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Book

A game of shadows : growth, distribution, and systemic shocks in the Bangladesh economy

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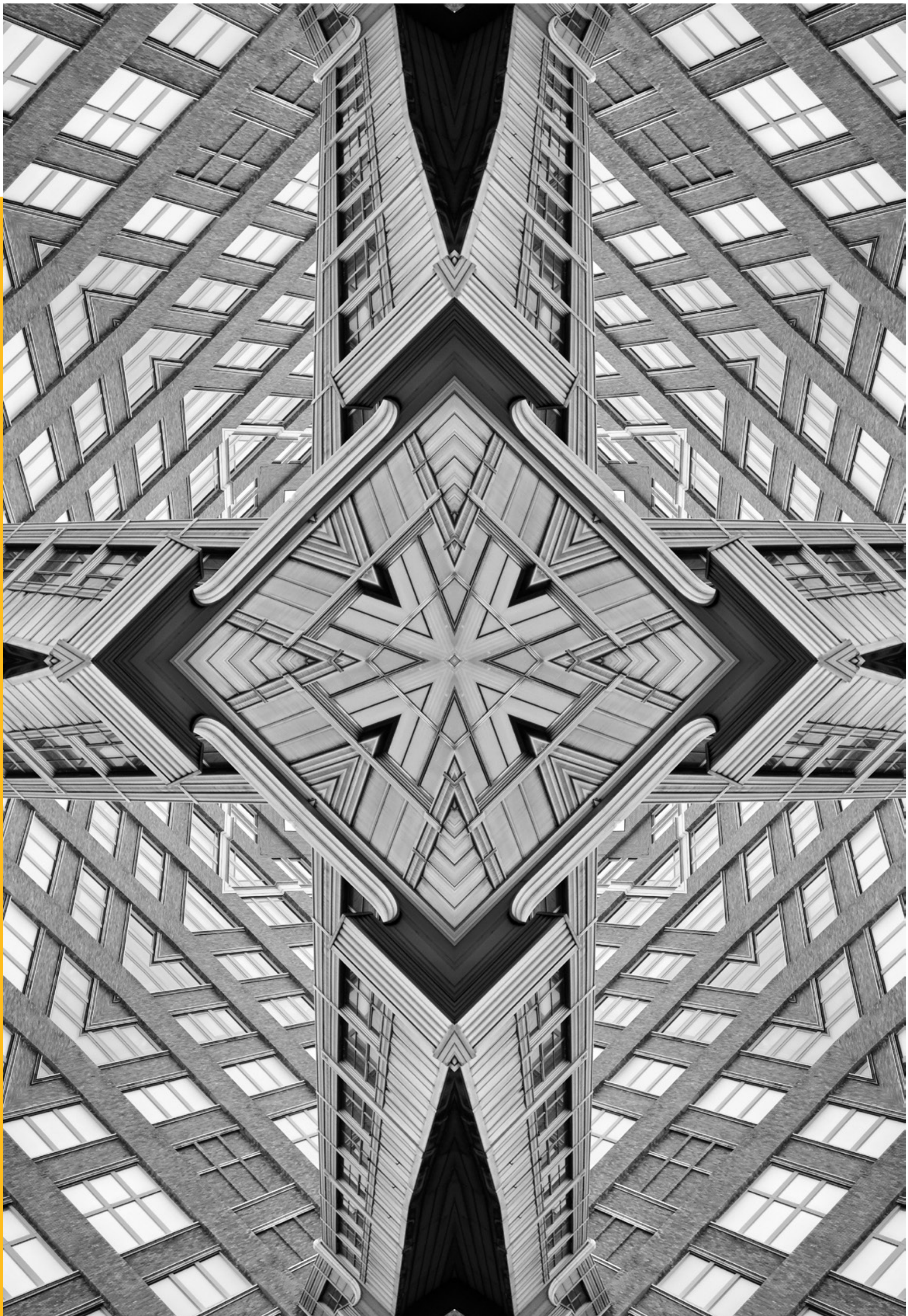

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A Game of Shadows: Growth, Distribution, and Systemic Shocks in the Bangladesh Economy

Soumya Bhowmick and Nilanjan Ghosh

Abstract

Bangladesh was one of the few countries in the world to sustain a positive economic growth rate during the COVID-19 pandemic. Today, however, it is experiencing symptoms that could stall such impressive record: rising divergences in the government's fiscal balance; the precarious Balance of Payments situation; rapidly declining foreign exchange reserves; demand-supply gaps in the energy markets; and inflationary tendencies. The exogenous shocks arising from the pandemic and the Russia-Ukraine war are revealing the country's financial vulnerabilities, and in July 2022 the country was forced to seek a precautionary loan of US$ 4.5 billion from the International Monetary Fund (IMF). This paper raises the red flags on these interconnected macroeconomic and development parameters, while outlining the inherent strengths in the Bangladesh economy that could yet determine its growth story in the decades to come.

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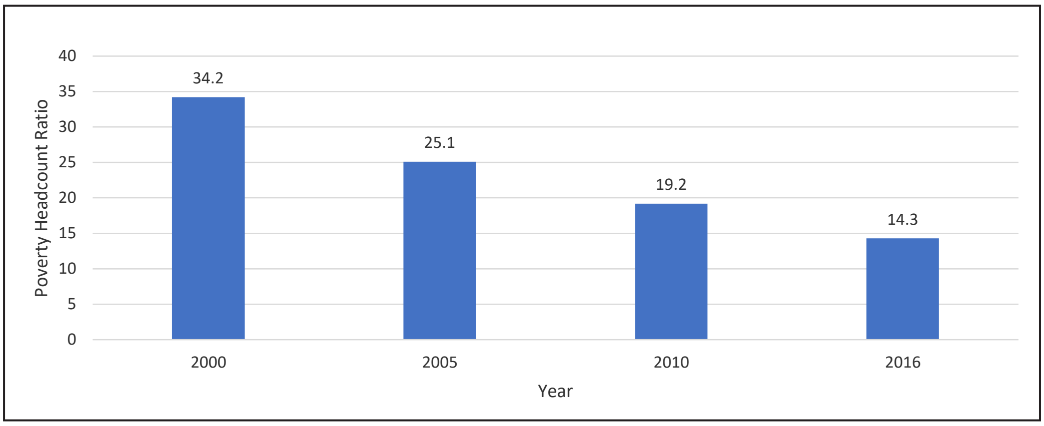
Introduction

The story of Bangladesh as one of the world's fastest growing economies is often associated with the remarkable development narrative of a "model of poverty reduction".[1] From being one of the poorest in the world during its liberation and formation as an independent nation in 1971, Bangladesh has since taken many strides. Its growth and development journey began in the early 1990s with large-scale trade liberalisation, through years of high economic growth in the 2000s, and large-scale amelioration of poverty by the middle of the 2010s. Between 1991 and 2016, poverty declined from 43.5 percent to 14.3 percent.[a,2]

Figure 1
Bangladesh's Poverty Headcount Ratio at US$ 1.90/Day (2011 PPP) (2000-2016)



Source: Authors' own, data from the World Bank, Poverty Headcount Ratio[3]

In 2020 amidst COVID-19, when most developing countries including India were recording negative growth rates, Bangladesh experienced a positive growth rate of 3.4 percent.[4] The country's per capita Gross Domestic Product (GDP) of US$ 2,503 in the fiscal year 2021-22 significantly exceeded the South Asia average of US$ 2,176.[5]

a Based on the International poverty line of US$ 1.90 per day using the 2011 Purchasing Power Parity exchange rate.

Introduction

A prime driver of Bangladesh's economic progress is the textiles and ready-made garments (RMG) industry. Buoying up the industry is the country's young demography and ample natural resources such as massive reserves of natural gas. The industry, being labour-intensive, has increased domestic employment; it has also charted the path for the country's export-oriented industrialisation.[b]

Yet, at the same time, economic inequality has been on the rise in Bangladesh since the 1980s. As of 2021, only 1 percent of the population accounts for 16.3 percent of the country's national income.[6] The consequences of this economic inequality will perhaps be seen in the impacts of climate change, including the cyclones and flood events that are rising in frequency and intensity. These disasters do not only put massive pressure on the domestic economy, but also heighten unsustainable rural-to-urban migration patterns. Estimates suggest that about 50 percent[7] of populations living in the urban slums have been forced to flee from rural areas due to riverbank flooding in recent years. In May 2020 when the COVID-19 pandemic first surged, Bangladesh faced the strongest cyclone in its history, Cyclone Amphan, which affected over a million people across nine districts in the country and cost it some US$ 130 million in economic losses.[8]

Bangladesh is now added to the list of South Asian countries that have requested for a bailout from the International Monetary Fund (IMF); the amount was approximately US$ 4.5 billion.[9] The country also expects a loan of US$ 1 billion from the Asian Development Bank (ADB) by June 2023. It is to also receive another US$ 250 million in December 2022 from the World Bank (WB), is in talks for another US$ 400-450 million for the government's green growth agenda, and is seeking fresh WB credit of US$ 1 billion to deal with the impacts of the Ukraine conflict.[c]

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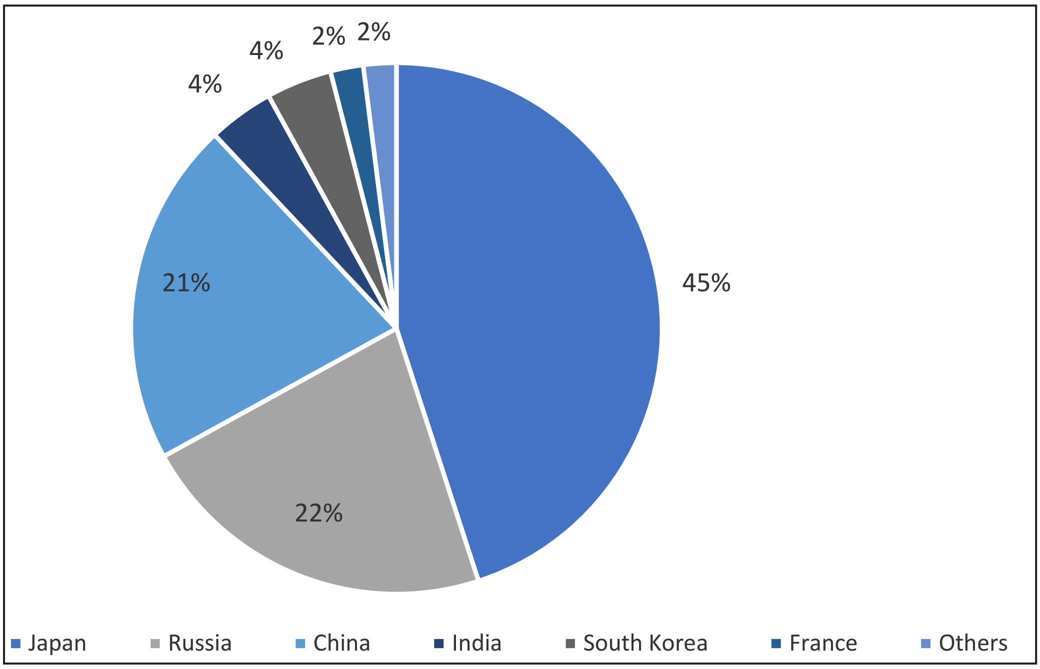
b (1) In 2015 Bangladesh graduated from a status of 'Low-Income Country' to 'Lower Middle-Income Country'; (2) The country is on-track to make it to the list of Least Developed Countries by 2026; (3) Bangladesh is en route to its goal of becoming a Developed Country by 2041. See: "Overview," The World Bank in Bangladesh.

c The government is to also hold discussions with the Asian Infrastructure Investment Bank (AIIB) and the Japan International Cooperation Agency (JICA) for financial assistance. Japan accounts for the highest percentage of bilateral debt (out of Bangladesh's total bilateral debts) at 45 percent, as of March 2022. See: "Bangladesh's Foreign Debt to GDP ratio 11%, well below the IMF threshold of 40%," All India Radio, News Service Division, Aug 12, 2022.

