

Economic Growth in Bangladesh: An Econometric Investigation

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ABSTRACT

Bangladesh's sustained economic growth makes it one of the fastest growing economies. Rapid Growth has been the increasing in the journey of the Bangladesh economy over the last few decades. Albeit, Bangladesh has a *strong track record of growth, the economy needs increasing growth rate for future progress. Hence, it will be helpful to discover the anatomy of economic growth of Bangladesh. It is of significance to evaluate the pattern of economic growth. The study aims to investigate the pattern of economic growth in econometric nature. A decade-wise investigation has been conducted for economic growth. To investigate the pattern of economic growth, linear trend models and time series graphs have been drawn. The study reveals that Bangladesh has demonstrated the competence to achieve significant economic growth. The positive trend of per capita GDP has proved the national endeavors to growth despite the challenges and impediments in different decades. The study suggests discovery of natural resources, proper utilization and allocation of natural resources to promote economic growth in the long run. Policies should be aimed at restraining misuse and misallocation of resources. Preferential policies should be adopted to promote manufacturing sector for its remarkable contribution to growth trajectory.*

Keywords: Economic Growth, Per Capita GDP, Trend Model, Decade, Bangladesh

INTRODUCTION

Economic growth portrays the performance of an economy. An economy overcomes the underdeveloped stage and jumps to develop by achieving economic growth. Economic growth ensures the utilization of natural resources, expansion of productive services, creation of employment opportunities and better standard of living. People can access more opportunities after meeting basic fundamental human rights. The economic fortune of a nation is determined by economic growth. The socio-economic development is possible only when a nation achieves growth. Economic growth is the single most significant and prime indicator of economic success and development of a nation in the long run (Samuelson & Nordhaus, 1998).

Bangladesh has to work hard to achieve growth dynamics as growth is the single most leading factor to change the sluggish or fragile scenario of economy and society. Since 1970s, prudent fiscal and monetary policy, modernization of agriculture sector, new industrial strategy, development of agricultural research, new service oriented business, encouragement of entrepreneurship, expansion of ICT, infrastructural development, higher literacy rate, health awareness of people, human resource development program, liberal trade policy, cooperation of international agencies and support of financial system are the contributors to

achieve around 7% growth rate.

In April, 2024 World Bank assert Bangladesh has a vigorous achievement of growth, even in the mid of high global vagueness. A potential demographic dividend, active remittance inflows, Robust ready-made garment exports, and unwavering macroeconomic environment have supported swift economic growth more than the past two decades. The country tells a noteworthy tale of poverty diminution. In 2015, Bangladesh reached lower-middle income position and on the way to graduate from the UN's Least Developed Countries (LDC) list in 2026.

Nonetheless, Bangladesh is still dealing with a number of socioeconomic issues. Bangladesh is ranked 101st out of 166 nations with an SDG rating of 65.9, according to the Sustainable Development Report 2023. This is lower than the indexes of Vietnam, Indonesia, but higher than those of India (63.5) and Pakistan (59.0). Currently, the country is dealing with its severe macroeconomic issues as a result the SDGs will cost Bangladesh a great deal of money. As a way to achieve this, it will be required to mobilize and make effective use of a variety of sources of funding, including public-private partnerships, foreign aid, revenue from domestic sources, and private investment.

Bangladesh wants to be one of the middle income countries by 2021. When the per capita income crosses US\$1000, World Bank declares Bangladesh as a country of lower middle income in 2016. Now Bangladesh is in a challenge of how to accelerate growth. To grow faster in future, it is in need to know what causes previous growth and how to grow rapidly in future. The present study aims at examining the trend of BD's economic growth. The study has aimed to conduct the graphical analysis of economic growth and estimate the linear trend models to reach the answer of the pattern of growth. The study provides an overview of economic growth of Bangladesh. A decade-wise econometric investigation of economic growth has been revealed. The study has ended with policy recommendations. The recommended policies are expected to be helpful for the economy to grow.

Research Objective

Following the research questions and discovering the gap in the literature of the problem area, the study has been designed to address the pattern of economic growth. So, the objective is:

- i) to investigate the pattern of economic growth in Bangladesh

Research Question

Focusing on the above discussion, it seems appropriate to put forward the question which is important to know for economic growth acceleration and policy interventions. The present study necessitates evaluating the following question.

- how is the pattern of economic growth of Bangladesh?

The question is derived from the postulation that economic growth is the key to overall development of a country. Bangladesh's economy has grown along with social development. The question will address the trend, seasonality, cyclical behavior and irregularities in growth path. The question will ultimately uncover the factors behind growth along with the impediments.

