TRAJECTORY OF REAL GDP IN BANGLADESH'S ECONOMY: AN ECONOMETRIC EVALUATION

Sara Tasneem (Ph.D.)[1*] and Shamim Ahmad[2]

[1]Assistant Professor, Dhaka School of Economics (Constituent Institution of the University of Dhaka), Bangladesh.
Email: saraeconodu2006@gmail.com

[2]Lecturer, Dhaka School of Economics (Constituent Institution of the University of Dhaka), Bangladesh.
4/C Eskaton Garden Rd, Ramna, Dhaka - Postal Code: 1000, Bangladesh.
Email: shamimahmad8986@gmail.com

ABSTRACT: *Real GDP highlights the economic health and welfare of the country. Rapid real GDP Growth has been increasing in the journey of the Bangladesh economy over the last few decades. Due to the consistent rise in real GDP Bangladesh's economy is among the fastest growing. Regardless of its impressive growth record, the economy needs to grow at a faster rate for its future progress. Hence, it will be helpful to discover the anatomy of the real GDP trajectory of Bangladesh's economy. It is of significance to evaluate the pattern of real GDP. The study aims to examine the pattern of real GDP in econometric nature. A decade-wise examination has been conducted to know the real GDP trajectory. To examine the pattern of real GDP, linear trend models and time series graphs have been drawn. The study reveals that Bangladesh has demonstrated the competence to achieve significant augmentation of real GDP. The positive trend of real GDP has proved the national endeavors to growth despite the challenges and impediments in different decades. The study suggests the discovery of natural resources and proper utilization and allocation of natural resources to promote real GDP in the long run. To augment the contribution of broad sectors to real GDP, sector-specific problems should be alleviated. Preferential policies should be adopted to promote the manufacturing sector for its remarkable contribution to the growth trajectory. The macroeconomic policies should focus on the development of the private sector. Bangladesh should maintain sound diplomatic relationships with donor countries and agencies to promote mutual cooperation in economic activities. Policies should focus on more liberal international trade. Finally, policies should address creativity and innovation to form new sectors in relation to the changed economic paradigm.*

KEYWORDS: Real GDP, Bangladesh, Time Series, Decade, Bangladesh's Economy.

INTRODUCTION

The performance of an economy is shown by the real gross domestic product (GDP). An upward trend in real GDP is viewed as a positive indicator of the state of the economy. An economy overcomes the underdeveloped stage and jumps to develop by achieving growth in real GDP. The socio-economic development is possible 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). In the fiscal year 2019-20 the COVID-19 pandemic sparked a sharp economic downturn and rapid increase in unemployment in Bangladesh. However, Bangladesh has made a strong economic recovery from the COVID-19 pandemic. According to the Bangladesh Economic Review, BD's GDP at constant market price in fiscal year 2020-21 was 6.94 percent and it increased to 7.10 percent in fiscal year 2021-22. Recently, the war in Ukraine has affected the Bangladesh economy in a number of ways; thus, the real GDP has sharply decreased to 5.82 in the fiscal year 2023-24.

As a result, Bangladesh has to work hard to achieve growth dynamics, as growth is the single leading factor to change the sluggish or fragile scenario of the economy and society. Since the 1970s, prudent fiscal and monetary policy, modernization of the agriculture sector, a new industrial strategy, development of agricultural research, new service-oriented businesses, encouragement of entrepreneurship, expansion of ICT, infrastructural development, a higher literacy rate, health awareness of people, a human resource development program, trade policy, cooperation of international agencies and support of the financial system have been the contributors to achieving around a 7% growth.

