



Can we overcome our economic woes?

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If you've been to a grocery store in Bangladesh lately, you've probably felt the sting of rising prices. For months, Bangladeshis have watched their purchasing power shrink as prices soared. Household spending ballooned, wages stagnated and economic frustration ran deep. But January brought a glimmer of relief— inflation has eased for the second straight month, offering a brief breather for struggling households.

The country's benchmark for measuring inflation, the Consumer Price Index, dipped to 9.94 percent in January from 10.89 percent in December. The biggest shift? Food inflation dropped to 10.72 percent from 12.92 percent, thanks to an influx of winter vegetables that helped stabilise prices. For families grappling with rising costs, this seasonal price dip has offered some respite.

Yet, while these numbers bring some good news, they don't change the bigger picture. For nearly two years, inflation has battered household budgets, forcing families to cut back on essentials. Wages haven't kept up, businesses are still struggling and the country's deeper economic flaws remain unresolved. The interim government, which came to power after the 2024 uprising, promised relief. But instead of taming the beast, they've been tossing out poorly thought-out policies that haven't made a dent. On top of everything else, the government raised the value-added tax on everyday goods. That backfired. Price monitoring? Mostly just talk.

But let's rewind a little. The mess didn't start with the interim government—it was years in the making. The previous administration, led by Sheikh Hasina, spent years talking up Bangladesh's economic success story, pointing to rising GDP numbers and megaprojects as proof of progress. But beneath the

shiny infrastructure and flashy growth rates, cracks were forming. Inflation was creeping up, debt was piling on, and economic inequality was widening.

Hasina's go-to move was to blame external factors—global oil prices, supply chain disruptions and the pandemic. And while those things played a role, the real issue was a failure to prepare for economic shocks. There was little investment in food security, little effort to rein in monopolies controlling essential goods, and almost no real reforms to make Bangladesh's economy more resilient.

A recent report from the task force on economic reforms doesn't hold back. It details how years of policy missteps,

The government keeps trying to put out the inflation fire, but so far, their efforts seem to be adding more smoke than relief.

PHOTO: AFP



- » Bangladesh is grappling with soaring inflation, with consumer prices rising faster than wages, leaving households struggling.
- » Years of economic mismanagement, excessive borrowing, and corruption under the previous government laid the foundation for today's crisis.
- » The banking and energy sectors suffered from unchecked corruption, bad loans, and unsustainable subsidies, worsening economic instability.
- » Despite promises of reform, the interim government's policies have largely failed to control inflation or address structural inefficiencies.
- » Without urgent economic reforms, including breaking monopolies and tackling corruption, Bangladesh risks deeper financial and political turmoil.

unregulated borrowing, and crony capitalism during Hasina's tenure laid the foundation for today's economic crisis. The banking sector? "A bottomless mine of public funds indiscriminately extracted by a kleptocratic government," the task force said. The energy sector? Drowning in subsidies and mismanagement. Food prices? Manipulated by cartels that

operated under the government's nose.

The economic chaos we're seeing now isn't just the result of global inflation or some temporary post-pandemic hiccup. A litany of policy failures made the crisis worse. One of the biggest problems was the government's addiction to borrowing. The Hasina administration loved big infrastructure projects—roads and bridges—but much of it was funded

through unsustainable borrowing. Bangladesh's debt-to-GDP ratio soared, and when global economic conditions worsened, the country found itself trapped.

Then there was the energy crisis. Under Hasina, the government poured billions into subsidies for quick rental power plants—short-term electricity solutions that were supposed to be temporary but ended up draining public funds. Meanwhile, long-term investments in sustainable energy and local gas exploration were neglected. So, when global fuel prices surged, Bangladesh was left scrambling.

One particularly damning section in the task force report highlights how food inflation, which has been running between 10-14 percent since early 2023, was made worse by structural inefficiencies that were never addressed. The previous government ignored supply chain inefficiencies, allowing middlemen to take a cut at every stage, driving up prices for consumers. Rice, wheat, and oil prices didn't just rise because of global shocks—years of unchecked corruption and poor governance played a major role too.

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