Figure 2
Share of Bilateral Loans to Bangladesh's Overall Debt Burden (as of 31 March 2022)



Source: Authors' own, data from Ministry of Finance, Government of Bangladesh[10]

While the government has taken a number of short-term measures to improve the economy, the decision to seek loans from multilateral institutions provides an opportunity to rethink the country's growth strategy through multi-pronged reform programmes. To begin with, such loans from the IMF and other multilateral agencies come with conditionalities that are often difficult for the recipient countries to implement. The increasing demand for bailouts from the multilateral organisation, absent their effective mobilisation, will hamper the country's macroeconomic stability and dent its image before other external creditors. In turn, this can impact the country's economic partnerships in the region and beyond.

Moreover, while the quest for financial support may be cited as a precautionary measure, the roots of the present economic situation lie deep within the inherent structure of the economy. As the country moves forward, various factors are endangering the country's prospects for a positive economic growth trajectory, including persistent current account and fiscal deficits, falling remittances, lack of diversification in the manufacturing sector, depleting forex reserves, high level of inflation, non-inclusive development patterns, and an impending energy crisis. (See Annexe for pertinent economic statistics on Bangladesh.)

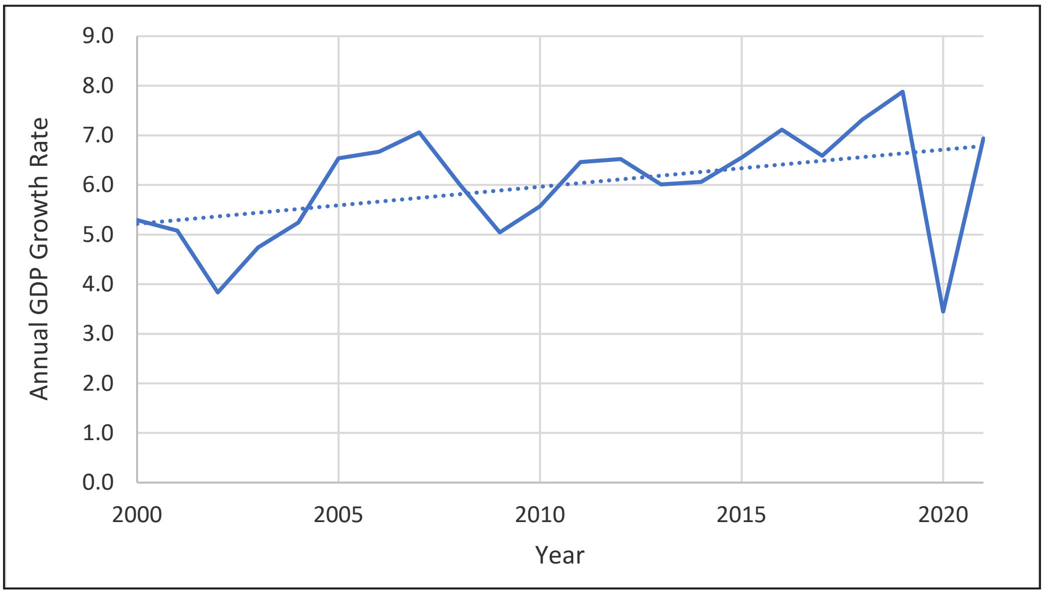
To be sure, it will not be feasible to have an isolated view of the recent economic woes of Bangladesh. For example, COVID-19 has had a massive impact not only on Bangladesh but the entire South Asian region, disrupting entire Global Value Chains (GVCs). Sri Lanka is suffering an extreme economic crisis where necessary commodities such as fuel and food have become scarce; Pakistan sits in a precarious economic situation as a result of political instability, spiralling inflation, and depleting foreign exchange reserves; Nepal faces a liquidity crisis in the banking sector, stagnant overseas remittances, and a widening trade deficit; and Myanmar is experiencing high unemployment due to the tremendous contraction in economic activities after the military coup in February 2021. As the world was getting ready to field the pandemic-induced macroeconomic impacts, the Russia-Ukraine conflict compounded the crises with soaring gas and oil prices and serious food insecurity in the Global South.

This paper examines some of the most critical causes of Bangladesh's present economic situation. It outlines the red flags, and highlights the factors that could yet determine Bangladesh's growth story in the decades to come.

> "In 2020 when most developing countries were recording negative growth rates, Bangladesh's was 3.4%. But income inequality remains high."

In the 50 years since Bangladesh became an independent nation, it has gone from being one of South Asia's poorest—in war in 1971, suffering the Great Cyclone a year before that, in 1970, where half a million people died—[11] to an 'Asian Tiger' in the making. The country has experienced phenomenal progress in economic sectors that include ready-made garments (RMG) and pharmaceuticals. It recorded low growth rates for many years—averaging 2 percent from 1970 to 1980—and surpassed the 5-percent mark in 2004 following a structural transformation from an agrarian economy to an industry and services-based one.[12] The economy has consistently grown at above 6 percent since 2011.[13]

Figure 3
Bangladesh GDP Growth Rates (Annual Percentage, 2000- 2021)

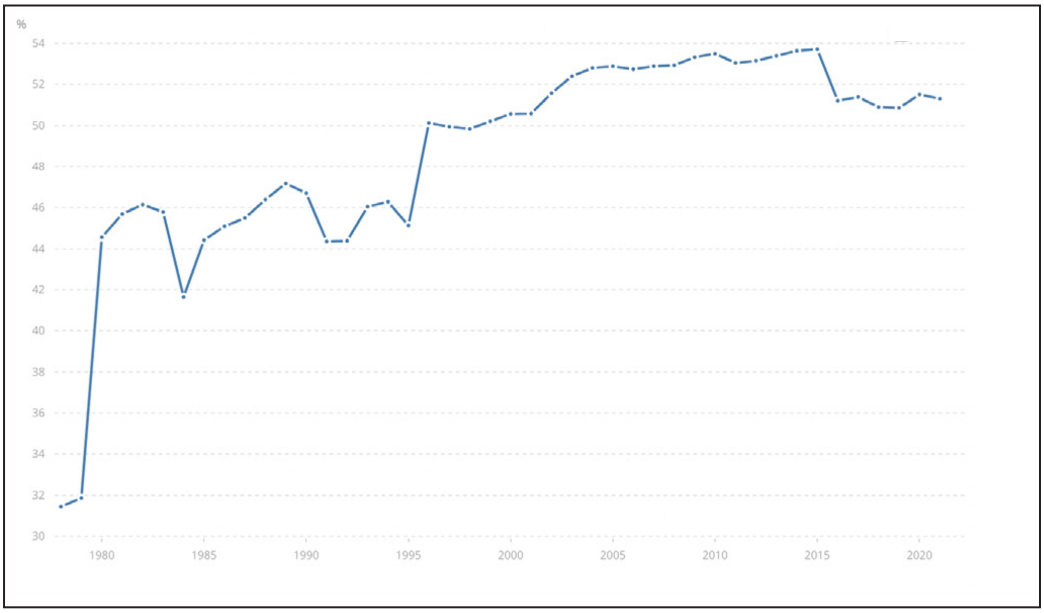


Source: Authors' own, data from the World Bank, Annual GDP Growth [14]

Bangladesh was once an agricultural economy prior to 1971. Over the years, the agriculture sector's share in GDP declined, from 60 percent in the early 1970s to 30 percent in the 1990s; it has settled at around 12 percent in recent years. Meanwhile, the share of the industry and services sectors in GDP has been rising: today industry comprises 33 percent of GDP, and services, 55 percent.[15] Services, in particular, experienced rapid growth in the 1980s, surging further in the early 1990s following trade liberalisation. The primary subsectors in services include: wholesale and retail trade; transport, storage and communication; and financial intermediations.[16]

However, an econometric analysis using ten-year data from 2000-2010 shows that although the services sector has grown (at 6.17 percent) faster than agriculture (at 3.21 percent), the growth in industries (at 7.49 percent) has surpassed that of services. Between 2010 and 2021, the value added by services as percentage of GDP has also dipped by 2.2 percentage points.[17]

Figure 4
Bangladesh's Services Value Added (Percentage of GDP, 1980 – 2021)

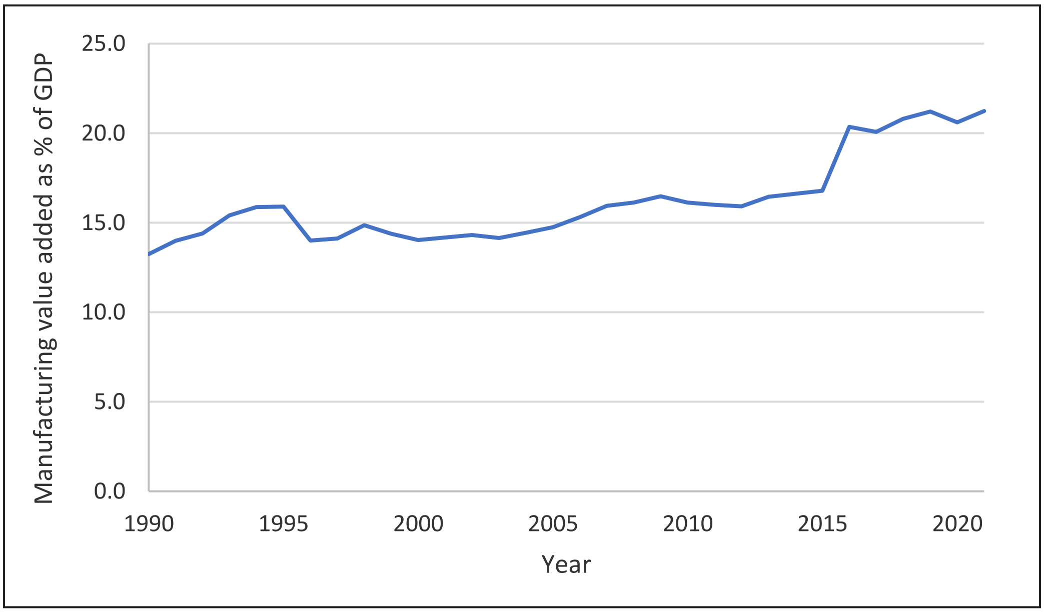


Source: The World Bank, services value added (% of GDP)[18]

Within the domain of industries, the share of manufacturing has been continuously rising, recording high rates of growth during the 1990s and showing an upward trend in the last two decades. The growth of manufacturing is attributed primarily to the RMG. Textiles and Clothing account for about 57 percent of overall value added in the manufacturing sector,[19] while the share of medium and high-tech manufacturing value added has consistently fallen from 24 percent in the 1990s to 7 percent in 2019.[20]

Figure 5

Bangladesh's Manufacturing Value Added (Percentage of GDP, 1990-2021)



Source: Authors' own, data from the World Bank, Manufacturing value added (% of GDP)[21]

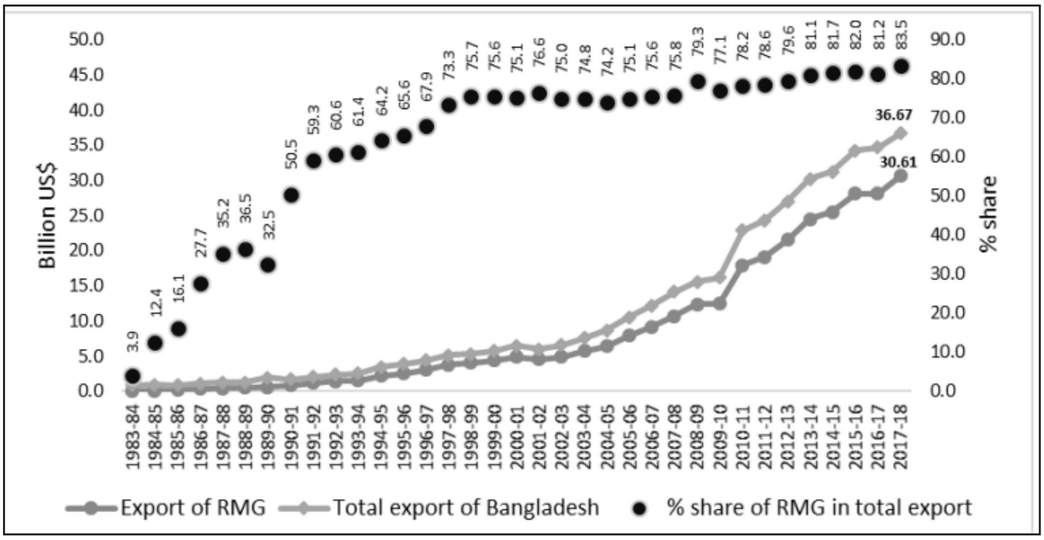
The RMG sector, however, has little potential to accelerate economic growth in its current state. To begin with, the sector depends largely on the cost-comparative advantage borne out of excess labour supply with low wages, as well as government incentives that tend to discourage the sector's expansion for larger profits. The recent trend of 'fast fashion'[d] has made it difficult for Bangladesh's low-skilled labour to cope with consumer demands and preferences across the globe, hence denoting a stagnation towards the lower value chains in this category.[22] A number of Business Promotion Councils have been formed under the Ministry of Commerce as joint public-private initiatives for diversifying exports, and improving the quality of products across sectors. Government-aided institutions are also expected to provide venture capital at reduced rates of interest for manufacturing, provide assistance for accessing foreign technical support, and offer other services towards promoting diversification in the country's export basket.[23]

d Fast fashion is the clothing industry's contemporary business model characterised by the replication of high-fashion designs and catwalk trends, which are mass-produced at low costs to cater to high-demands in a short period of time, thus maximising profits on the same. See: Katherine Saxon, "What Is Fast Fashion? Definitions, Problems, Examples," The Vou, August 23, 2022.