According to the world bank, Bangladesh has demonstrated an impressive history of progress and advancement, particularly during periods of heightened worldwide unpredictability. Over the past 20 years, rapid economic expansion has been backed by a large demographic dividend, solid ready-made garment (RMG) exports, sustained remittance inflows, and stable macroeconomic conditions. Bangladesh achieved lower-middle income level in 2015. It is on course to depart from the UN's Least Developed Countries (LDC) list by 2026. Poverty fell from 11.8 percent in 2010 to 5.0 percent in 2022, based on the international poverty line of $2.15 per day (2017) Purchasing Power Parity and a comparable welfare series. Similarly, moderate poverty decreased from 49.6 percent in 2010 to 30.0 percent in 2022, based on the international poverty threshold of $3.65 per day (2017 PPP). Furthermore, human development results improved across a wide range of parameters, including lower infant mortality and stunting rates, as well as higher literacy rates and access to electricity. Despite these achievements, inequality has shrunk marginally in rural areas while increasing in urban areas. Bangladesh's post-pandemic recovery faces additional challenges. Real GDP growth fell to 5.8 percent in FY23, from 7.1 percent the previous year. The establishment of a multiple exchange rate regime in September 2022 discouraged foreign exchange inflows, resulting in a financial account deficit. Foreign exchange rationing was introduced to limit imports, causing shortages of vital intermediate items, capital goods, gas, and electricity. Real GDP growth is projected to continue relatively slow at 5.6 percent in FY24, compared to an average yearly growth rate of 6.6 percent during the decade preceding the COVID-19 pandemic. Persistent inflation is likely to stifle private consumption growth, while energy and imported input shortages, combined with rising interest rates and financial sector vulnerabilities, are expected to reduce investor confidence. Growth is predicted to steadily accelerate in the medium term as monetary, exchange rate, and financial sector policy changes are implemented. To achieve its goal of becoming an upper middle-income country by 2031, Bangladesh must create jobs through a

competitive business environment, increase human capital and develop a skilled labor force, build efficient infrastructure, and create a policy environment that encourages private investment. Priorities for development include diversifying exports outside the RMG sector, addressing banking sector vulnerabilities, making urbanization more sustainable, and improving governmental institutions, particularly fiscal changes to produce more domestic money for development. Closing infrastructural gaps would boost growth. Addressing vulnerability to climate change and natural disasters would help Bangladesh build resilience to future shocks. Transitioning to green growth would help to ensure the long-term viability of development outcomes for future generations.

In contrast to the 6.6 percent average annual growth rate over the ten years before the Covid-19 outbreak, the World Bank has predicted that Bangladesh's real GDP growth will remain relatively muted at 5.6 percent in FY24. According to the IMF report, Bangladesh's inflation in FY25 might slow down to 6.1%. The majority of people in the low-middle-income country's buying power and general demand have been under pressure due to the 9+ percent inflation in the previous fiscal year and the first nine months of FY24, which has dealt a blow to the nation's growth aspirations. As a result, Bangladesh is still suffering from some socio-economic problems. It will be helpful to discover the trajectory of real GDP growth of Bangladesh. Currently, Bangladesh is facing the challenge of how to accelerate real GDP. To grow faster in the future, one needs to know what caused previous growth and how to grow rapidly in the future. The present study aims at examining the trend of BD's real GDP. It is of significance to evaluate the pattern of real GDP. The study has aimed to conduct the graphical analysis of real GDP and estimate the linear trend models to reach the answer of the pattern of real GDP. The study provides an overview of real GDP growth of Bangladesh. A decade-wise econometric investigation of real GDP has been revealed. The study has ended with policy recommendations. The recommended policies are expected to be helpful for the economy to grow.

LITERATURE REVIEW

Macroeconomics is fundamentally concerned with economic growth. Economists have the greatest concern with developing policies that promote growth, i.e. the growth of real GDP. Growth in real GDP shows economic growth, which is the percentage change in an economy's total production of final physical and intangible goods over a certain time period. Real GDP is critical for exact financial development estimation, inflation-adjusted comparisons, policy-making choices, standard of living evaluation, investor certainty (as favorable situations for investment opportunities), and economic comparisons between countries.

The Solow Growth Model shows real GDP grows as inputs like labor and capital increase, but the most important driver of sustained long-term growth is technological progress. This explains why economies continue to grow even after increasing inputs reach diminishing returns. In modern growth theory, total factor productivity (TFP)—the efficiency with which inputs are used—plays a vital role in determining real GDP growth.

Okun's Law could be a valuable tool to portray how real GDP growth is connected to changes in unemployment. It makes a difference when policymakers get the trade-offs between economic growth and labor market conditions. The law reflects the inverse relationship

between real GDP and unemployment. When real GDP increases, unemployment tends to decrease, and when real GDP falls, unemployment tends to rise.

