Economy of Bangladesh

Widening industrial base of the economy

In this paper, the sector of production of goods and services and sectoral advantage in productivity including export and import are discussed. Problem and prospects are also described to determine the constraint to development. The importance of export of Ready-Made Garments (RMG) and Man Power in particular and their prospects are high-lighted. According to wkipedia, the economy of Bangladesh is a rapidly developing market-based economy. Its per capita income in 2010 was estimated at US$1,700 (adjusted by purchasing power parity). According to the International Monetary Fund (IMF), Bangladesh ranked as the 43rd largest economy in the World (2010) in PPP terms and 57th largest in nominal terms, among the Next Eleven or N-11 of Goldman Sachs and D-8 economies with a gross domestic product of US$269.3 billion in PPP terms and US$104.9 billion in nominal terms. The economy has been growning at the rate of 6-7% per annum over the past few years. More than half of the GDP is generated by the service sector. Nearly about 45% of Bangladeshis are employed in the agriculture sector. Other goods produced are textiles, jute, fish, vegetables, fruit, leather and leather goods, ceramics and ready made goods including Ready Made Garments (RMG) etc.

Remittance from Bangladeshis working overseas, mainly in the Middle East, is the major source of foreign exchange earnings. Exports of garments and textiles are the other major sources of foreign exchange earnings. Ship building and cane cultivation have become another major force of growth. Sound financial control and regulation has contributed to the rapid growth of GDP. However, foreign direct investment (FDI) is yet to rise significantly. Bangladesh has made major strides in its human development index (HDI).

The land is devoted mainly to rice and jute cultivation as well as fruits, vegetables and other produce. The wheat production has increased in recent years. The country is about self-sufficient in rice production. Bangladesh's rapid growth of its agricultural industries is due to its fertile and deltaic land which depends on its six seasons and multiple harvests. Transportation, communication, water distribution and energy infrastructure are rapidly developing. Bangladesh is limited in its reserves of oil. But recently there has been a huge development in gas and coal mining. Very recently our energy experts have discovered two oil field in Shylet namely, Horipur and Kailash Tila. These two sources together have a stock of oil equivalent to 13,00,00,000 barrel. Out of this stock about 40% or 5,00,00,000 barrel we can conveniently explore. As in any other developing country, our agriculture sector is getting relatively less importance in GDP along with expansion of our service sector. The service sector has expanded rapidly during the last two decades. The country's industrial base remains very positive. We have been facing a development phase of transition from agriculture to industry. Among the industry, labor intensive industries ones are very important because the country's main endowments include its vast human resource base, fertile agricultural land, relatively abundant water, and substantial reserves of natural gas. With the blessing of possessing Bangladesh has the World's only natural sea ports in Chittagong and Mongla. The Chittagong port has been the only central port linking two large burgeoning economic hub groups SAARC and ASEAN.

In the year 2011, total GDP of Bangladesh is $282.5 billion; GDP growth rate 6.3% (2012) and GDP per capita (2011) $1,700. GDP by sector in Bangladesh is the following (2011): Agriculture 18.4%, industry 28.6% and Services 53%. According to the consumer price index (CPI) is inflation 10.7% (2012). Population below poverty line is 31.5% (2012). Total labor force is 75.42 million (2012). Labor force by occupation (2008) is the following: Agriculture 45%, Industry 30% and Service 25%. Unemployment rate is estimated at 5% during 2012. It is noteworthy that about 40% of population is under employed or less then fully employed. Many participants in the labor force work only a few weeks per year at low wage. Youth unemployment (age 15-24) rate is 9.3% of which male is 8% and female 13.6% (2006). Highest 10% of the household has income and consumption of 26.6% of the total. Main industry in Bangladesh are the following: textiles and apparel, jute, tea, leather, telecommunication, pharmaceuticals, cement, ceramics, shipbuilding, fertilizer, food processing, paper, newsprint, light engineering, sugar, fisheries, rubber, ship repairing and agriculture.

In 2012, total export of Bangladesh is estimated at $24.28 billion. Among the export goods are: apparel, ships, jute and jute products, frozen fish and sea food, leather and leather products. Main export partners are US 22.1%, Germany 14.1%, UK 8.5%, France 6.8%, Netherland 6.1% (2010). Bangladesh is an import-dependent countries, because of which we don't have enough foreign reserve in Bangladesh Bank (BB). Total import is of $ 30 billion during 2012. It means that our balance of trade is negative almost every other year. Between the import goods the most important ones are the following: machinery and equipment, chemicals, iron and steel, textiles, foodstuffs, petroleum products and cement etc. Among the main import partners are China 18.9%, India 12.7%, Singapore 6%, Malaysia 4.7%, Japan 4% (2010) etc. Gross external debt is \$24.6 billion (2010), which is equivalent to the total export earning of \$24.28 billions (2012). Public debt is 36.7% of GDP (2012).

As found in middle income countries, Bangladesh is in process of a transition phase from agriculture-to-industry. Contribution to GDP by service sector has been increasing to more than 50% and agriculture has been decreasing to less than 20%. The country has been facing the problem from the lack of energy. The country has also been able to discover a few and new sources of energy including oil and gas etc here and there around the country. We are very much hopeful that with the stable politics, political activity, democracy, strong law and order and the judiciary system in addition to moral improvement will help Bangladesh to be included in the middle income countries in the near future.

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