LITERATURE REVIEW

Economic growth is the percentage change of an economy's total production of final tangible and intangible products in a given time interval. The growth is usually measured by growth of nominal GDP, real GDP,

nominal per capita GDP and real per capita GDP. An outward shift of Production Possibility Frontier (PPF) portrays economic growth of the country (Parkin, 2012).

Economic growth depends on four factors of production, *i.e.*, land, labour, capital and entrepreneurship. These factors have been considered in various ways by economic growth theorist. Different theories on economic growth in different phases are discussed below.

- **Classical View:**

Father of modern economics, **Adam Smith** contributes to economic growth theories by finding out the important factors of production and the process of economic growth. In his monumental book entitled ‘An Inquiry into the Nature and Causes of the Wealth of Nations’ (1776), Smith postulates both land and accumulation of capital give birth to production expansion. Expansion of domestic production and standard of living are primarily determined by investment and capital collection. Increasing returns to scale and specialized labour force contribute to growth. Where increasing returns to scale comes from specialization of labour force which is also termed as division of labour. The extent of division of labour and savings out of profit retained by industry and agriculture sector determine investment. Labour productivity is based on the division of labour. Smith suggests that the scale of the economy limits the division of labour. Smith gives arguments in favor of free trade, and zero control of government over the domestic market mechanism for growth. Smith views economic progress a self-generating mechanism. His vision to progress is optimistic combined with increasing returns to scale based on division of labour (Thirlwall, 2003).

Malthus views production expansion in a different way in 1798. His vision is pessimistic. He argues that as population increase gradually, land will be scarce. People use land both for shelter and food. So, lower arable land is left for food production. On the other hand, the labour force is rising and placing pressure on the prospect of jobs. As land is fixed and more workers are working with the same piece of land, output grows at diminishing returns to scale. Real wage rate is going to be reduced due to declining marginal product resulting from the hike of labour land ratio (Samuelson & Nordhaus, 1998).

David Ricardo in his book named ‘Principles of Political Economy and Taxation’ published in 1817, reveals that capitalism creates stationary state with no growth and diminishing returns in agriculture sector. But Ricardo emphasizes the need of capital formation in growth process where reinvested profits generate capital. Ricardo advocates withdrawing all types of taxes and duties on factors of production because duties reduce capital accumulation indicating slow economic growth (Thirlwall, 2003).

Karl Marx contributes to growth theory while finding the causes of expiration of capitalism in his famous book ‘Das Capital in 1867. Marx focuses capital as prime productive input and determinant of growth. The capital is created by the capitalist surplus. He predicts that capitalism will expire due to crises originating from excess production and social upheaval (Thirlwall, 2003).

- **Modern Growth Theory:**

Roy Harrod and Evesy Domar express their valuable opinions on economic growth in their well-known papers published in 1939 and 1946 respectively. According to their opinion, households spend a portion of current income for consumption at present. The part of households which is not spent is the saving. The saving is the leakage in the circular flow of macroeconomic activity. On the contrary, firms do production for the economy. For production, firms need funds. Households’ saving reaches to firms through financial institutions of the economy. When households’ saving is at the hand of firms then it becomes the injections to macroeconomic activity. The Harrod-Domer model specifies the importance of saving and investment for growth process. The model necessitates the relation of saving and investment by the following equation:

Saving = Investment

Firms use the fund to offset the depreciation and to purchase new capital equipment for further production. If there is an increment to existing capital stock after meeting depreciation, economic growth takes place. Growth also relies on capital's capacity to generate production or the ratio of capital output. Growth rate is positively related with saving and negatively with capital output ratio (Ray, 2003).

- **Neo Classical Growth Theory:**

Neo Classical Growth Theory was first introduced by **Robert Solow** in 1956. Neo classical theory of growth emphasizes labour and capital as the two important factors of production. Technology is an independent factor influencing the production. The rate of technological development is determined exogenously. So, Solow's model sometimes is termed as exogenous model of economic growth. Solow utilizes the following aggregate production function:

$$Y = k^a A L^{1-a}$$

Where,

Y denotes gross domestic product;

K is the capital stock;

L is the labour force; and

A denotes labour productivity (labour productivity growth rate is exogenous)

Capital and labour jointly determines the production. The prime ingredients are capital and technological advancement. These two are the major forces in the production process. Solow's model postulates diminishing returns to scale of labour and capital. In the long run growth is explained by technological development (Todaro & Smith, 2005).