The Production Possibility Frontier (PPF) provides a useful way of understanding the condition of real GDP in an economy. When the economy operates efficiently (on the PPF), real GDP is at its potential, maximizing output. When it operates below potential (inside the PPF), real GDP falls short, signaling underperformance. Economic growth, through technological advancement or increases in resources, shifts the PPF outward, enabling higher real GDP over time.

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).

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, labor, capital and entrepreneurship. Capital accumulation and technological development (Blanchard 2000; McCornell & Brue, 2005; Lovewell, 2005), labor quality, natural resources and efficiency (McCornell & Brue 2005; Lovewell, 2005) and social, political and legal factors (Lovewell, 2005) promote economic growth.

Andrei, Vasile & Adrian (2009) analysis shows that a rise of one percentage point of unemployment is associated with a decline of roughly half a percentage point of real GDP growth.

Rahman and Hossain (2014) analyze the relationship between the 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 the value of agricultural GDP to denote the 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 release the fact that GDP response is critical to change in the agriculture sector. So, promotion of the agriculture sector definitely ensures economic growth.

Upreti (2015) tries to find out the factors having an impact on economic growth for the years 2010, 2005, 2000 and 1995 for 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 real GDP growth of Bangladesh. The growth of real GDP is the single most contributory factor in the economic development process. A Prudent econometric examination of real GDP growth is necessary. Bangladesh wants to be self-reliant, aid-free, and a country of economic growth and social development. Thus, the

study considers an econometric investigation of real GDP growth and proposes policies that would enrich the existing bunch of policies.

Research Question

Focusing on the above discussion, it seems appropriate to put forward the question, which is important to know the trajectory of real GDP. The present study necessitates evaluating the following question.

●   What is the trajectory of real GDP in Bangladesh's economy?

The question is derived from the postulation that real GDP 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 trajectory. The question will ultimately uncover the factors behind real GDP growth along with the impediments.

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 real GDP. So, the objective was to examine the trajectory of real Gross Domestic Product (GDP) in Bangladesh's Economy.

METHODOLOGY

The present research has exposed properties of the 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 real gross domestic product as the dependent variable and time as the independent variable.

●   **Real Gross Domestic Product (GDP): Real GDP** (goods and services are priced at constant base-year market prices) is the quantity of goods and services within a country for final use over a specified period of time, irrespective of who owns the production factors.

●   **Time:** In time series data, time will always be an independent variable.

Data Source and Collection

The study has required quantitative information from secondary sources. 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 . Real GDP is termed as RGDP in analysis. Data analysis of this study is econometric in nature. Econometrics 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.

Trajectory of Real Gross Domestic Product (GDP)

To investigate the trajectory, linear trend models have been estimated. The estimation techniques of trajectory always engage debates and controversy. To complement the results of estimated models, graphical presentations have been used. The trend is a component of the trajectory of the series variable (Gujarati, 1995). For real GDP, 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 the pattern has been checked in relation to the time frame, the stationarity of the variable real GDP may cause misleading results. The investigation on real GDP was decade-wise. To investigate the trajectory of real GDP, scatter plots for different time periods have been drawn. To disclose the trajectory, linear trend models have been estimated. The parameters have been obtained by applying the ordinary least squares (OLS) technique. The model (eqn. i) is correctly specified and stable at the 5% level of significance. The model is

$$RGDP_t = \beta_1 + \beta_2 time + u_t \dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots(i)$$

ANALYSIS AND RESULTS

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

Real GDP of 1970s

Bangladesh began the real journey towards real GDP augmentation, economic growth and development in the decade of the 1970s. The journey started with a harsh scarcity of natural and human resources. The cyclone of 1970 aggravated the crisis. War and cyclones made food deficits, broken physical infrastructure, galloping inflation and trade deficits. At the beginning of the 1970s, the components of the financial system were unreliable. The foreign currency reserves showed a bottom-line situation. Poor domestic output, lack of skilled manpower, broken infrastructure, loss of the international market for Bangladeshi products and high level of imports, galloping inflation along with a very low purchasing power, political instability, population pressure, a high rate of unemployment and a terrific cyclone in November 1970 intensified the slowdown of real GDP and socio-economic development. At that time, Bangladesh became pessimistic about how to increase real GDP, make economic growth and socio-economic development. To build the economy, Bangladesh got foreign aid, both in kind and cash from bilateral and multilateral donors. Since the 1970s, aid has had a positive impact on real GDP and economic growth (Hossain, 2014). While recovering from the damages of war and cyclone, famine struck the economy in 1974. Inefficiency in the public sector paved the way for privatization. To accelerate industrialization, the import substitution strategy was

adopted. But agriculture had a larger share of GDP than that of other sectors. The economy was growing with the contribution of both the formal and informal sectors.