This is an imperative, as RMG exports constitute 84 percent of the country's total export earnings, its share increasing at a compound annual growth rate of 7 percent—from US$14.6 billion in 2011 to US$33.1 billion in 2019.[24] While imports have experienced a shift from agricultural raw materials to manufacturing raw materials, exports continue to be hinged on RMG. In turn, this export-oriented industrialisation, dependent on RMG, poses risks for the macroeconomy. Not only has the share of exports in GDP declined from 20.2 percent in 2012 to 10.7 percent in 2021,[25] the excessive dependence on a single category of RMG exports without diversifying into complex manufacturing products[e] is bound to hamper growth in a number of ways.

Figure 6

Trends in Exports and Share of RMG in Total Exports (1983 – 2018)



Source: S. Raihan and S.S. Khan (2020), Structural transformation, inequality dynamics and inclusive growth in Bangladesh.[26]

The first concern is the volatility in the global demand for Bangladesh-made RMG. Bangladesh's focus on the production of low-value garments without sufficient diversification neither in the upper or other segments of the value chain has made the growth pattern highly vulnerable to exogenous shocks such as the COVID-19 pandemic. There had already been signs of a slowdown in this sector

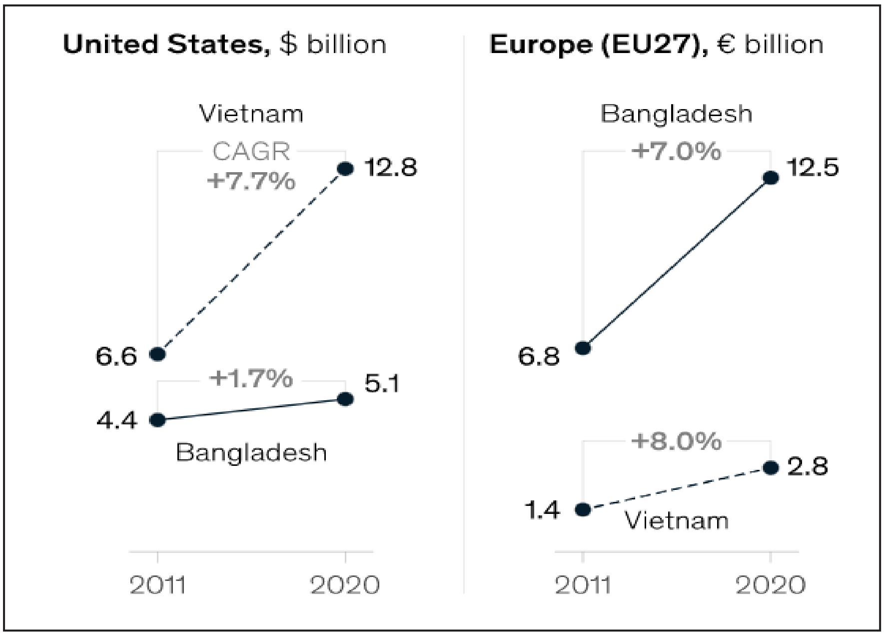
e These would include steel, chemical, and transport equipment, among others.

in the latter part of 2019, but the pandemic magnified the challenges starting in 2020, causing order cancellations and payment delays. The manufacturing sector backed by RMG may have recovered soon after global markets opened, but the Russia-Ukraine conflict erupted in February 2021, dampening demand for RMG.[f,27]

The second concern is Vietnam's growth as a source of RMG exports to Europe and North America, which comprise 80 percent of Bangladesh's RMG market. The Preferential Trade Agreement (PTA) between Vietnam and the EU can outperform Bangladesh's RMG exports to the EU, and the US has chosen Vietnam for sourcing materials as an alternative to China. Vietnamese apparel imports to the US were estimated to be 2.5 times those of Bangladesh's.[28]

Figure 7

Growth of Apparel Imports Value from Bangladesh and Vietnam in US and Europe (2011 – 2020)



Sources: Eurostat; USITC; McKinsey Analysis[29]

f A large number of garment traders were also unable to receive export receipts as Russia was banned from using the global payments messaging network, SWIFT.

Third, on the supply side of RMG, the rising fuel costs are an added burden in this sector where fuel accounts for approximately 10 percent of the garment companies' operational expenses.[30] Inflationary pressure in the Bangladesh economy has further raised the input costs of RMG, leading to an increase in the prices of the finished products and reducing their price competitiveness in the global markets. The RMG sector also depends largely on cheap low-skilled labour, which provides the competitive advantage to this sector; this may not be sustainable in the longer horizon with increased labour mobility between sectors and geographies.

The fourth threat to Bangladesh's RMG sector comprises infrastructural challenges, combined with increasing preference for nearshoring due to speed and flexibility in the sourcing companies. The 2012 Tazreen Factory fire and the 2013 Rana Plaza disaster are vivid reminders of the extreme working conditions in the textiles industry in Bangladesh—which have led to a number of international buyers stopping sourcing from the country.[31]

It is important to note here that the anti-export bias that is faced by the non-RMG sectors is responsible for simultaneously limiting competition amongst the export sectors, thus impeding product variations. Both export-sector diversification and infrastructural enhancement in the RMG sector are also impeded by weak private sector investments, due to the deterioration of the business environment in recent times coupled with the difficulty in credit access, especially for small and medium-scale enterprises.[32] Moreover, amidst worsening climate change, the global demand is further shifting towards sustainable products. Lack of diversification and curtailed investment in R&D to expand the domain towards climate-neutral products could push the country into deep waters with reduced exports, which will have corresponding impacts on other macroeconomic parameters.

> "Vietnam is a growing threat to Bangladesh's garment exports markets in Europe and North America."

Bangladesh is witnessing a slight increase in government budget deficits in recent years, especially since 2016. While the government has successfully kept the deficit at around 5 percent of GDP as per the 'Public Money and Budget Management Act 2009', the actual budget deficit accounted for about 5.5 percent of GDP in 2019-2020 as compared to 3.4 percent in 2016-2017.[33] By June 2021, the government had already released Tk 1.28 trillion as a stimulus package amounting to about 4.4 percent of GDP to address the health and economic crisis caused by the COVID-19 pandemic.[g] Like in most countries across the world, the expenditures burdened the exchequer.[34]

Table 1
Overall Budget Balance and Financing in Bangladesh (Percentage of GDP, 2014-2021)

Budget balance/ financing	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Overall budget balance (excluding foreign grants)	-5.03	-5.03	-4.99	-4.98	-4.95	-5.49	-6.10
Overall budget balance (including foreign grants)	-4.66	-4.74	-4.76	-4.78	-4.80	-5.37	-5.60
Net domestic financing	3.61	3.59	3.54	2.93	3.1	3.48	3.73
Net foreign financing (excluding grants)	1.05	1.15	1.22	1.85	1.71	1.88	2.37
Net foreign financing (including grants)	1.42	1.44	1.46	2.05	1.86	2.01	2.17

Source: Bangladesh Economic Review 2021, Fiscal Policy and Financial Management[35]

g The package included expenditure on health infrastructure, provisioning of loans at lower rates of interest, spending on social security programs, and expansionary monetary as well as fiscal policy among others.

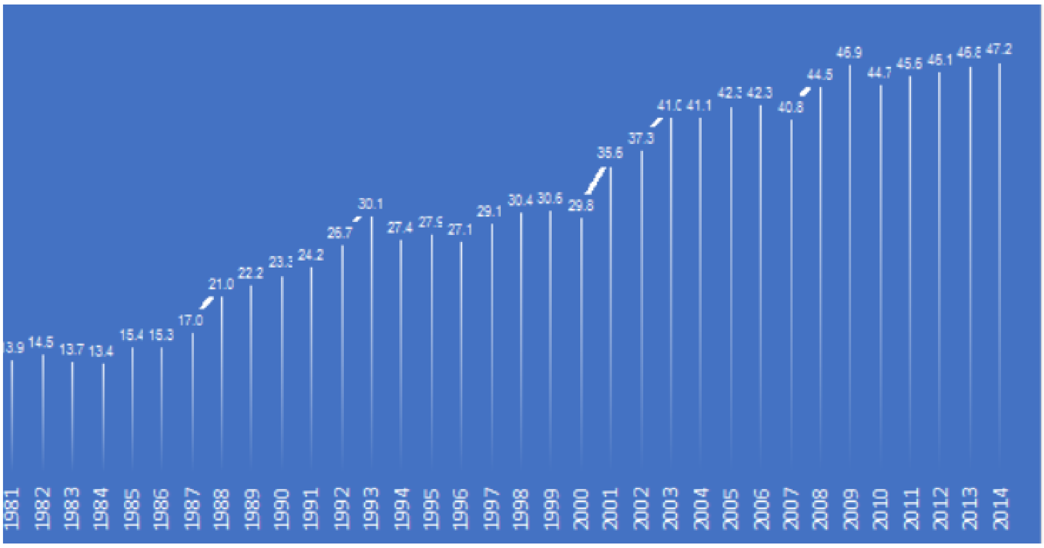
To be sure, the overall expenditure of the government in 2020-21 (at 17.46 percent of GDP) was less than what was recorded pre-pandemic (17.87 percent in 2019 and 18 percent in 2018). However, the dampened Value Added Tax (VAT), import, custom duties and supplementary duties due to restrictions in trade mobility and demand contraction, reduced the tax revenue from the National Board of Revenue (NBR) sources by 2.73 percent in FY 2019-20 in comparison to the previous fiscal year. Notwithstanding this, Bangladesh's revenue mobilisation in FY 2019-2020 had increased by 5.53 percent, due to a remarkable rise in non-tax revenue by 63.77 percent with respect to FY 2018-19.[36]

Mainstream economic theory might suggest that lower taxes can enhance disposable incomes and money circulation in the economy, in turn spurring economic growth. Yet, among the red flags for Bangladesh is that it has one of the lowest tax-to-GDP ratios in the entire region which may hamper the revenue mobilisation targets in the medium- to long-term. Of the seven BIMSTEC nations (Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation), Bangladesh has the second lowest tax-to-GDP ratio of 7 percent (2020), higher only than Myanmar's 6.4 percent (2019). The value for Nepal is 15.8 percent (2020); Thailand, 14.5 percent (2020); Bhutan, 18 percent (as projected for 2022-23[37]); India, 12 percent (2018); and Sri Lanka 8.1 percent (2020).[38] Bangladesh's tax-GDP ratio is way below the threshold of 15-percent propounded by Gaspar et al (2016).[39]

Furthermore, illicit financial flows, including tax evasion have been a menace for Bangladesh in the last few decades. Tax collection issues are attributed to rampant corruption, the politicisation of tax authorities, and the lack of skilled personnel in the NBR.[40]

> "Bangladesh has one of the lowest tax-to-GDP ratios in the region, which can hamper revenue mobilisation."