- **Endogenous Growth Theory:**

This approach explains technological advancement as an endogenous factor. For growth, saving and investment in physical capital are integral. But economy needs to invest in human capital. Human capital is formed by education, work experience and training. Human capital in everyday language is the skilled and efficient labour force. Skilled and efficient labour force can operate the physical capital such as machineries, tools and equipment properly. Labour, if skilled, can generate new ideas, do more research, and find out new techniques to production. So, investment in human capital paves the way for technological development. Then growth occurs due to human capital formation embedded with new technology (Todaro & Smith, 2005).

Three factors or components of economic growth are of prime importance in any society: capital accumulation, growth in population and hence eventual growth in the labor force and technological progress (Todaro & Smith, 2005, p. 79).

Economic growth comes from technological change and capital accumulation. Technological change is the development of new goods and of better ways of producing goods and services. Capital accumulation is the growth of capital resources including human capital" (Parkin, 2012, p. 36).

The engine of economic progress must ride on the same four wheels, no matter how rich or poor the country” (Samuelson & Nordhaus, 1998, p. 519). Economic growth necessitates the usage of four factors of production namely land, labour, capital and entrepreneurship. Capital accumulation and technological development (Blanchard 2000; McCornell & Brue, 2005; Lovewell, 2005), labour quality, natural resources and efficiency (McCornell & Brue 2005; Lovewell, 2005) and social, political and legal factors (Lovewell, 2005) promote economic growth.

Chowdhury, Hamid & Akhi (2019) observed that independent variables (inflation, exchange rate and household consumption expenditures growth) explained 75.60% of the variability of GDP and the connection is also found statistically significant at 95% confidence level. As a result, this study has accomplished that macroeconomic variables have noteworthy effect on the economic growth of Bangladesh.

Rahman and Hossain (2014) analyze the relationship between agriculture sector and economic growth in Bangladesh. The study shows that the agricultural sector has had a huge influence on economic growth. The study uses value of agricultural GDP to denote agriculture sector and GDP to represent economic growth for the period 1973-74 to 2010-11. A unidirectional relationship exists from agricultural GDP to GDP. Test of co-integration confirms the long run relationship between the variables. The VAR models releases the fact that GDP response is critical to change in agriculture sector. So, promotion of agriculture sector definitely ensures economic growth.

Upreti (2015) tries to find out the factors having impact on economic growth for the year 2010, 2005, 2000 and 1995 to 76 countries. Using a multiple regression model, the study shows that export, government, natural resource, foreign assistance, life expectancy and FDI inflow factors are positively linked to emerging economies’ economic growth.

The study identifies a gap in the examination of economic growth of Bangladesh. As economic growth is the single most contributory factor in the economic development process, prudent econometric investigation of growth is necessary. Bangladesh wants to be self-reliant, aid-free, and country of economic growth and social development. Thus, the study considers an econometric investigation of economic growth and proposes policies that would enrich the existing bunch of policies.

METHODOLOGY

The present research has exposed properties of scientific approach ‘Hypothetico-Deductive’ which works in a sequential, methodical, rational and meticulous manner and is popularized by Austrian philosopher Karl Popper (Sekaran & Bougie, 2015).

Variables

The variable is defined as anything that can take on changing values at different time periods for the same unit. The model of the study has considered per capita gross domestic product as dependent and time as independent variable.

Per Capita Gross Domestic Product (Nominal): It is the value of per person total final goods and services produced within a country in a specific time period. It breaks down the output per person. It is obtained by dividing the output by total population of the country (good and services are valued at current market prices).

Data Source and Collection

The study has required quantitative information from secondary source. To meet the objectives, time series

data has been required. Both internal and external secondary sources have been used to collect data *viz*; Bangladesh Bank, Ministry of Finance of Bangladesh, Bangladesh Bureau of Statistics, Bangladesh Institute of Development Studies, World Bank (World Development Indicators), IMF etc. Sources of secondary data from these organizations for 49 years, *i.e.*, 1970 to 2019. Per Capita GDP is termed as GDPCAP. Data analysis of this study is econometric in nature. Econometric stands for economic measurement. For analysis, several techniques have been applied to discover valuable information from the data. Data have been analyzed using the software Microsoft Excel, STATA and EVIEWS. Total analysis conducted in this study is mentioned below.