Over the decade, RGDP was increasing despite several bottlenecks (eqn1).

RGDP 79 = (-6.72e+11) + (3.53e+08) Time 79 …………………1
                    (0.155)   (0.142)

$R^2 = 0.2487$

Adjusted $R^2 = 0.1548$

Where,

RGDP denotes Real Gross Domestic Product

The time coefficients of equation 1, though positive, don't carry statistical evidence. Statistical meaninglessness coincided with the disruptions of the 1970s. Real GDP was not mentionable due to war, cyclone, famine (1974), political commotion and drought (1979).
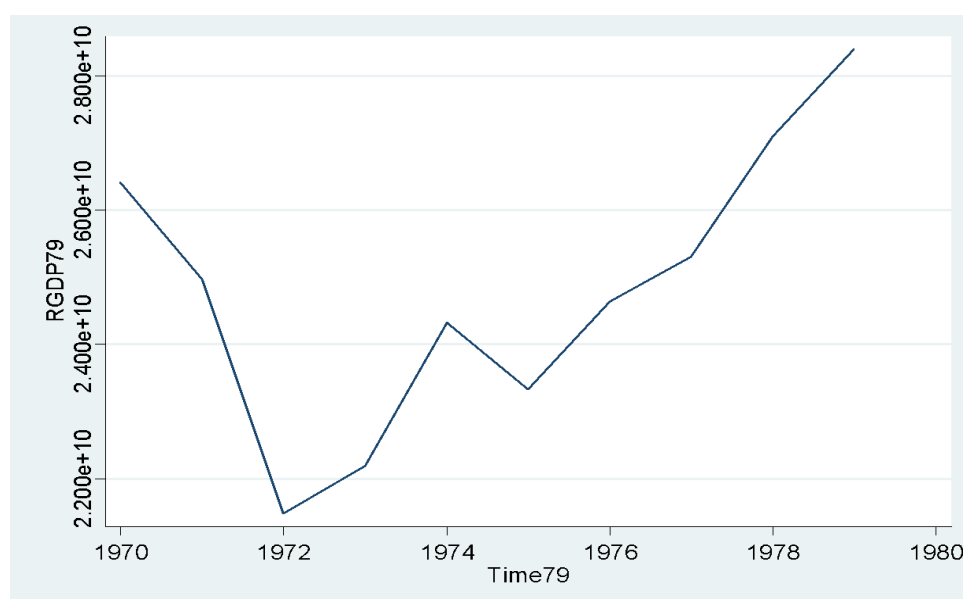

Fig. 1: Trajectory of Real GDP, 1970s

RGDP reached a very low level in 1972 as shown in Fig.-1. From 1973 to 1974 RGDP was increasing. But the increase was offset by a sharp decrease in1975. Finally, RGDP showed the tendency to go up at the end of the decade.

At the end of the decade, policymakers recognized new industrial policy, the discovery of natural resources, efficiency enhancement and privatization. Bangladesh had to work hard to get rid of the worst situation. Gradually, financial assistance from abroad, foreign loans, new industries in domestic territory, slight mechanization in the agricultural sector, the creation of positions in overseas markets, and export earnings provided validity for optimism.

