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Economic growth acceleration ...

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This leads to delayed implementation and inevitable cost overruns. As regards to increasing the productivity as well as raising the level of private sector investment, addressing infrastructural and energy deficiencies is a key imperative. Public sector investment is an important pre-requisite in this regard. There are many projects to address these deficiencies, but delayed implementation deters private sector investment. Some glaring examples of such delays are Sonadia deep sea port, Payra sea port, Matarbari coal-fired power plant, Rampal thermal power plant, and liquefied natural gas terminal.

The other problems that deter private sector investment are political uncertainty, inhospitable business environment and inadequate availability of land. Bangladesh scores abysmally low in the World Bank's "Doing Business Indicators" and World Economic Forum's "Global Competitiveness Index". The programme of establishing special economic zones to alleviate the problem regarding land is yet to gain sufficient momentum.

LABOUR FORCE

Labour is an important determinant of growth. The growth of labour force has made a notable contribution to GDP growth in Bangladesh. In terms of growth of labour force, Bangladesh stands at about the middle position among 12 Asian countries. However, there is reason for optimism in respect to increasing the growth of labour force. Participation of female workers, despite considerable engagement in the readymade garments industry, is still lower than in several other countries (Table 3). Besides, Bangladesh has a high proportion of population in the 0-14 age group. These children will soon join the labour force. The overall population growth remains substantial. These constitute the basis for the oft-mentioned demographic dividend.

The policy implication of the abovementioned dynamics is that Bangladesh should accelerate the growth of its labour force with particular emphasis on increasing the participation of women. Besides,

attention has to be paid to increasing labour productivity for which education is an important ingredient (discussed later).

EXPORT

It is generally agreed that export has been an important driver of economic growth in Bangladesh. Export as proportion of GDP rose from a paltry 4.9% in 1985 to 19% in 2014. Nevertheless, this proportion is the second lowest among the 12 countries listed in Table 2. Given the labour dynamics noted above and the progress already attained, there exists immense potential for significant expansion of exports. Moreover, Bangladesh enjoys duty-



free access to many developed country and some developing country markets. The actions needed to exploit this potential would include:

- (a) increasing the share of existing products in the global markets. There is scope for increasing the volume of exports of RMGs, which already account for over 80% of export earnings. The reason is that though Bangladesh has emerged as the second largest exporter of readymade garments, its volume is quite small in comparison with that of China which retains its position as the largest exporter;
- (b) More attention needs to be paid to the diversification of exports. Several

studies conducted by Policy Research Institute show that tariff policies in Bangladesh generally create anti-export bias for new products. Such bias should be eliminated; (c) The government and the private sector should actively collaborate to diversify the markets for exports. As of now, the number of markets for our exports is rather limited.

REMITTANCE

Remittance by Bangladeshi workers employed abroad has made a notable contribution to the country's GDP, particularly by supporting consumption, and thus aggregate demand. Remittance as a

percentage, greater attention needs to be paid to education. As of 2013, Bangladesh had the second lowest gross enrolment ratio at the tertiary and secondary levels (Table 4). Enrolment at these levels must be increased. The quality of education must be improved and market-relevant skills must be imparted. CONCLUDING OBSERVATIONS Bangladesh has done reasonably well in accelerating GDP growth over time. However, during the last few years, growth has remained static at above 6%. The country has the potential to get out of the 6% trap and raise the rate to 7% and higher. In order to realise this

potential, we have to take the following steps:

- Increase investment-GDP ratio through higher levels of private investment as well as cost effective public sector investment;
- Encourage greater participation of women in the labour force;
- Increase exports and remittance;
- Expand opportunities for education in the secondary and tertiary levels, with emphasis on imparting market-relevant skills.

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Table 1: Selected Asian countries: Average growth of GDP

Country	GDP growth (2000-2010)	GDP growth (2011-2015)
Bangladesh	5.9	6.2
Cambodia	8.7	7.2
China	10.8	7.9
India	8.0	6.8
Indonesia	5.3	5.7
Korea	4.1	3.2
Laos	7.2	7.6
Malaysia	5.0	5.2
Pakistan	5.1	3.9
Singapore	6.0	4.0
Sri Lanka	5.6	7.2
Vietnam	7.5	5.8

Source: The World Bank, World Development Indicators, 2012 and Asian Development Bank, Asian development outlook, 2015

Table 2: Investment and exports of goods and services

Country	Investment % of GDP		Exports of goods and services % of GDP	
	2000	2014	2000	2014
Bangladesh	24	29	12	19
Cambodia	18	22	50	62
China	35	46	21	23
India	24	32	13	23
Indonesia	22	35	41	24
Korea	33	29	35	51
Lao PDR	14	30	30	40
Malaysia	27	25	120	74
Pakistan	17	15	13	12
Singapore	35	28	189	188
Sri Lanka	28	28	39	-
Vietnam	27	27	50	86

Source: The World Bank, World Development Indicators, 2015

Table 3: Labour Force

Country	Labour force growth (%) between 2005-14	Female % of labour force in 2014
Bangladesh	2.0	40
Cambodia	2.7	50
China	0.6	44
India	0.7	24
Indonesia	1.6	38
Korea	1.0	42
Lao PDR	2.6	50
Malaysia	2.3	36
Pakistan	3.0	22
Singapore	3.7	44
Sri Lanka	0.6	34
Vietnam	1.8	48

Source: The World Bank, World Development Indicators, 2015

Table 4: Participation in education

Country	Gross enrolment ratio	
	2013	2013
	Secondary (% of relevant age group)	Tertiary (% of relevant age group)
Bangladesh	54	13
Cambodia	-	18
China	92	30
India	71	25
Indonesia	83	32
Korea	97	98
Lao PDR	50	18
Malaysia	71	37
Pakistan	38	10
Sri Lanka	99	19
Vietnam	-	25

Source: The World Bank, World Development Indicators, 2015