Pattern of Economic Growth

To investigate the pattern, linear trend models have been estimated. The estimation techniques of economic growth pattern always engage debates and controversy. To complement the results of estimated models, graphical presentations have been used. The trend is a component of pattern of the series variable (Gujarati, 1995). For economic growth, an upward trend has been expected. It cannot be guaranteed to be present for the economy of Bangladesh at all times. The trend may be provisionally ineffective by disruptive events. The estimated trend models have captured the trend and graphs have presented all the components of a series variable. As pattern has been checked in relation to time frame, stationarity of the variables representing economic growth may cause misleading results. The investigation on economic growth was decade-wise. To investigate the pattern of economic growth, scatter plot for different time periods has been drawn. To disclose the pattern, linear trend models have been estimated. The parameters have been obtained by applying ordinary least squares (OLS) technique. The model is correctly specified and stable at 5% level of significance. The model is

$$GDPCAP_t = \beta_1 + \beta_2 \text{time} + u_t \dots\dots\dots (i)$$

ANALYSES & RESULTS

The present study has analyzed and presented the pattern of economic growth based on the following time frame:

Economic Growth of 1970s

Bangladesh began the real journey towards economic growth and development from the decade 1970. The journey started with a harsh scarcity of resources. The cyclone of 1970 aggravated the crisis. War and cyclone made food deficit, broken physical infrastructure, galloping inflation and trade deficit. At the beginning of 1970s, the components of financial system were unreliable. The foreign currency reserves showed a bottom line situation. Poor domestic output, lack of skilled manpower, broken infrastructure, lost international market of Bangladeshi products & high level of imports, galloping inflation along with a very low purchasing power, political instability, population pressure, high rate of unemployment and terrific cyclone in November 1970 intensified the slowdown of socio-economic development. At that time, Bangladesh became pessimistic about how to grow and develop. To build the economy, Bangladesh got foreign aid both in kind and cash from bilateral and multilateral donors. Since 1970s, aid had a positive impact on economic growth (Hossain, 2014).

Over the decade, NGDP and RGDP was increasing despite several bottlenecks but GDPCAP was decreasing.

$$GDPCAP_{79} = 5383.104 - 2.547 \text{ Time}_{79} \dots\dots\dots 1$$

(0.390) (0.421)

$$R^2 = 0.0825$$

$$\text{Adjusted } R^2 = 0.0322$$

Where,

GDPCAP denotes Per Capita Nominal Gross Domestic Product

The time coefficient of the equation 1 is negative and, don't carry statistical evidence. Statistical meaninglessness coincided with the disruptions of 1970s. Table 1 shows the quantitative details.

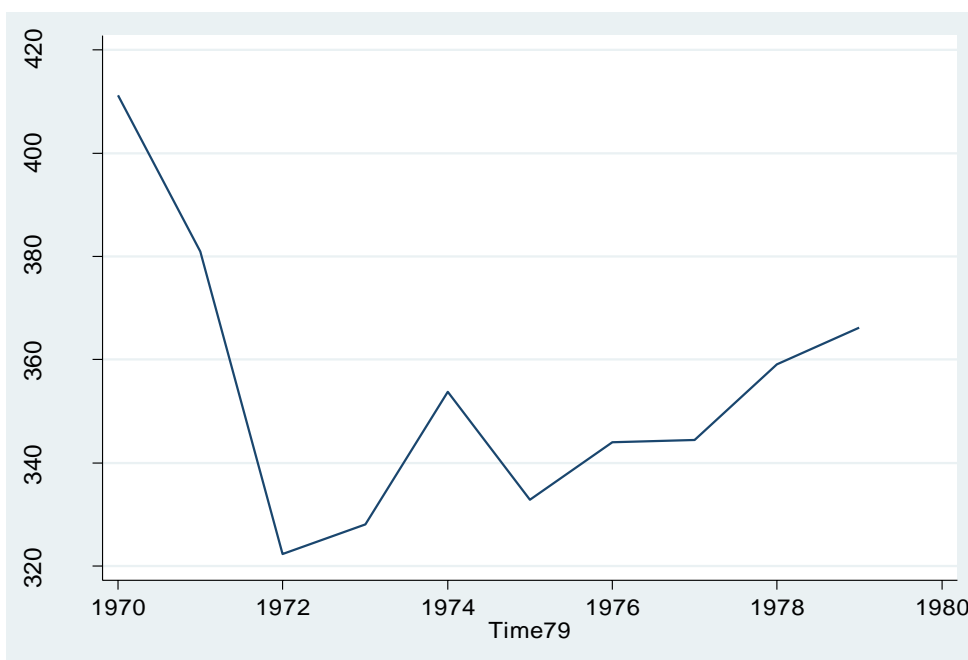
Table 1: Quantitative Detail of Per Capita GDP (GDPCAP) in 1970's