Real GDP of 1980s

The decade is known for military administration in the political history of Bangladesh. The international oil crisis, the flood of 1988 and the 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) was taken in 1980. Privatization and joint ventures of the public and private sectors were encouraged in the industrial policies of 1982 and 1986 respectively. Some reform measures for liberal trade were undertaken. The financial system has viability for saving and investment. The NGOs were permitted to work with mainstream economic activities. The announcement of the new base year 1983-84 included some new sectors in real GDP. Bangladesh watched economic progress from the middle of the decade. The following equation (eqn. 2) has portrayed a scenario of real GDP growth.

$$\text{RGDP 89} = (-2.49\text{e}+12) + (1.27\text{e}+09) \text{ Time 89} \ldots\ldots\ldots\ldots\ldots.2$$
$$\qquad\qquad (0.000) \qquad\quad (0.000)$$

$R^2 = 0.9958$

Adjusted $R^2 = 0.9953$

Where,

RGDP denotes Real Gross Domestic Product

The time coefficient of the equation is positive and has statistical evidence (the p-value of the time coefficient is less than 0.05). The value of R^2 (0.9958) and adjusted R^2 (0.9953) justify the validity of 'Time' as an explanatory variable and functional form of the trend model.

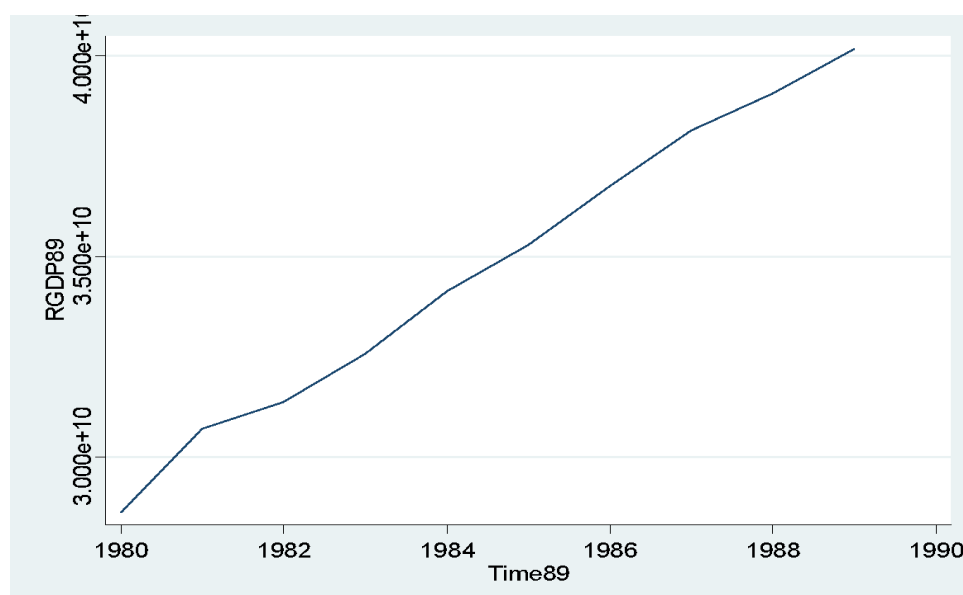RGDP showed an upward movement with minuscule fluctuations (Fig. 2), indicating real production growth

Fig. 2: Trajectory of Real GDP, 1980s

Real GDP of 1990s

Real GDP continued to grow in the 1990s with various reforms adopted (Mahmud *et al.,* 2007). Investment was increasing at the outset of the 1990s due to the expansion of the private sector. Liberal trade policy and openness to globalization made economic opportunities. Despite various bottlenecks (such as insufficient infrastructure, poverty, twin deficits, population pressure, a primitive agriculture sector, an obstacle-embracing industrial sector, and lack of good governance), continued growth proved the potential of the economy for future growth. The economy was moving towards free market operations. The Cyclone of 1991 and the flood of 1998 disrupted economic activities. The 4th five-year plan (1990-1995) was adopted. Various initiatives were taken to promote export. Concentrated export base and the growth of the informal sector were contributing to real GDP growth in the 1990s. The new base year 1995-96 included some new sectors in real GDP. The number of banks in private ownership was increasing. New private commercial banks began working to accelerate real gross domestic product through various functions, mainly resource mobility. The following equation (Eqn.-3) has depicted the scenario of real GDP growth during the 1990s.

$$\text{RGDP 99} = (-4.66e+12) + (2.36e+09)\ \text{Time 99} \dots\dots\dots\dots\dots.3$$
$$\qquad\qquad (0.000)\qquad\qquad (0.000)$$