Figure 8
Estimated Tax Evasion in Bangladesh (Percentage of GDP, 1981–2014)



Source: London School of Economics and Political Science, Tackling Tax Evasion in Bangladesh[41]

Bangladesh's massive infrastructural investments is testament to the fact that physical capital formation is essential for any economy to diversify, grow, and develop resilience in the long run. In consonance with an impressive growth rate of 6.94 percent in 2021,[42] Bangladesh recognises the importance of ameliorating infrastructural bottlenecks to catalyse economic growth. The Dhaka Chamber of Commerce and Industry notes that the country will need to invest approximately US$ 25 billion annually until 2030 to meet infrastructural requirements.[43] However, complaints of corruption in the public sector, ambitious "vanity projects",[h] and inflated costs of infrastructure have added more burden on government expenditures,[44] worsening macroeconomic precarity. In only five years, from 2016-17 to 2020-21, the development expenditure in Bangladesh has increased from Tk 880.90 billion (4.46 percent of GDP) to 2079.88 billion (6.74 percent of GDP).[45]

h Also known as 'white elephant projects' which are large-scale, expensive initiatives whose building costs and upkeep are not at par with their necessity and usefulness.

Part of the country's infrastructural challenges is transportation and connectivity. Despite earlier developments, Bangladesh's transport system is still considered one of the poorest in the world. Various connectivity projects have been initiated since 2009 when the Sheikh Hasina government came to power—including the Padma Multipurpose Bridge, the Dhaka Metro Rail, and the Dhaka Elevated Expressway—but most of them have been running past their deadlines.[46] A number of them have been stalled by Covid-19, while others are being delayed, and therefore suffering cost overruns, by increased cost of raw materials, bureaucratic red-tape, and problems in land acquisitions.[47] Subsidies to power and petroleum corporations have also risen steeply between 2010 to 2021. More recently, the Russia-Ukraine war has pushed energy prices up, as also those of raw materials, and food. This has resulted in government-funded infrastructural projects getting stalled, in turn leading to further costs, dampening developmental action, and creating additional hikes in the fiscal deficits.

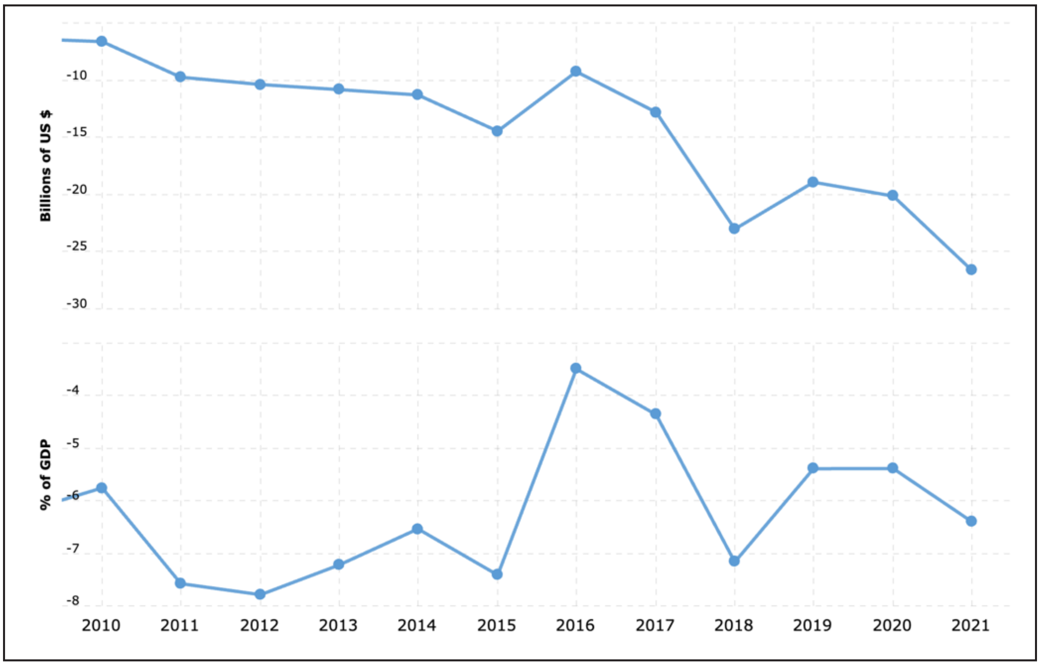
Given the importance associated with a capital enhancement in Bangladesh, the role of private sector investments is undeniable. While private sector investment in Bangladesh as a percentage of GDP has risen by 5 percentage points in the last two decades,[48] its share with respect to total investment has dropped while the public sector's share has risen.[49] Inadequate infrastructure and substandard transportation system, and low return on assets and high transaction costs of doing business as a result of corruption, have also constrained the private sector. Compounding the challenges is that the banking sector is crippled by non-performing loans and financial scams. In 2019, the Central Bank estimated the total amount of defaulted loans at US$ 11.11 billion; the IMF contests this figure and claims it could be more than double.[50]

Given the current economic vulnerabilities in Bangladesh, coupled with a steep rise in pandemic-induced expenses on welfare measures, and frictions on resource mobilisation—the budgetary deficit has widened and the economy's dependence on external debts has only increased. The country needs to urgently focus on effective methods for revenue enhancement and mobilisation as well as expenditure rationalisation to ameliorate these budgetary problems in the short term.

Balance of Payments: Trade Balance and Foreign Direct Investments

Bangladesh's export sector is often lauded for its extraordinary growth, with its value reaching an all-time high of US$ 52 billion in FY 2021-22. The export of knitwear garments grew by 36.88 percent year-on-year to US$ 23.21 billion, and woven garment exports grew by 33.82 percent to US$ 19.40 billion during the same fiscal year.[51] However, in the first quarter of FY 2022-23, export revenues for chemical products, agricultural products, and frozen and live fish saw a downturn of 30 percent, 14 percent and 7.2 percent, respectively.[52] The import-export mismatch poses additional problems for its current account, and hence the Balance of Payments (BOP).[i] The country imports significant volumes of intermediate goods like petroleum products, as well as chemicals and capital goods like machinery. Between the last quarter of 2021 and the first quarter of 2022 alone, the imports bill has risen by approximately US$ 327.2 million, denoting an increase of 1.6 percent.[53] Between 2016 and 2021, Bangladesh's trade balance deteriorated from US$ (-) 9.26 billion (3.49 percent of GDP) to US$ (-) 26.63 billion (6.40 percent of GDP).[54]

Figure 9
Bangladesh's Balance of Trade (in US$ Billion and Percentage of GDP, 2010 – 2021)



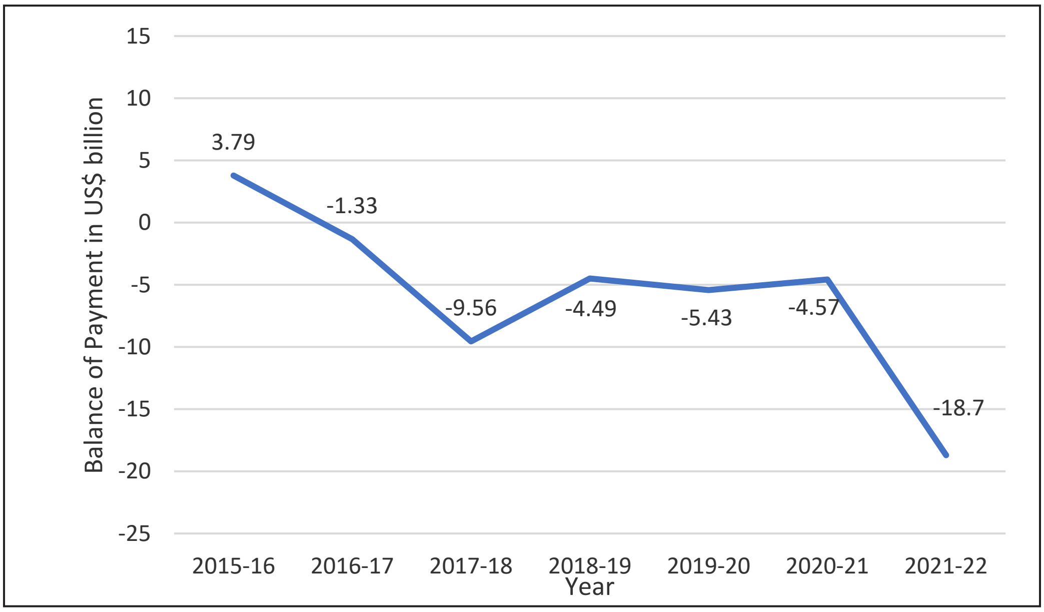
Source: Macrotrends, data from the World Bank[55]

i The Balance of Payments denotes the net value of financial transactions undertaken by the individuals, firms, and government bodies in an economy. It comprises of the Current Account (net income from visible trade, given by the trade balance, and invisible trade) and Capital Account (net change in the ownership of the country's assets).

Unlike other countries that have a history of exporting garments—such as South Korea, China, and some Southeast Asian economies—Bangladesh has not managed to shift to more complex commodities. It continues to export low-value added manufactured products and the export basket has not undergone any significant change since 2000.[56] The current account deficit of Bangladesh rose by 308 percent in the fiscal year 2022 from US$ (-) 4.57 billion to US$ (-) 18.69 billion. While this is considered a short-term shock owing to fluctuations in the global market,[57] the inherent problem in the composition of the trade basket—non-diversified exports and imports of essential commodities—and the impending risks will disrupt the macroeconomic stability of the country in the context of its overall BOP situation.

Figure 10

Balance of Payments in Bangladesh (in US$ billion, 2015 – 2022)



Source: Authors' own, data from Bangladesh Bank[58]

The 'Twin Deficit' Hypothesis

Like Sri Lanka, Bangladesh is yet another example of how the 'twin deficits hypothesis' works: i.e., there is a strong causal link between the economy's fiscal balance and current account balance. An empirical investigation in 2021 finds unidirectional causation starting from the fiscal deficit to the trade deficit, and hence the current account deficit in the long-term.[59] Therefore, a manageable budget deficit is crucial in maintaining a stable current account deficit. This phenomenon is typically true for developing consumption-driven economies, with high levels of domestic and foreign debt. As the country holds excess demand levels, which necessitate increased imports to match the consumer's needs, and further drives inflation—which has happened in the case of Bangladesh—the commodities thus being produced domestically have often been seen as less competitive in global export markets.

There are two reasons for the twin deficits in the fiscal and current accounts.[60] First, following the Keynesian approach, the increasing budget deficits lead to domestic absorption causing surging imports that further widen the current account deficits, and vice versa. Second, drawing from the Mundell-Fleming model,[j] increasing budget deficit causes interest rates to be revised upwards, and the reverse is also true. As the interest rates increase, the domestic economy becomes more attractive to foreign investors causing surging surpluses in the capital account, and rising deficits in the current account. Capital account surpluses can adversely affect a current account, where increased liquidity raises consumption demand, which would bring about the need for increased imports, thus leading to current account deficits.[61] Alternatively, capital inflows may improve the value of the domestic currency which will make imports cheaper and create domestic demand and make exports expensive; this, in turn, will lead them to fall in value, thereby again widening the current account deficits.[62] However, the latter is not the case for Bangladesh in the recent past, as the Bangladeshi Taka has continuously lost value in the last year.