Source	SS	df	MS	Number of obs = 10
				F (1, 8) = 0.72
Model	535.144098	1	535.144098	Prob> F = 0.4209
Residual	5949.31499	8	743.664374	R-squared = 0.0825
				Adj R-squared = -0.0322
Total	6484.45909	9	720.495454	Root MSE = 27.27

GDPPC79	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]	
Time79	-2.546879	3.002351	-0.85	0.421	-9.470314	4.376555
_cons	5383.104	5928.149	0.91	0.390	-8287.232	19053.44

During 1970s, GDPCAP was pessimistic implying the existence of several bottlenecks (Fig.-1)

Fig.-1: Pattern of Per Capita GDP, 1970s



Economic Growth of 1980s

International oil crisis, flood of 1988 and decade long scatter movement of mass people against the military authoritarianism were the major stuns of the decade. With an aim to improve resource allocation for economic growth SAP (Structural Adjustment Policies) were taken in 1980. Privatization and joint venture of public and private sector got encouraged in the industrial policy of 1982 and 1986 respectively. Some reform measures for liberal trade were undertaken. The financial system got viability for saving and investment. The NGOs were permitted to work with mainstream economic activities.

$$\text{GDPCAP}_{89} = -7882.5 + 4.2 \text{ Time}_{89} \dots\dots\dots 2$$

$$(0.000) (0.0000)$$

$$R^2 = 0.9156$$

$$\text{Adjusted } R^2 = 0.9051$$

Where,

GDPCAP denotes Per Capita Nominal Gross Domestic Product

The time coefficient of the equation is positive and has statistical evidence (the p-value of time coefficient is less than 0.05). Table 2 shows the quantitative details.

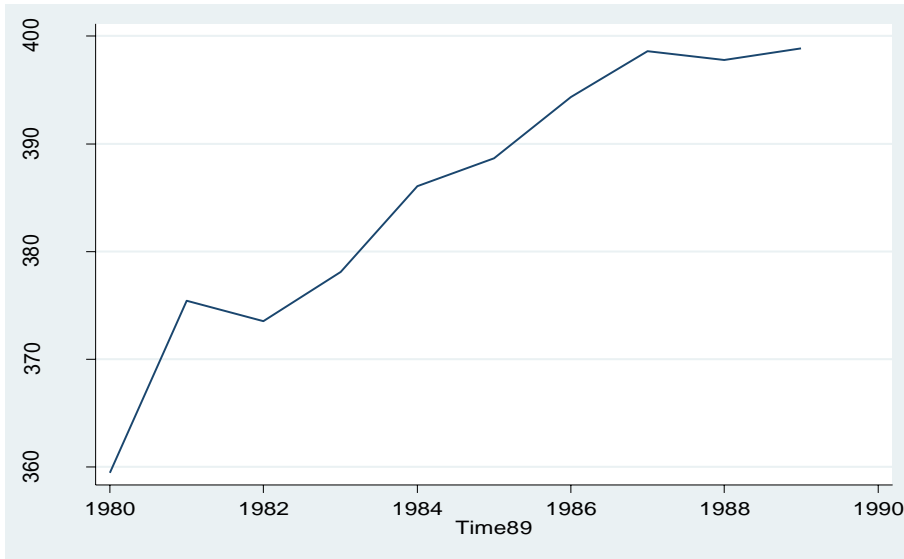
Table 2: Quantitative Detail of Per Capita GDP (GDPCAP) in 1980's

Source	SS	df	MS	Number of obs =10
				F (1, 8) = 86.84
Model	1431.87576	1	1431.87576	Prob> F = 0.0000
Residual	131.910316	8	16.4887894	R-squared = 0.9156
				Adj R-squared = 0.9051
Total	1563.78607	9	173.754008	Root MSE = 4.0606

GDPPC89	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]	
Time89	4.166062	.4470616	9.32	0.000	3.135136	5.196988
_cons	-7882.472	887.1948	-8.88	0.000	-9928.347	-5836.598

With negligible fluctuations GDPCAP had a positive trend (Fig.-2). Increasing GDPCAP was a reflection of national effort to reduce population growth rate.

