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On the road to the trillionaire's club

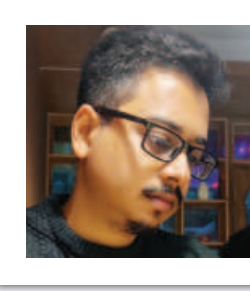
ERESH OMAR JAMAL

Today, Bangladesh boasts an impressive GDP size of \$455.2 billion, estimated to be the 33rd biggest economy in the world in nominal terms, and is ranked 25th in the world in terms of purchasing power parity (PPP). According to HSBC and others, Bangladesh looks to be on track to become the biggest mover in the economic rankings in the near future—to become the 28th largest economy by 2030 and the 25th in 2035.

In 2019, right before Covid-19 hit, the Asian Development Bank said that Bangladesh had achieved the fastest economic growth in the Asia-Pacific—comprised of 45 countries—in FY2018-19 at 7.9 percent, and

economic achievements we have made in recent years, or are on the cusp of making. However, one in particular may stand out from the others. And that is, Bangladesh's dream of joining the trillionaire's club.

As of 2023, the "trillion-dollar club" included only 19 countries of the world. In late 2022, a study released by the American consulting firm Boston Consulting Group (BCG) revealed that Bangladesh was on course to emerge as a \$1 trillion economy by 2040 if the country grew at an average rate of 5 percent—powered by a surge in middle and affluent consumers, which could drive the domestic consumer market to become the ninth-largest consumer market in the world, as predicted



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VISUAL: TEENI AND TUNI



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could realise this impressive milestone by 2030 if it manages to achieve an average GDP growth of 10 percent.

Just prior to the 15th Brics Summit, Prime Minister Sheikh Hasina said (in August 2023): "I have a dream; the 170 million people of Bangladesh have a dream. And that is, to become a trillion-dollar economy and a fully developed smart nation by 2041." And that dream, surely, is shared by all Bangladeshis, as the prime minister rightly said. According to the Federation of Bangladesh Chambers of Commerce & Industries (FBCCI) president, Bangladesh can achieve that dream much before 2040 because of infrastructural developments, economic growth momentum and confidence and indomitable spirit of local entrepreneurs. And the word confidence is key here.

BCG in its previously mentioned report said that, "consumer optimism in Bangladesh is high. This vital optimism kicked off the virtuous cycle of high growth which

Bangladesh has experienced over the last decade." And, similarly, this optimism will be crucial in continuing to turn the wheel of economic growth.

As with all stories, Bangladesh's economic story has not been without its ups and downs. The recent economic climate—both globally and domestically—has created a number of uncertainties. The liquidity challenges facing many of our banks and businesses, the ongoing foreign exchange risks and the tremendous inflationary pressures on ordinary people in particular are, no doubt, driving down confidence. And that is something that only good governance can rectify.

The liquidity challenges facing our banks, for example, is a direct result of bad governance. When the Awami League came to power in 2009, the amount of defaulted loans stood at Tk 22,481 crore. During its tenure in the government, that amount increased to a mammoth Tk 156,039 crore as of June 2023. This happened despite the

government repeatedly providing scope for defaulters to reschedule their loans and allowing for the real amount of defaulted loans to be understated through accounting manipulation which, if calculated properly, might amount to more than Tk 2 lakh crore, according to Selim Raihan, executive director of the South Asian Network on Economic Modelling (Sanem).

Banks have repeatedly given scope and financing to wilful defaulters—directly under the noses of our regulators—many of whom, even a child could correctly guess, had no intentions of repaying their loans. As a result, the banking sector has not only failed miserably to optimise resource allocation—which, under ideal conditions, is a key function of the banking sector of any economy—but it has done quite the opposite by diverting resources towards the most unproductive and unrewarding (for the majority of people) ventures.

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Mastercard recently predicted that Bangladesh will be the second fastest growing economy in the year 2024 among 46 countries.

DESIGN: FATIMA JAHAN ENA

could have possibly achieved a growth of 8 percent had the pandemic not hit. Mastercard recently predicted that Bangladesh will be the second fastest growing economy in the year 2024 among 46 countries—from different regions—that are all fighting hard to recover post-pandemic. I can go on and on about the many impressive

by HSBC also. With an average annual economic growth of 6.4 percent between 2016 and 2021, achieving an average growth rate of 5 percent sounds more than doable for Bangladesh. And what sounds even more enticing—although perhaps somewhat unrealistic without significant reforms and even luck going our way—is the fact that Bangladesh



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