With regards to the capital account of the BOP, Foreign Direct Investments (FDI) is a critical component of the capital account which helps in reducing the overall BOP deficits for Bangladesh. While FDI is essential in increasing the country's ability to absorb short-term shocks, it also aims at overcoming the deficiencies of technology and helps in innovation via investment in R&D, thus reducing the savings and investment gap in the economy. However, in Bangladesh, net inflows of FDI as a percentage of GDP have continuously fallen

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j The Mundell–Fleming model is an economic model that portrays the short-run relationship between the economy's nominal exchange rate, interest rate, and output, and their implications on various other macroeconomic parameters.

from the peak rate of 1.7 percent in 2013 to less than 0.4 percent in 2020,[63] in tandem with the fall in the capital account balance from US$ 725 million to US$ 213 million from 2013 to 2020.[64] At the same time, domestic private investment stagnated in 2021, largely attributable to COVID-19.[65]

On the other hand, the FDI policy in Bangladesh has provided many concessions to foreign investors, and various export promoting zones and economic zones have been created to attract FDI. In the past four years, Bangladesh has adopted a number of measures to increase FDI in areas of starting a business, easing credit availability, and access to electricity. Many infrastructure projects have been initiated but could not materialise FDI inflows, while no large multinational corporations have been observed in the RMG or other sectors. In 2019, Bangladesh received net FDI inflows that amounted to US$ 1.6 billion accounting for 0.53 percent of GDP—one of the lowest in Asia.[66] Despite the above-mentioned measures, Bangladesh slipped eight ranks to 168 out of 190 countries in the *World Bank Ease of Doing Business Report, 2020*. Starting a business in the country remains a tedious task, with a complex dispute redressal and transferring property rights mechanism, in addition to difficulties in getting access to electricity.[67]

Table 2

Bangladesh's Top Five Sources and Destinations of FDI (as of December 2019, in US$ million)

Total Inward	16,872	100%	Total Outward	321	100%
United States	3,488	20.70%	United Kingdom	84	26.20%
United Kingdom	1,960	11.60%	Hong Kong	72	22.40%
Netherlands	1,372	8.10%	India	49	15.30%
Singapore	1,254	7.40%	Nepal	45	14.00%
Hong Kong	869	5.20%	United Arab Emirates	35	10.90%

Source: 2021 Investment Climate Statements, Bangladesh, data from US Department of State[68]

The *Monetary Policy Review* in December 2021 forecast a real GDP growth rate at 7.2 percent in FY 2022-23.[69] However, the target appears to be far from reach amidst current circumstances: rising inflation, depleting reserves and value of the domestic currency, shortfall in government's tax and non-tax revenue collection, widening trade balance, and the fall in FDI. A deviation from fiscal consolidation carries additional risks of a downgraded sovereign rating, which could also induce capital outflows from the economy, thereby worsening the BOP situation. The government has adopted certain austerity measures in response—for instance, the Ministry of Finance has postponed the release of funds for 'C' category projects.[70] While public policy discourse in Bangladesh is currently concentrating on short-term measures, attention must be given to the important determinants to induce structural changes in the BOP and the government budget to achieve a self-sustaining growth rate in the long run.

> "The forecast of a real GDP growth rate of 7.2 percent in FY 2022-23 now seems far from reach."

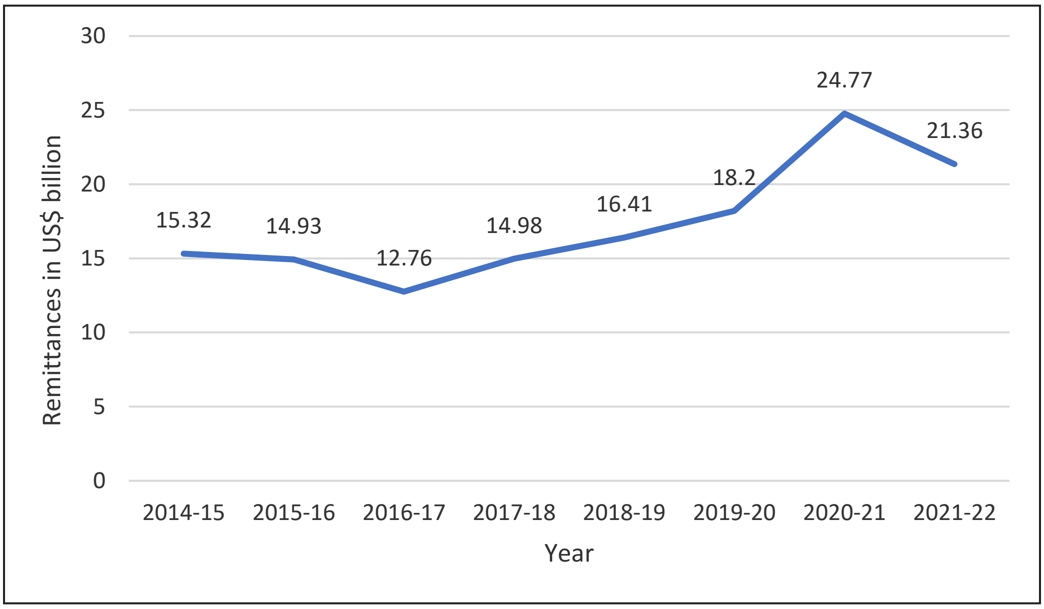
Collapsed Remittances, Forex Crunch, and Volatile Taka

The benefits of remittances cannot be understated in the developing world: uplifting standards of living at the local scale, nurturing monetary policy development, and at the macroeconomic level, stimulating the financial markets. Econometric analysis shows that worker remittances are the most important and statistically significant variable that positively contributes to the economic growth of nations, through the channels of consumption and investment.[71] Among the largest recipients of remittances in the world is Bangladesh, with its more than 10 million labour migrants scattered across different countries, mainly in West Asia, who contribute about 7 percent of GDP.[72]

Starting in early 2020, the COVID-19 pandemic has had a disastrous impact on the remittances received by the country with a large number of migrants getting stranded in countries that imposed strict lockdown measures. Loss of jobs, and thereby the migrants' return to their home country, has contributed to the fall in remittances by approximately 15.12 percent year-on-year in FY 2021-22, to US$ 21.03 billion.[73]

Figure 11

Remittances to Bangladesh (in US$ billion, 2014 – 2022)



Source: Authors' own, data from Bangladesh Bank[74]

Collapsed Remittances, Forex Crunch, and Volatile Taka

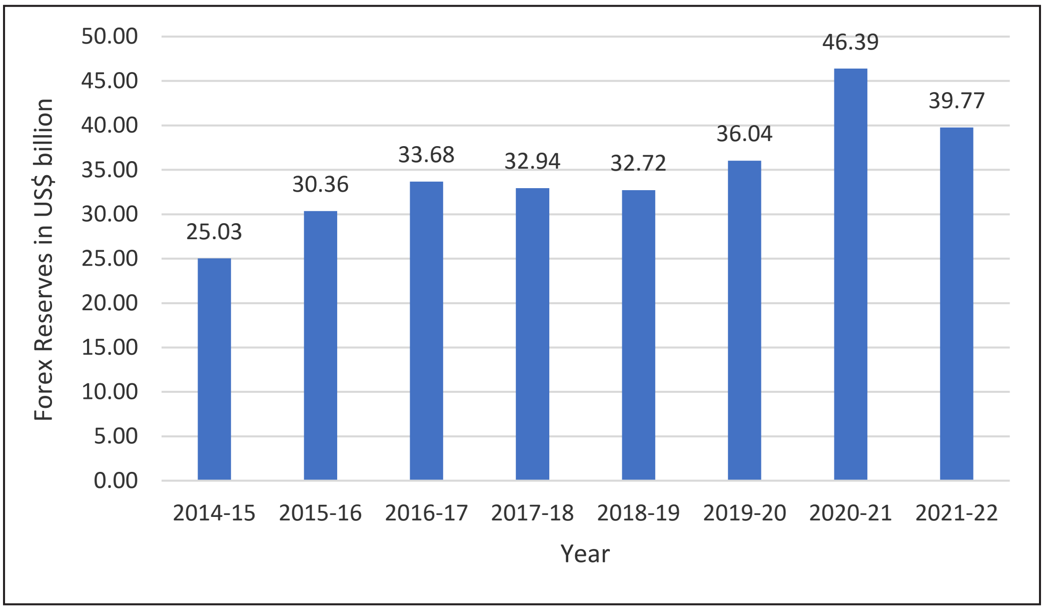
Historically, current account deficits in Bangladesh are bridged by remittances. However, the sorry state in this domain has not only deteriorated the BOP but also caused a decline in the Foreign Exchange (FOREX) reserves, weakening the Bangladeshi Taka against the US dollar. On 16 May 2022, Bangladeshi Taka recorded the sharpest single-day fall in a decade (loss of 0.91 percent) when it stood at Tk 87.50 against a US dollar in comparison to Tk 84.40 per US dollar, exactly a year ago to that day.[k,75]

The weakening of the Bangladeshi Taka against the US dollar raises the price of imports on one hand, and on the other, increases the domestic price of imported goods and other substitutable non-imported domestic goods.[76] The government's discouraging of importing luxury items will have a positive effect on the trade balance; meanwhile, increasing domestic price of domestic goods will worsen the inflation situation in the domestic economy. To stabilise the domestic currency, the government attempted to adjust the exchange rate, and the Bangladesh Bank continued to sell its FOREX reserves. There was a sharp decline in foreign currency reserves, from US$ 46.39 billion in 2021 to US$ 39.77 billion in July 2022,[77] critically impacting the capital investments in the country due to decreasing returns on capital, and thus deteriorating the long-term growth prospects of the country. Additionally, the Russia-Ukraine war that has augmented the fall in the FOREX reserves—with rising crude oil prices, other supply-side disruptions and increasing inflation in the developed countries of Europe and North America—has adversely affected the external sector outlook for Bangladesh in recent times.

> "Covid-19 has had a disastrous impact on the remittances received by Bangladesh."

k However, given the simultaneous economic crises in the South Asian region, the fall in the value of Bangladeshi Taka by approximately 3.18 percent in the past one year may appear nominal compared to India's 8.56-percent, Pakistan's 30.18-percent, and Sri Lanka's 79.82-percent fall in domestic currency value during the same time period. See: AKM Zamir Uddin, "Taka suffers steepest fall in a decade," The Daily Star, November 1, 2022.

Figure 12
Forex Reserves in Bangladesh (in US$ billion, 2014 – 2022)



Source: Authors' own, data from Bangladesh Bank[78]

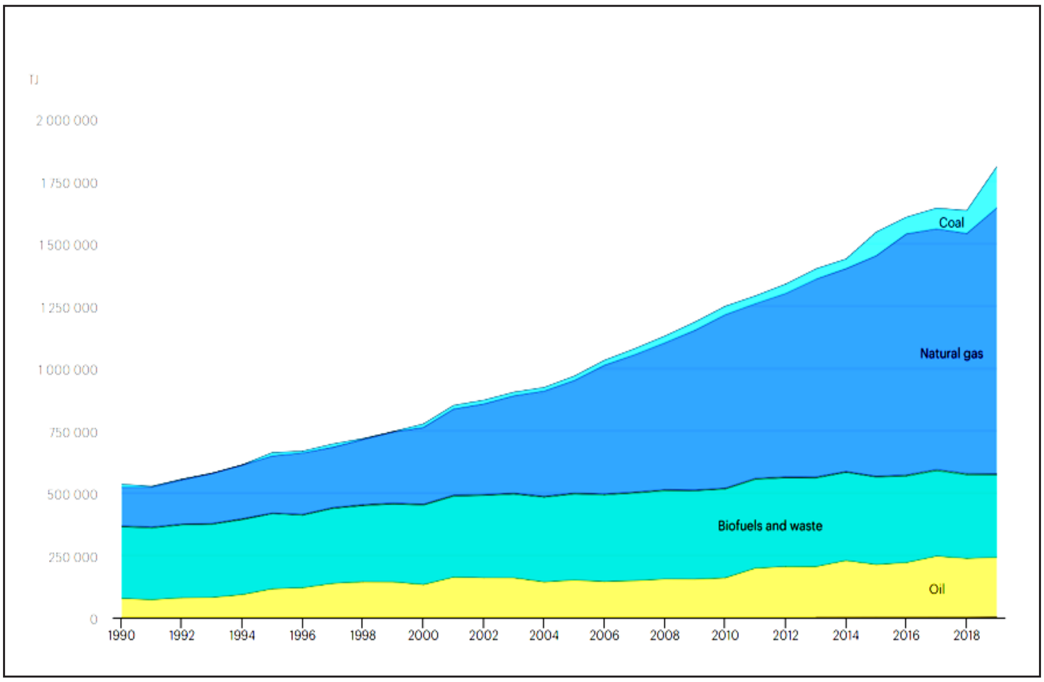
The scarcity of essential commodities like fuel has impacted all sectors of the economy. It is the poor populations, however, who are bearing the brunt of rising prices and this poses serious questions to the country's policymakers. The government has decided to delay certain development projects and is encouraging a reduction in unnecessary expenditures such as foreign travel by government officials.[79] In August 2022, Prime Minister Sheikh Hasina said, "Bangladesh will never become Sri Lanka. We think in a pragmatic way before taking any development project (and so) the country will continue to move ahead overcoming all global challenges."[80]

Energy Sector and Inflation Woes

Bangladesh had made steady progress in electricity access over the last two decades, a large part of which is due to rural electrification. Even though gas accounts for the bulk of electricity production, the country has gained a certain momentum in transitioning to renewable energy sources such as solar PV, wind, and hydropower. From 20 percent in 2000, electricity is now available to 85 percent of the country's population in 2020.[81] From 2012 to 2020 alone, 7.3 million people in the rural areas have gained access to clean and renewable energy. Sixty percent of the beneficiaries of rural electrification are women—[82] bringing Bangladesh closer to achieving Sustainable Development Goal (SDG) 5 (Gender Equality) and SDG 7 (Affordable and Clean Energy).