Fig.- 2: Pattern of Per Capita GDP, 1980s



Economic Growth of 1990s

Economic growth continued to 1990s with various reforms adopted (Mahmud *et al.*, 2007). Investment was increasing at the outset of 1990s due to expansion of private sector. Liberal trade policy and openness to globalization made economic opportunities. Despite various bottlenecks (such as insufficient infrastructure, poverty, twin deficit, population pressure, primitive agriculture sector, obstacle-embraced industrial sector, and lack of good governance) continued growth proved the potential of the economy for future growth. The following equation (Eqn.-3) has depicted the scenario of economic growth during 1990s.

$$GDPCAP_{99} = -21336.01 + 10.925 \text{ Time } 99 \dots\dots\dots 3$$

(0.000) (0.000)

$$R^2 = 0.9938$$

$$\text{Adjusted } R^2 = 0.9930$$

Where,

GDPCAP denotes Per Capita Nominal Gross Domestic Product

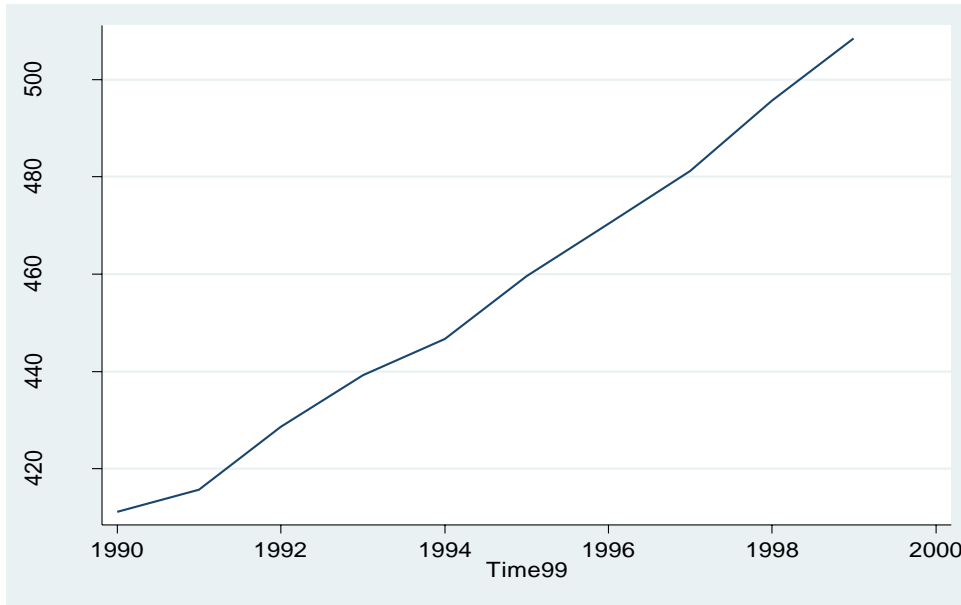
The time coefficient of the equation is positive and has statistical evidence (the p-value of time coefficient is less than 0.05). GDPCAP has increased at an increasing rate after 1991 (Fig.-3). Continuous national efforts to reduce population growth rate had a positive impact on GDPCAP. Table 3 shows the quantitative details.

Table 3: Quantitative Detail of Per Capita GDP (GDPCAP) in 1990's

Source	SS	df	MS	Number of obs =10
				F (1, 8) = 1273.37
Model	9848.41667	1	9848.41667	Prob> F = 0.0000
Residual	61.873041	8	7.73413013	R-squared = 0.9938
				Adj R-squared = 0.9930
Total	9910.28971	9	1101.1433	Root MSE = 2.781

GDPPC99	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]	
Time99	10.92588	.3061814	35.68	0.000	10.21982	11.63193
_cons	-21336.01	610.6794	-34.94	0.000	-22744.24	-19927.78

Fig.-3: Pattern of Per Capita GDP, 1990s



Economic Growth of 2000s

In the first half of the decade, Bangladesh made some macroeconomic policy changes. Floating (market based) exchange rate was introduced to promote international trade in 2003. Bangladesh passed a period of tension after twin tower explosion on 11.01.2001. The economy was also in panic for global competition in apparel manufacturing as after 2004 quota would be abolished according to MFA. But Bangladesh has persisted in apparel export in quota free international market owing to product quality. Bangladesh was suffering from flood of 2004 and disastrous cyclone of 2007 named ‘Aila’. Trend of transformation from agriculture to industry was observed. The contribution of industry was becoming greater than that of agriculture sector. New base year 2005-06 has included some emerging sectors to GDP. The following equation (Eqn-4) has depicted the scenario of economic growth during 2000s.

$$GDPCAP\ 09 = -50589.66 + 25.547\ Time\ 09 \dots\dots\dots 4$$

(0.000) (0.000)

$$R^2 = 0.9697$$

$$Adjusted\ R^2 = 0.9659$$

Where,

GDPCAP denotes Per Capita Nominal Gross Domestic Product

GDPCAP was increasing on average 25.547 US\$ in the entire decade. The positive sign of the time coefficient of the above equation (Eqn.-4) was expected. The speed of trudge (coefficient value) was becoming higher. The statistical significance coincided with growth scenario. Table 4 shows the quantitative