$R^2 = 0.9947$

Adjusted $R^2 = 0.9941$

Where: RGDP denotes Real Gross Domestic Product

The time coefficient of the equation (eqn. 3) is positive and has statistical evidence (the p-value of the time coefficient is less than 0.05). Real GDP has increased at an increasing rate after 1991 (Fig. 3). The R^2 (0.9947) justifies the validity of 'Time' as an explanatory variable and functional form of the trend model.
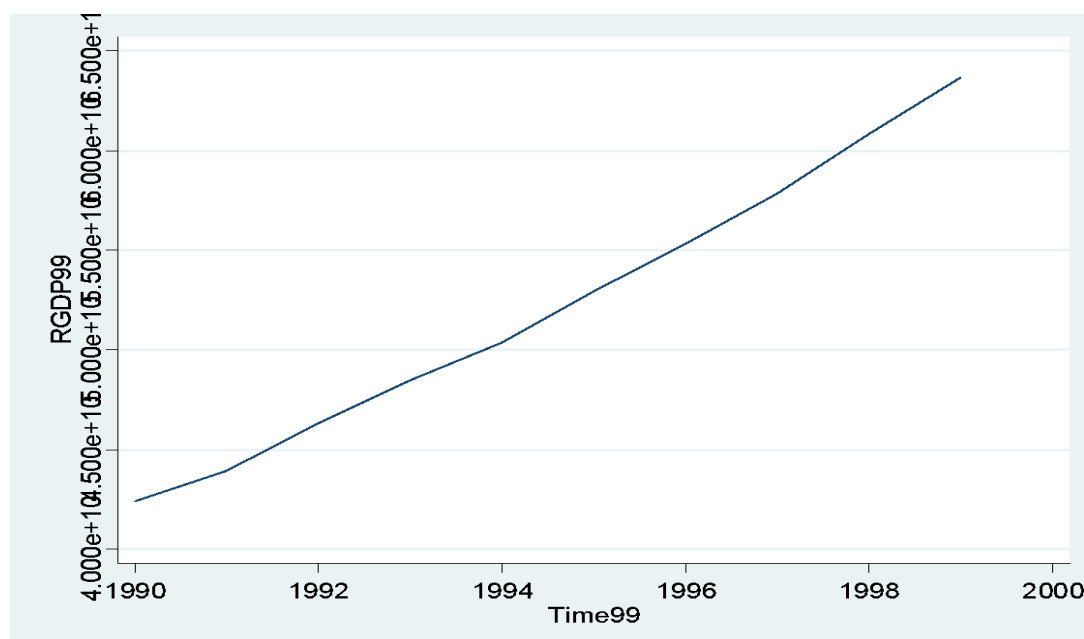

Fig. 3: Trajectory of Real GDP, 1990s

RGDP increased at an approximately constant rate (Fig.-3). Real production has increased in the decade.

Real GDP of 2000s

The contribution of industry was becoming greater than that of the agriculture sector. The new base year, 2005-06 has included some emerging sectors in the real GDP. A trend of transformation from agriculture to industry was observed. Although the operations of private commercial banks were pro-growth, the economy necessitated financial sector reform, a better investment environment, and hundred percent loan recoveries. 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 experienced a period of tension after the 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 the MFA. But Bangladesh has persisted in apparel export in the quota-free international market owing to product quality. Bangladesh was suffering from the flood of 2004 and the disastrous cyclone of 2007 named 'Aila.' Socioeconomic development took place in the decade. The economy tried to uplift the standard of living. To convert economic growth to economic development, the economy focused on socio-economic issues such as literacy, poverty, health facilities, maternal and neonatal mortality, and women rights, among others. To smooth the economic activities, urbanization and infrastructural development were proceeding. In 2000, Bangladesh agreed to reach MDGs. At the end of the decade, the economy has started to show progress in touching MDGs (MoF, 2015). The following equation (Eqn-4) has depicted the scenario of real GDP growth during the 2000s.

$$RGDP\ 09 = (-9.50e+12) + (4.78e+09)\ Time\ 09 \ldots\ldots\ldots\ldots\ldots\ 4$$
$$\qquad\qquad (0.0) \qquad\qquad (0.000)$$
$$\qquad\qquad (1.0)$$

$R^2 = 0.9820$

Adjusted $R^2 = 0.9797$

Where,

RGDP denotes Real Gross Domestic Product

Real GDP was increasing in the entire decade. The positive sign of the time coefficient of the above equation (Eqn.-4) was expected. The p-value of the time coefficient is less than 0.05 (0.000). The speed of the trudge (coefficient value) was becoming higher. The statistical significance coincided with the scenario. The R^2 (0.9820) justifies the validity of 'Time' as an explanatory variable and functional form of the trend model.