Figure 13

Total Energy Supply (TES) in Bangladesh (by Source, 1990-2019)



Source: International Energy Agency[83]

Even though electricity generation capacity has increased by 80 percent from 5 GigaWatts (GW) in 2009 to 25.5 GW in 2022,[84] the Plant Load Factor (PLF)—or the ratio between the power generated and the maximum power capacity—has reduced to an all-time low due to recent shortages of fuel and gas: it was as low as

0.8 percent for some power plants in the first half of FY 2022.[85] The government had introduced the Quick Rental Power Plants (QRPP) in 2009 as temporary units for electricity generation, and these plants have significantly contributed to electricity generation in the past decade. The recently weakened state of the FOREX reserves and rising fuel prices in the global market have impeded the country's ability to sufficiently import fuel for electricity generation, leaving a large number of QRPPs idle.

However, the contracts with the QRPPs and Independent Power Producers (IPPs) include certain provisions that require providing them with capacity charges even if no electricity is generated. As the Russia-Ukraine conflict has heightened supply-side disruptions and pushed the petroleum price in global markets to a peak rate of US$ 100 per barrel in April 2022,[86] the Bangladesh Petroleum Corporation has reported a daily loss of Tk 190 million on account of idle power plants due to shortages and still incurred capacity charges.[87] This has also disincentivised many power plants to build infrastructure and sustainable transitions to generate electricity, leading to losses for the Bangladesh Power Developmental Board (BPDB) while simultaneously increasing government subsidies to BPDB by a whopping 58.3 percent from 2020 to 2021.[88]

Many of the private power plants in the country are gas-based, which have been constructed without due consultation with Bangladesh's Oil, Gas and Mineral Corporation, Petrobangla. Officials of Petrobangla have often warned about the unavailability of sufficient gas supply for the power plants.[89] The present gas reserves in Bangladesh are limited due to inadequate planning and operations in gas exploration, and the lack of funding for the Bangladesh Petroleum Exploration and Production Company Limited (BAPEX) has further exacerbated the challenge. Unfortunately, the country has also not made any achievements in offshore gas exploration even after it had managed to secure the deep offshore regions from Myanmar and India. The government did resolve to shift to coal-based power plants a few years ago in collaboration with Japan, but it was met with the cancellation of projects and revocation of funding by Japan in 2021 and 2022 amidst criticisms over the potential carbon emissions of the coal plants.[90] This demand-supply gap in the gas market has increased the dependence on Liquified Natural Gas (LNG) imports and around 55 percent of Bangladesh's domestic natural gas production is supplied by US firms.[91] The country has also signed two sales purchase agreements with Qatar in 2017 and Oman in 2018 for the supply of LNG for 15 and 10 years, respectively.[92]

Bangladesh's energy troubles have aggravated due to its excessive dependence on imports and the inability to swiftly shift to renewable energy sources. The Ukraine conflict has only exacerbated the problems, and the country must devise solutions that will address the supply-side issues rather than attempt to reduce domestic demand. The latter will not only impact living standards in a rapidly urbanising country like Bangladesh but would also lead to the deterioration of infrastructural capacities, hampering the long-term growth prospects of the country. Adequate governance practices and transparency would help in reducing instances of illegal gas and electricity connections, as corruption among gas sector officials has often stood in way of the development of the power sector.[93] Although the government realises that the country may have untapped gas reserves,[94] it must fasten gas exploration through international partnerships and technological advancements in this domain, while simultaneously using non-renewable and renewable sources for power generation to mitigate the immediate energy security issues at hand.

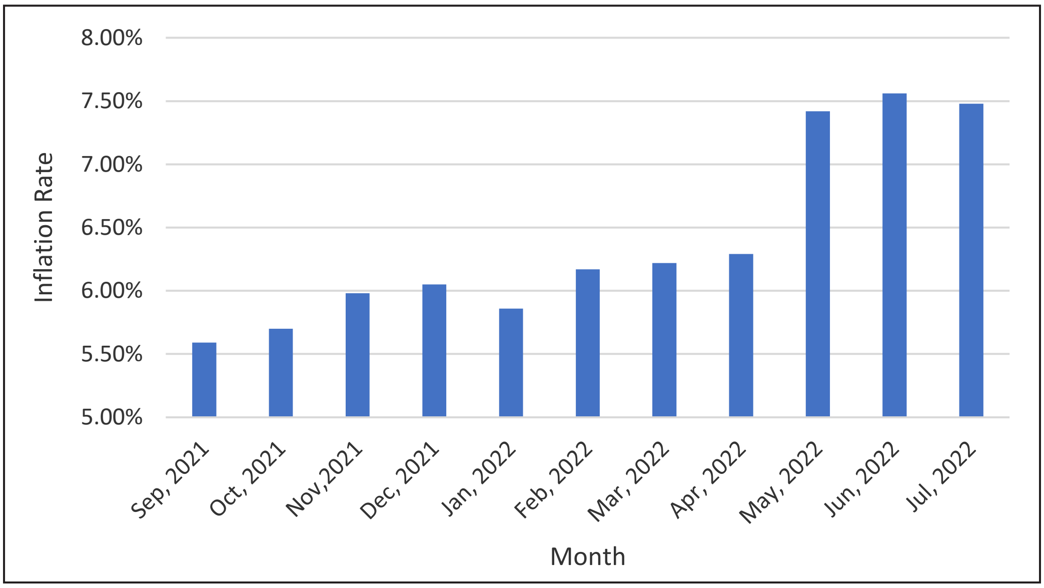
Amidst the rising fuel prices and subsidy burden, the government is now resorting to austerity measures. In August it raised the domestic prices of diesel by 42.5 percent to Tk 114; of kerosene, by the same percentage to the same price; octane, by 51.6 percent to Tk 135; and petrol by 51.1 percent to Tk 130.[95] These spikes are the highest in nearly 20 years, levelling the prices with those of other Asian countries like China, India, and Nepal. There are a few reasons for this steep hike.[96]

First, in the last two years, while international energy markets have been volatile, Bangladesh did not increase its domestic fuel prices in contrast to countries like India which have increased the prices in a staggered way. While India had met with country-wide protests against the rise in domestic fuel prices, Bangladesh had to rely on subsidies to keep the prices stable. Second, although the timing of the IMF loan request coinciding with the domestic fuel price rise has provoked concerns about a looming economic crisis, the latter move could also help Bangladesh secure more bargaining power with the IMF in recognition of the fuel subsidy issue faced by the country. And finally, as the oil prices in the international markets skyrocketed, especially following the Russia-Ukraine conflict, there was no other way than to raise domestic fuel prices given the import impediments, rising subsidies, and the extreme crunch in Bangladesh's FOREX reserves.

The fuel price rise is bound to have a strong impact on input costs, and hence the prices of a host of imported and domestic commodities. This cost-push inflation, along with the further depreciation of the Bangladeshi Taka, puts additional pressure on the poor and vulnerable sections of society. While much of the inflation is seen in transport, communication, clothing and footwear products, food inflation is also particularly significant at 8.38 percent in June 2022.[97] Increase in prices of fertilisers and petroleum products has further increased transportation and mechanisation costs, and thus causing a surge in the prices of agricultural products.

The inflation rate in Bangladesh has ballooned to 7.56 percent in June 2022 against approximately 5.36 percent around the same time the previous year—the highest inflation rate in nine years.[98] Indeed, Bangladesh's inflation rate has been consistently rising since January 2021. While this inflation can partly be blamed on the various domestic and international market disruptions caused by the COVID-19 pandemic and the uptick in demand-pull inflation after the pandemic had stabilised, the Russia-Ukraine war has not augured well for global inflation either, especially in terms of rising prices for necessary commodities like food and energy.

Figure 14
Inflation Rate in Bangladesh (2021-2022)

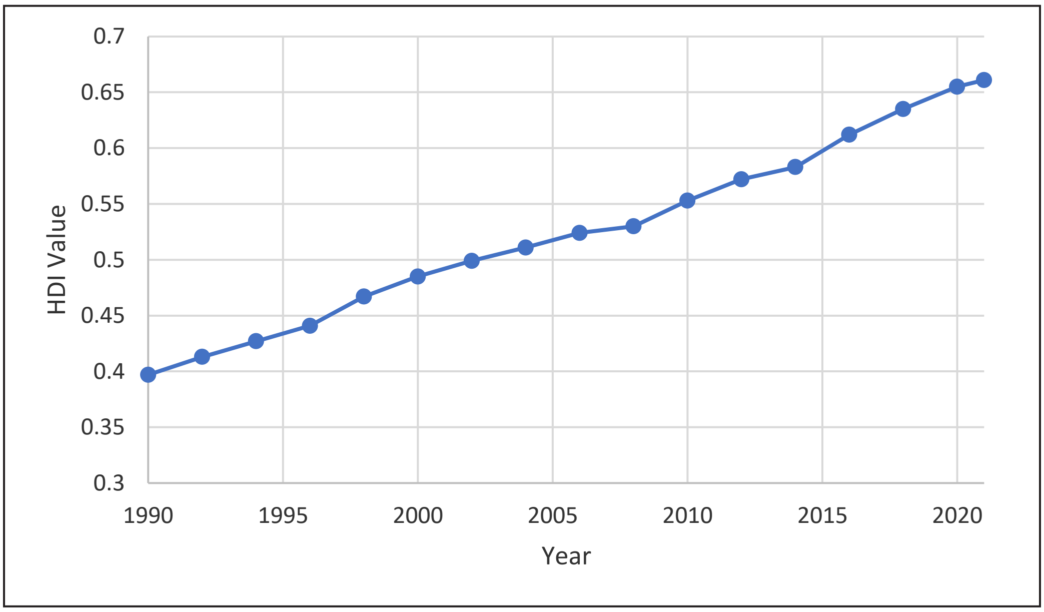


Source: Authors' own, data from Bangladesh Bank[99]

Previous research on the Bangladesh economy shows that government expenditures increase and adjust themselves more rapidly to inflationary pressures than government revenues—which further widens the fiscal deficits in the country.[100] Again, in accordance with the 'twin deficits hypothesis', the fiscal deficits have strong positive causality on the trade balance, and hence current account deficits and the BOP. This leads to further depletion of FOREX, thus introducing inflationary pressures on the domestic economy. Although this self-sustaining, perverse cycle of macroeconomic forces is stronger for developing economies, especially when they are faced with such massive exogenous shocks like the pandemic or the prolonged Ukraine conflict—strong structural changes in the domestic economy are required for Bangladesh to pry itself from this vicious loop.

