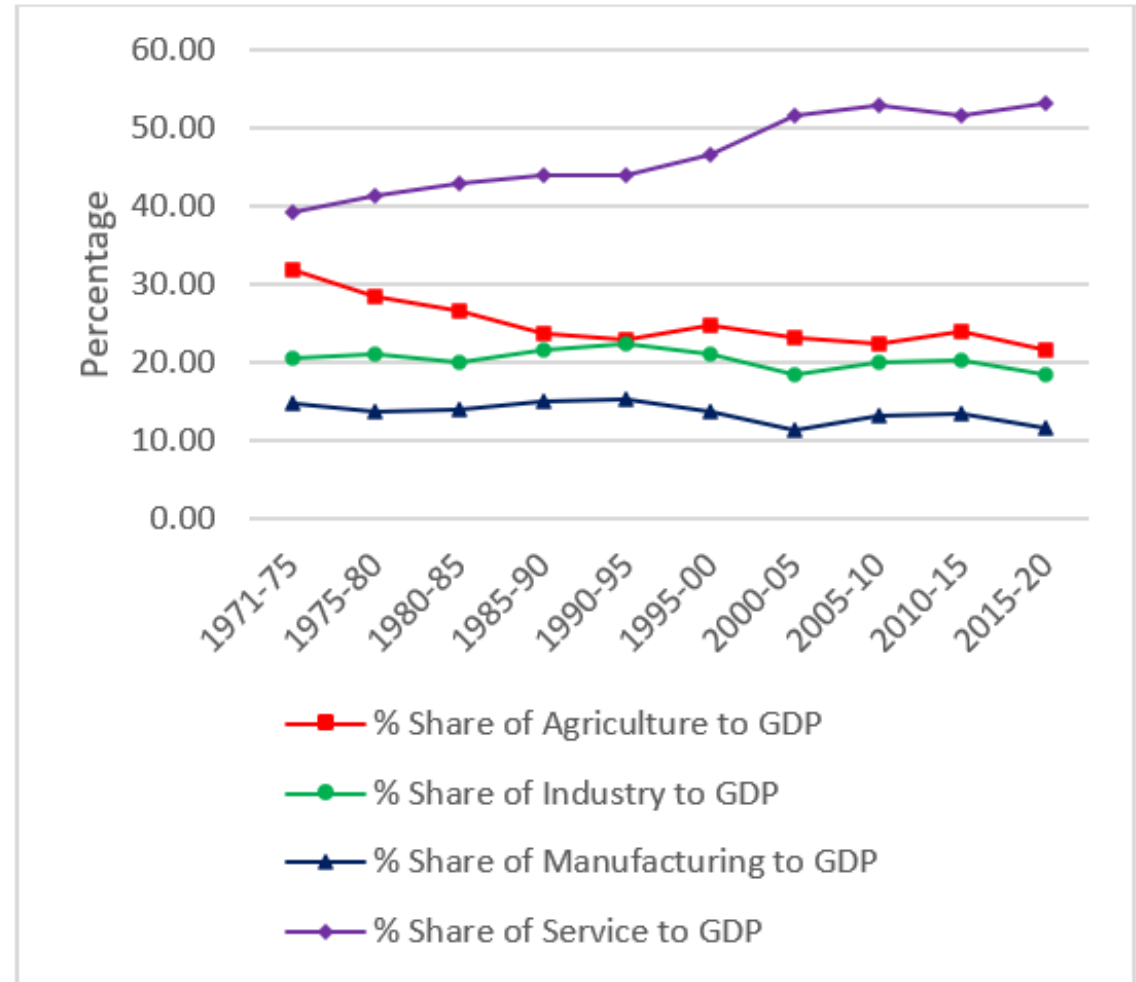
Source: Drawn by the author based on data from the World Bank (2022).

## Structural Change of the Bangladesh Economy, 1971-75 to 2015-2020



Source: Drawn by the author based on data from the World Bank (2022).

## Structural Change of the Pakistan Economy, 1971-75 to 2015-2020



Source: Drawn by the author based on data from the World Bank (2022).

**Table 1: Structural Change of the Bangladesh Economy, 1971 to 2020 (selected year)**

	1971	1975	1980	1985	1990	1995	2000	2005	2010	2015	2017	2019	2020
% Share of Agriculture to GDP	51.03	61.95	32.82	33.01	30.49	27.30	22.72	18.57	17.00	14.78	12.96	11.98	12.00
% Share of Industry to GDP	7.68	11.61	20.12	20.32	20.15	23.58	22.28	23.30	24.96	26.83	31.25	32.85	32.91
% Share of Manufacturing to GDP	5.49	7.04	14.49	14.46	13.24	15.90	14.04	14.74	16.12	16.79	20.08	21.21	20.60
% Share of the Services sector to GDP	41.28	26.43	44.56	44.42	46.70	45.13	50.57	52.88	53.50	53.71	51.38	50.85	51.51

Source: World Bank (2022).

**Table 2: Structural Change of the Indian Economy, 1971 to 2020 (selected years)**

	1971	1975	1980	1985	1990	1995	2000	2005	2010	2015	2017	2019	2020
% Share of Agriculture to GDP	38.63	36.00	34.41	29.72	27.58	24.46	21.61	17.62	17.03	16.17	16.56	16.73	18.23
% Share of Industry to GDP	22.39	23.20	25.34	26.63	27.45	28.60	27.33	29.53	30.73	27.35	26.50	24.60	24.53
% Share of Manufacturing to GDP	14.98	15.84	16.75	16.42	16.60	17.87	15.93	15.97	17.03	15.58	15.02	13.47	13.68
% Share of the Services to GDP	35.80	35.14	33.81	36.11	37.04	37.85	42.73	44.44	45.03	47.78	47.67	50.11	48.44

Source: World Bank (2022).