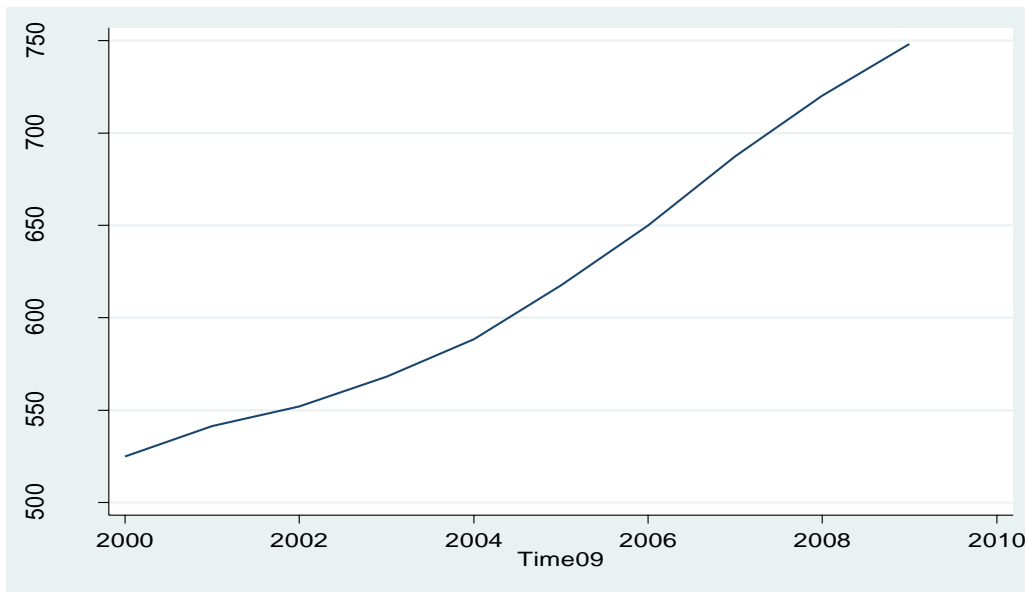
details.

Table 4: Quantitative Detail of Per Capita GDP (GDPCAP) in 2000's

Source	SS	df	MS	Number of obs =10
				F (1, 8) = 256.28
Model	53844.6249	1	53844.6249	Prob> F = 0.0000
Residual	1680.82653	8	210.103316	R-squared = 0.9697
				Adj R-squared = 0.9659
Total	55525.4514	9	6169.4946	Root MSE = 14.495

GDPPC09	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]	
Time09	25.54725	1.59584	16.01	0.000	21.86724	29.22727
_cons	-50589.66	3198.866	- 15.81	0.000	-57966.26	-43213.07

Fig.- 4: Pattern of Per Capita GDP, 2000s



Economic Growth of 2010s

The decade began with anxiety of unemployment due to Libya crisis and slowdown of remittance. Share market crash has produced social unrest and erosion of confidence in capital market. The incident of non-performing loan in banking sector became a threat to capital accretion. Increasing volume of non-performing loan and irregularities has made the performance of banking industry questionable. Nevertheless, Bangladesh has discovered 'Blue Economy' for further growth. Indeed, Blue Economy is a new platform for economic activities. Construction of the 'Padma Bridge' and 'Metro Rail' were undertaken. Despite several clogs, growth of manufacturing sector has pushed the economy to maintain growth. The pattern of GDPCAP has been expressed in the following equations (Eqn.-5)

$$GDPCAP_{17} = -96764.22 + 48.524 \text{ Time } 17 \dots\dots\dots 5$$

(0.000) (0.000)

$$R^2 = 0.9921$$

$$\text{Adjusted } R^2 = 0.9908$$

Where,

GDPCAP denotes Per Capita Nominal Gross Domestic Product

Over the decade, GDPCAP has increased on average by and 48.524US\$ respectively. The positive sign of the time coefficient has been expected. Table 5 shows the quantitative details.

