

# FROM CHALLENGED BEGINNINGS TO STANDING TALL

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## Transforming Bangladesh into a stable success story

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at the Policy Research Institute (PRI), "Bangladesh has seen both structural transformation and the rise of sectors capable of generating decent foreign exchange earnings, which has helped policymakers sustain comfortable macroeconomic fundamentals". However, in order to maintain the progress that has been made over a long period of time, Bangladesh has to "improve" its "core governance challenges" that include its tax mobilisation capacity, provide some

According to Dr Ahsan Mansur, Executive Director of PRI, the Bangladesh economy also needs a lot more investment from other sources. "To transform Bangladesh into a high-income country, Bangladesh would need to achieve an average GDP growth rate of 9.5 percent between 2020-2040." This will require our Investment-GDP ratio to "be in the range of 40-44 percent of GDP". Currently, that stands at about 30-31 percent of GDP.

by its regulators on how to gradually improve the business environment—the same cannot be said about Bangladesh.

On the other hand, in order to attract more of the jobs that have fleeing China, for example, Bangladesh needs to spend much more on education, training and increasing the productivity of its workers. In that regard, if we again look at Vietnam, we see how it has managed to lure investors by following the path of earlier Asian tigers—strengthening its labour pool.

Undoubtedly the governments needs to invest heavily for Bangladesh's growth to continue. And for that it needs huge revenue to cover the expenses in a sustainable manner. Bangladesh needs to invest in physical infrastructure as well as investment in social sectors like health, education, poverty reduction, etc. But our public sector seems to lack the necessary resources. Our Tax/GDP ratio is extremely low and is currently falling—it was 11 percent of GDP in 2010 and declined to 8.9 percent by 2019. The government has to find ways to reverse this.

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Despite these challenges, experts do see Bangladesh as having excellent prospects. However, there are some risks that policymakers must take into account. For starters, historically when a country's economy takes off, corruption, cronyism and inequality tends to increase and sometimes that can even stall the growth process if left unchecked. Bangladesh is no exception to that rule and policymakers must actively try and address corruption—rather than pursue policies that only seeks to serve the elite class.

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relief to its overburdened judiciary and improve its currently inadequate bureaucracy.

Another massive challenge is improving the ease of doing business. If we look at a country like Vietnam, which ranks 70th on the World Bank's business environment table—while Bangladesh is a distant 168th—we can see that Bangladesh still has a long way to go. According to some experts, the reason behind Vietnam's success is its limited red tape as well as the understanding demonstrated



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