**Table 3: Structural Change of the Pakistan Economy, 1971 to 2020 (selected year)**

	1971	1975	1980	1985	1990	1995	2000	2005	2010	2015	2017	2019	2020
% Share of Agriculture to GDP	31.97	30.16	26.55	25.69	23.07	23.42	25.62	22.96	23.28	23.82	21.96	20.68	21.86
% Share of Industry to GDP	21.12	20.64	22.31	20.23	22.34	21.32	17.55	19.92	19.72	19.09	18.10	19.56	18.60
% Share of Manufacturing to GDP	15.21	14.29	14.22	14.32	15.46	14.62	10.22	12.70	13.07	12.79	11.30	12.59	11.42
% Share of the Services sector to GDP	37.49	42.34	40.93	44.11	43.36	44.86	50.33	51.39	52.84	52.16	53.25	53.62	53.66

Source: World Bank (2022).

# Achievements in Various Social Indicators

	1971	1975	1980	1985	1990	1995	2000	2005	2010	2015	2017	2019	2020
<b>Life Expectancy at Birth (years)</b>													
<b>Bangladesh</b>	46.59	48.31	52.90	55.21	58.21	62.00	65.45	67.77	69.88	71.51	71.785	72.05	<b>72.32</b>
India	48.40	51.01	53.81	55.80	57.87	60.32	62.51	64.50	66.69	68.61	69.17	69.66	69.89
Pakistan	53.19	55.03	56.86	58.54	60.10	61.51	62.82	63.95	65.26	66.58	66.95	67.27	67.43
Sri Lanka	64.53	66.07	68.17	69.08	69.51	69.26	71.33	74.70	75.44	76.32	76.65	76.98	77.14
Nepal	41.46	43.72	46.78	50.32	54.40	58.60	62.29	65.26	67.61	69.52	70.17	70.78	71.07
<b>Crude Death Rate (per 1,000 people)</b>													
<b>Bangladesh</b>	19.26	17.96	14.44	12.55	10.35	8.29	6.88	6.21	5.73	5.55	5.53	5.53	<b>5.52</b>
India	16.73	14.99	13.29	12.12	10.86	9.58	8.69	8.07	7.49	7.19	7.21	7.27	7.30
Pakistan	14.92	13.73	12.67	11.75	10.83	9.83	8.86	8.15	7.57	7.11	6.99	6.89	6.84
Sri Lanka	7.59	6.91	6.31	6.25	6.50	7.31	6.89	5.77	6.02	6.37	6.55	6.75	6.85
Nepal	21.87	20.17	17.97	15.48	12.84	10.39	8.52	7.36	6.82	6.50	6.40	6.32	6.29

# Achievements in Structural Change

<b>Infant Mortality Rate (per 1,000 live births)</b>													
<b>Bangladesh</b>	210.9	149.6	138	120.5	101.1	81.3	63.1	49.4	38.9	31	28.2	25.5	<b>24.3</b>
India	140.9	131	114.6	100.8	88.6	77.9	66.7	55.7	45.1	34.9	31.4	28.3	27.0
Pakistan	139.9	132.2	124.6	116.2	106.9	96.2	84.6	76.6	70.1	62.1	58.9	55.7	54.2
Sri Lanka	52.5	49	36.8	25.2	19.4	17	14.2	12.2	9.8	7.5	6.7	6.2	5.9
Nepal	173.6	158.9	139.4	118.6	96.5	75.7	58.7	45.9	36.6	29.2	26.6	24.5	23.6
<b>Neonatal Mortality Rate (per 1,000 live births)</b>													
<b>Bangladesh</b>	96.3	94.3	89.1	76.8	65.6	54.2	44	35.9	29.4	23.6	20.9	18.5	<b>17.5</b>
India	83.6	79.8	72	64.3	57.2	51.2	44.7	37.9	31.8	25.9	23.7	21.4	20.3
Pakistan	74.5	72.5	70.3	66.0	64.0	61.7	56.8	52.6	49.8	45.2	43.3	41.4	40.4
Sri Lanka	31.0	26.5	23.3	16.8	13.8	12.5	9.7	7.0	6.4	5.1	4.6	4.2	4.0
Nepal	86.7	82.4	75.8	67.5	57.9	47.8	39.3	32.2	26.5	21.3	19.2	17.5	16.9

Source: World Bank (2022).



# KEY CONCERNS AND CHALLENGES

- **Maintaining high GDP growth rate:** target of reaching high-income country status by 2041
- **Macroeconomic management:** raise the tax-GDP ratio
- Progress in targeted **structural transformation:** maintaining high industrialisation growth
- **LDC graduation** will also bring a number of challenges
- **Infrastructural development:** acute in railways infrastructure
- Lack of improvement in the **quality of education:** large percentage of unemployed graduates
- Serious **governance issues**
- Impact of the **climate change**
- Rising **income inequality**

# KEY LESSONS & CONCLUDING REMARKS

- While pursuing the liberalization strategy, Bangladesh has maintained a strong state commitment to economic development
- The development strategy as being implemented in Bangladesh can be termed as a **hybrid type of liberalized policy**
- Great role of the **NGO sector** in the economic development of the country
- The **Government of Bangladesh** has remained greatly committed to promote the growth of the local enterprise sector
  - Case of the pharmaceutical industry of the country
  - Greatly helped by the National Drug Policy of Bangladesh, promulgated in 1982
- Promote **technological capability** building with a strong focus on R&D promotion and human skill development
- **Bangladesh is now aspiring to be a higher middle-income developing country by 2031, and a high-income country by 2041. So the challenge is how to achieve these targets?**