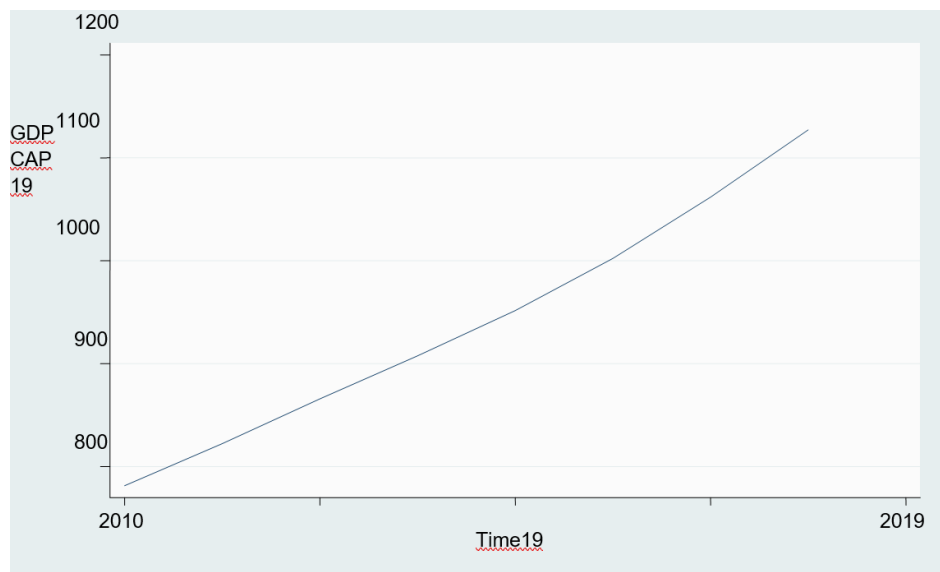
Table 5: Quantitative Detail of Per Capita GDP (GDPCAP) in 2010's

Source	SS	df	MS	Number of obs =10
				F (1, 6) = 753.66
Model	98894.4648	1	98894.4648	Prob> F = 0.0000
Residual	787.318026	6	131.219671	R-squared = 0.9921
				Adj R-squared = 0.9908
Total	99681.7828	7	14240.2547	Root MSE = 11.455

GDPPC17	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]	
Time17	48.52453	1.767563	27.45	0.000	44.19946	52.8496
_cons	-96764.22	3558.99	- 27.19	0.000	-105472.8	-88055.69

GDPCAP has followed almost linear pattern during the time (Fig.-5).

Fig.-5: Pattern of Per Capita GDP, 2010s



DISCUSSION

Bangladesh has demonstrated the competence to achieve significant economic growth. The positive trend of

per capita GDP has proved the national endeavors to growth despite the challenges and impediments in different decades. The economy has the full-fledged natural support to growth. Inclusion of diversified sectors to GDP in different decades has made the trend of economic growth positive. Emergence of new sectors ensures utilization of resources, employment opportunities, income generation thereby more economic growth. On the other hand, informal sector has unrecognized contribution to economic growth. The three broad sectors namely the primary (agriculture), secondary (industry) and tertiary (service) including the sub sectors have continuously contributed to domestic production regardless of various problems. There is a trend of transformation between the industry and agriculture sector in terms of sectoral growth and GDP contribution. The manufacturing sector is growing at an increasing rate than that of agriculture sector. The growth of manufacturing sector has pushed GDP to grow up. In recent decades, the economic growth has gradually turned into socio-economic development. The economy can reap the benefits of economic growth. The socio-economic development has induced aggregate demand thereby domestic production to grow further. Despite development, there exist socio-economic problems.

CONCLUSION

The study has aimed to conduct the econometric analysis of economic growth and estimate the linear trend models to reach the answer of the pattern of growth. GDP growth in Bangladesh is on an increasing path. Growth has benefited from impressive macroeconomic activity, sharp decreases in the rate of population growth, fair savings and investment rates and a low level of initial income. Growth is remarkably stable and Bangladesh is one of a handful of counties to be able to avoid negative per capita growth for even a single year. The previous studies show that productivity growth is the main driver of growth. It has been shown that the most potential factors for productivity and GDP growth pay-off for Bangladesh lie in policy and institutional improvements that seek to: improve the quality of economic governance; lower regulatory and administrative burdens on businesses; enhance global integration; accelerate human and infrastructure development; improve the quality of financial intermediation; and maintain macroeconomic stability. Even then it will be a challenge to finance the necessary increase in investment levels, and it will require fiscal prudence and substantial donor support. Bangladesh should try to retain the competence level to achieve economic growth in future. Harmony, brotherhood and collaboration among the citizens of the country are expected to augment cooperation in economic activities. Economic planning should address discovery of natural resources, proper utilization and allocation of natural resources to promote economic growth in the long run. Policies should be aimed at restraining misuse and misallocation of resources. Policies should be oriented to allocative and productive efficiency. Preferential policies should be adopted to promote manufacturing sector for its remarkable contribution to growth trajectory.

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