Bangladesh's Human Development Index (HDI) score has seen a continuous rise due to an upward trend in indicators such as life expectancy, expected years of schooling, mean years of schooling, and per capita Gross National Income (GNI). In the 2020 index, Bangladesh ranked 133 out of 189 countries (with a score of 0.655 out of 1), while in the HDI report of 2022, it improved to a rank of 129 out of 191 countries (at 0.661). It is ahead of a number of immediate neighbours such as India (132nd), Nepal (143rd), Pakistan (161st), and Afghanistan (180th).[101]

Figure 15
HDI Trends in Bangladesh (1990-2021)



Source: Authors' own, data from UNDP, HDI trends in Bangladesh[102]

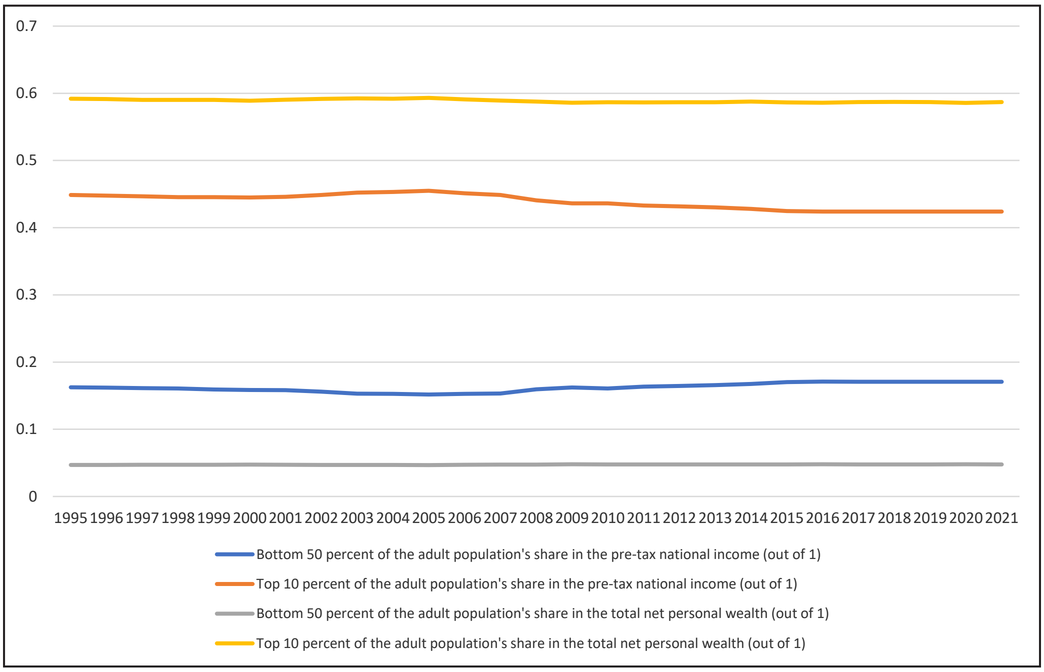
The country at present sits in the 'Medium Human Development' Group, as defined by UN. However, the problem of income inequality—which has historically plagued the country—continues to loom large despite falling poverty levels over the years. The country's Gini coefficient[I] went up from 0.456 in 2010 to 0.482 in 2016.[103]

I The Gini coefficient is a country's economic measure of inequality, where a score of 0 and 1 denotes perfect equality and perfect inequality in the economy, respectively.

Between 1995 and 2021, the percentage share in the pre-tax national income of the bottom 50 percent of the adult population has moved from 16.25 percent to 17.08 percent, while for the top 10 percent, from 44.88 percent to 42.40 percent. During the same time period, the percentage share in the total net personal wealth of the bottom 50 percent of the adult population has changed only from 4.69 percent to 4.77 percent; and for the top 10 percent of the adult population, from 59.2 percent to 58.7 percent.[104]

Figure 16

Income and Wealth Inequality in Bangladesh (1995-2021)

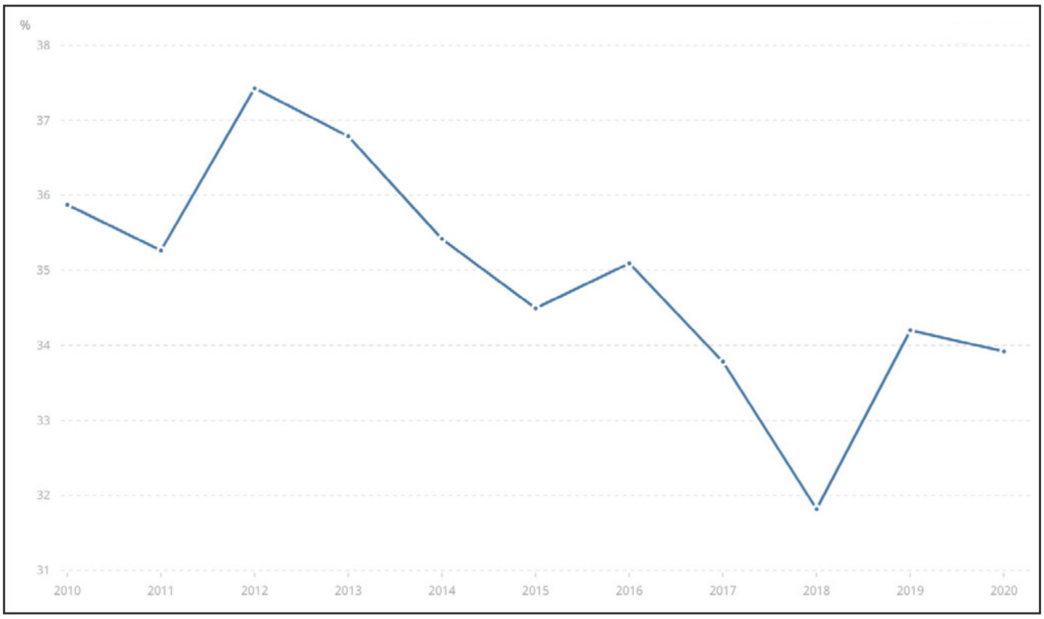


Source: Authors' own, data from World Inequality Database[105]

Bangladesh's economy is indeed characterised by a falling trend in gross savings in the last decade – from 35.9 percent of Gross National Income (GNI) in 2010 to 33.9 percent of GNI in 2020.[106] This has two implications. First, as savings induce investments, especially for developing nations, a declining trend in the former dampens asset creation, production and employment—thus deteriorating a sustainable growth pattern in the economy.[107] Second, if household savings are not adequately channelled to infrastructure building, especially through government infrastructure projects, it adds to the fiscal burden induced by unsustainable infrastructure expenditure that Bangladesh's government is already suffering from.

Figure 17

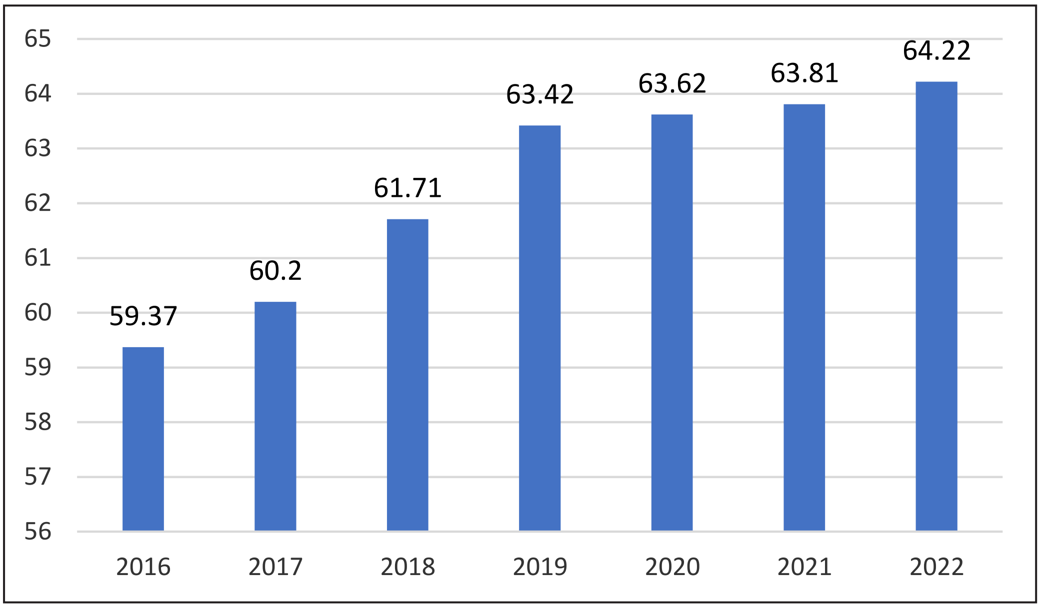
Bangladesh's Gross Savings (Percentage of GNI, 2010-2020)



Source: The World Bank, Gross Savings (% of GNI)[108]

An imperative for Bangladesh is to reduce inequality and make the growth process more inclusive, in tandem with fundamental principle of the UN Development Agenda 2030 to "leave no one behind." Bangladesh has slowly but consistently risen in its overall SDG score in the recent years, from 59.37 (out of 100) in 2016 to 64.22 (with a rank of 104 out of 163 nations) in 2022. Its performance, though, in comparison with other countries in the East and South Asia region, continues to lag, ranking 14 out of 19 countries in the region ahead of only Pakistan, India, Lao PDR, Mongolia, and Cambodia.[109] Other crucial challenges to sustainable development in the country include the integration of coastal communities in the government's national plans, illicit financial flows and insufficient resource mobilisation, and building more democratic institutions to achieve the SDGs.[110]

Figure 18
Overall SDG Score (out of 100) of Bangladesh (2016-2022)



Source: Authors' own, data from Sustainable Development Report 2022, Cambridge University Press[111]

A remarkable element of Bangladesh's progress on various socio-economic indicators is that it is enabled by the extensive presence of small and large-scale non-government organisations (NGOs) that work towards improving access to basic services such as sanitation and water supply at village levels. This model has also led to more women participation in public spaces and households—translating into notable improvements in children's health and education as well as average life expectancy.[112] While historically, there is a moderately unidirectional developmental pattern where institutions in the Global North design implementation strategies which are then executed through local partners, Bangladesh's approach is characterised by the key role of microfinance institutions like Grameen and international development organisations like the Bangladesh Rural Advancement Committee (BRAC). These institutions take ownership of the design, financing, and scaling up, in tandem with local requirements and solutions, leading to more concrete results.

How Can Bangladesh Circumvent an Economic Crisis?

Despite improvements in the societal parameters with impressive rates of growth, the country's economy reveals certain structural flaws that warrant attention. Indeed, amidst the macroeconomic shocks from the global economy in the last couple of years—i.e., pandemic-induced disruptions, extreme climatic events, geopolitical tensions, and an active war—the development task has been difficult especially for countries in the Global South countries which have less resources and low economic resilience. While Bangladesh cannot be said to be sitting amidst an economic crisis at present, and the adversities may be considered short-term, the country should draw lessons from these difficulties in various spheres to combat stagnation and arrest any potential disaster in the domestic economy.

First, although the issue of low diversification in the export basket is a critical problem for Bangladesh, it should continue to take advantage of its strengths in the textile and garments sector. At the same time, the perils of an RMG-concentrated manufacturing sector pose homogeneity risks in the export basket. Not only has the current volatility in the global demand impacted this sector, but the production side is also heavily human labour-dependent and burdened with poor infrastructure. While the service sector does complement the RMG in the short-term, it also provides a strong alternative to the RMG-dominated export mix in the long run.[113]

Second, the tax administration in the country is riddled with corruption and lacks sufficient revenue mobilisation techniques. Moreover, the poor state of the transport system and energy access, with the rise in input costs in recent times have stalled infrastructure projects and widened the fiscal deficits for the government. In fact, according to Bacha's (1990) research,[114] government budget constraints could limit medium-term growth, especially when developing economies such as Bangladesh suffer from strong external financial shocks. It is crucial for the government to undertake, at the soonest, stronger anti-corruption advancements, coupled with structured revenue enhancement through better progressive tax systems[m] and expenditure rationalisation measures.

Third, while the dampening exports of RMGs, rising import bills for necessary commodities such as food and energy, and the direct impact of the fiscal deficits have deteriorated the current account balance, it has to be ameliorated through export promotion strategies and lowering the dependence of Bangladesh's

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m Progressive Tax System is one where the tax rate increases with the taxable amount – where effectively the rich are directly taxed more in comparison to the poor.

exports on imported inputs. The fall in FDI mainly due to an unfavourable business climate has also impacted the capital account, bringing to the fore the BOP precarities for Bangladesh.

Fourth, the interconnected macroeconomic parameters impacted by the recent global events—such as the contraction in remittances, FOREX depletion, and weakening Bangladeshi Taka—have triggered serious concerns for the government to take urgent action to stabilise the domestic economy. This would need to be complemented with adequate social security measures to protect the vulnerable sections of society.

Fifth, the demand-supply gap in the energy sector in Bangladesh needs to be addressed through technological upgrade and a faster transition towards renewable sources to subsume the excess demand without compromising growth. The recent inflationary pressures mainly due to rising food and fuel prices, exacerbated by the Russia-Ukraine conflict pose short- to medium-term threats to the economy, which again provides impetus to create better domestic capacities and diverse global partnerships for resilience in these domains. Sixth, despite Bangladesh's progress on various socio-economic indicators due to its unique model of grassroots development, the country needs to address its inequality issues for sustainable development in the longer horizon. To continue such a development agenda, the government will need to allocate more financial resources to social expenditures. Most importantly, greater volumes of savings and investments need to be stimulated in the economy to catalyse robust economic growth in the years to come.

Yet, another crucial risk awaits the Bangladesh economy. As per a report by the United States Institute of Peace, rapid climate change will soon imperil the country's growth trajectory. Bangladesh's topography is characterised as low-lying, and rising sea levels could displace 15-30 million Bangladeshis from the coastal regions.[115] Migration into urban regions without proper planning and poor governance could exacerbate the situation by increasing the proliferation of slums where living conditions are insecure, at least and at worst, hazardous. Thus, an increased danger of compromised quality of life with pressure on urban resources, slow construction projects, rising urban poverty, and air and water pollution are only some of the spheres that demand immediate attention.

According to World Bank estimates, at least 19 million people are dependent on the forests for their livelihoods. However, urbanisation and infrastructure development that are externalities of rapid economic growth has resulted in extensive land use changes from forests to other uses, thereby affecting the forest ecosystem services that acts as "GDP of the poor"[116]. These ecosystem services also provide highly critical safety nets through their regulatory functioning especially in the face of the impacts of climate change like increasing soil salinity in coastal areas, top soil losses, losses in fisheries, and other provisioning services. Economic loss from environmental degradation stands at approximately US$6.5 billion per year or 3.4 percent of GDP.[117] Though Bangladesh's Social Cost of Carbon (SCC) is less than USD 10,[118] yet any form of mitigation will help reduce the SCC and boost economic productivity, and thereby, GDP. For that, Bangladesh will need foreign grants and technology transfer. At the same time, Bangladesh will also need adaptation funds, as mere mitigation will not help the cause of the large populace in the climatically vulnerable regions. Bangladesh would need to place this demand in a global platform and work with many other small island developing states (SIDS) which are in similarly dire need of financing for climate adaptation.[119]

The seventh point is a word of caution for Bangladesh to avoid falling into China's "debt trap" diplomacy. While there is greater evidence in the African continent[120] that Chinese loans have pushed economies into crises, the cases of Sri Lanka and Pakistan are examples in Bangladesh's South Asian neighbourhood. At the same time, Bangladesh shares cordial relations with its immediate neighbour, India, whose development cooperation model is demand-driven.[121] It would benefit Bangladesh to engage with India in development partnership projects.

> "Bangladesh is not sitting amidst a crisis yet, but it should draw lessons from the challenges to arrest any potential disaster in the economy."

Conclusion

Bangladesh's economic situation does not appear to be as distressing at the moment as that of Sri Lanka or Pakistan, both of which have not only failed in fulfilling domestic goals but are also burdened by massive debt servicing commitments. Bangladesh's external debt-to-GDP ratio stands at 11.87 percent, far lower than the IMF-mandated threshold of 40 percent. Even adding the country's domestic debt-to-GDP ratio of 19.55 percent, the total debt-to-GDP ratio remains at 31.42 percent, as of March 2022—raising no concerns regarding its domestic and foreign debt situation.[122]

Nonetheless, the country's external debt-to-export ratio is at 125, far higher than many South Asian and Southeast Asian countries such as Vietnam (25), Maldives (90), Bhutan (18), and Nepal (30). Although the ratio is far below IMF's threshold of 240, Bangladesh's high indicator and its upward tendency in recent years since 2018, raises concerns towards the pressure on the country to repay its foreign debts.[123] Nevertheless, the country's short-term debt (as percentage of total external debt) had reduced marginally from 23 percent in 2017 to 16.2 percent 2020.[124] It will need to strengthen the performance of its export sector to ameliorate these tensions in macroeconomic parameters.

The early signs of a growth slump are coming to the surface, exacerbated by exogenous macroeconomic shocks induced by Covid-19 and the Ukraine conflict. A deep understanding of the structural vulnerabilities in Bangladesh's economy can help ensure action towards economic growth and sustainable development in the longer horizon.

An immediate imperative is to expand the immediate social protection measures for the poor sections of society who are most impacted by the changing world order. Any macroeconomic restructuring in Bangladesh must be guided by the basic tenets of inclusive progress.

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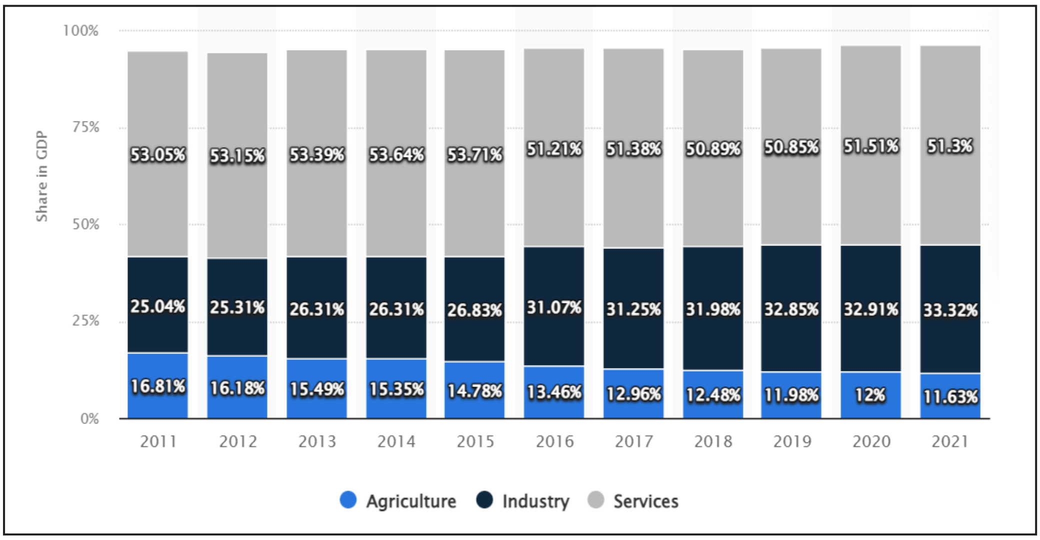
Nilanjan Ghash *is Director of CNED, and ORF's Kolkata Centre.*

Appendices

Annexure

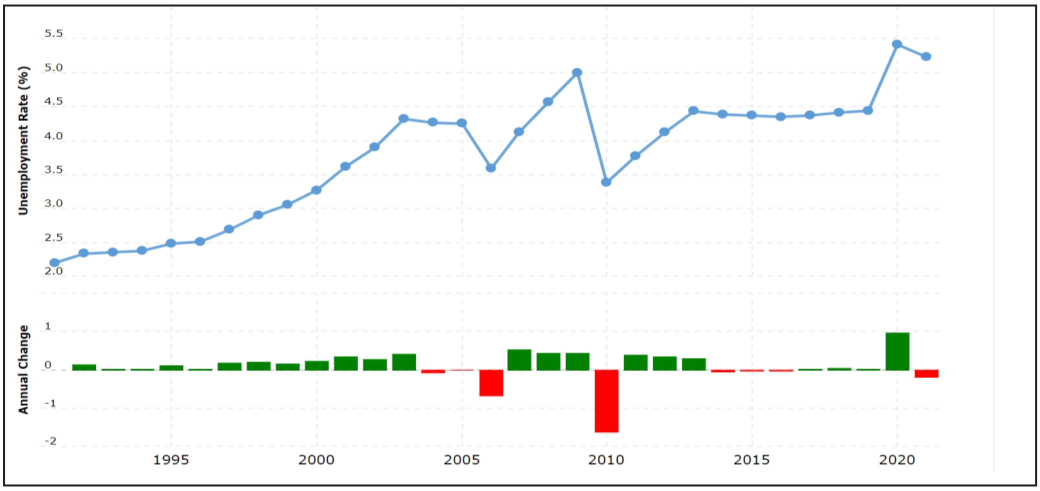
Figure A
Bangladesh's Sector-wise Breakdown of GDP (2011 - 2021)



Source: The World Bank[125]

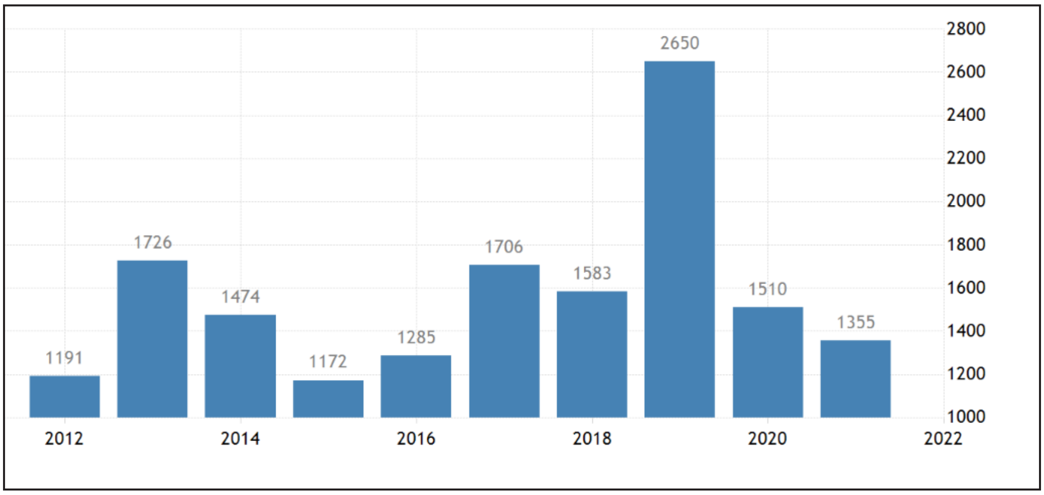
Appendices

Figure B
Unemployment Rate in Bangladesh (1991-2021)



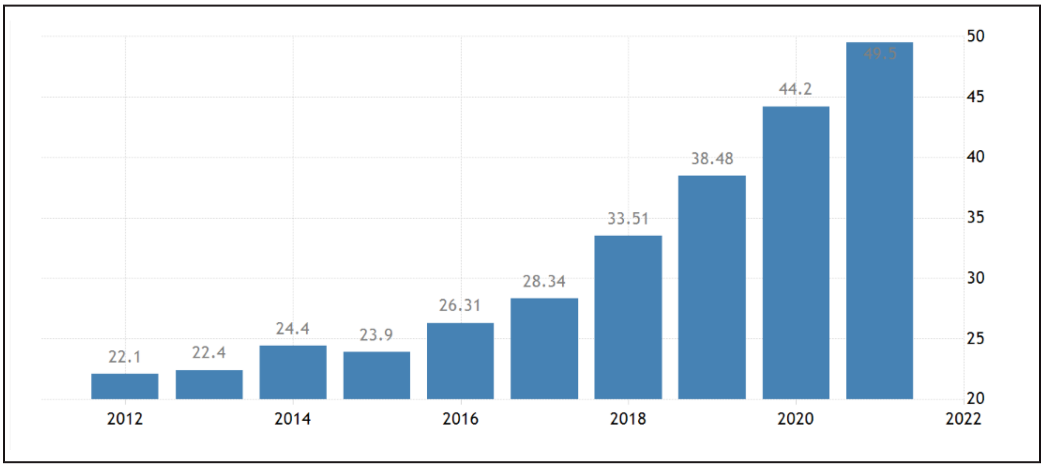
Source: The World Bank[126]

Figure C
Foreign Direct Investment in Bangladesh (US$ Million) (2012-2022)



Source: *Bangladesh Bank*[127]

Figure D
Bangladesh's Outstanding External Debt (US$ Billion) (2012-2022)



Source: *Bangladesh Bank*[128]

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