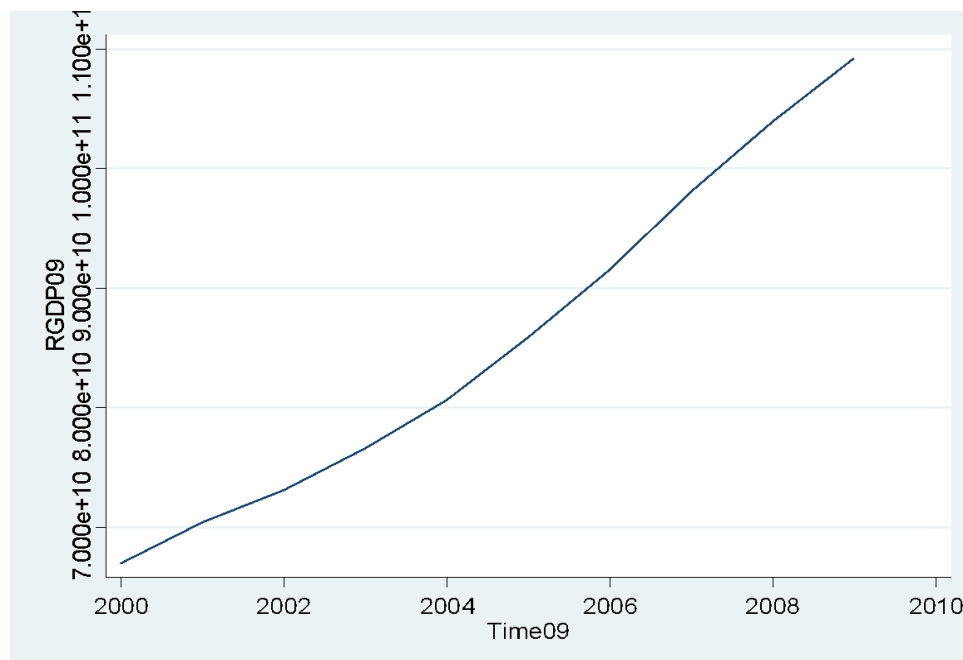Real GDP has shown an ever-growing tendency in Fig. 4.

Fig. 4: Trajectory of Real GDP, 2000s

Real GDP of 2010s

Bangladesh has discovered the 'Blue Economy' for further real GDP growth. Indeed, the Blue Economy is a new platform for economic activities. Bangladesh has committed to reaching SDGs by 2030. All the national endeavors have resulted in the achievement of becoming a lower middle-income country recognized by the World Bank. Despite several clogs, growth of the manufacturing sector has pushed the economy to maintain real GDP growth. The decade began with anxiety about unemployment due to the Libya crisis and the slowdown of remittance. Share market crash has produced social unrest and erosion of confidence in the capital market. The incident of non-performing loans in the banking sector became a threat to capital accretion. Increasing volume of non-performing loans and irregularities has made the performance of the banking industry questionable. Nevertheless, Construction of the 'Padma Bridge' and 'Metro Rail' was undertaken to smooth the economic activities and augment real GDP. The pattern of GDPCAP has been expressed in the following equations (Eqn. 5):

RGDP 17 = (-1.82e+13) + (9.10e+09) Time 17 …………………. 5

$$\qquad (0.000) \qquad (0.000)$$

$R^2 = 0.9918$

Adjusted $R^2 = 0.9904$

Where,

RGDP denotes Real Gross Domestic Product

Over the decade, real GDP has increased on average. The positive sign of the time coefficient has been expected. Over the nine years, RGDP increases on average by (9.10×10^9) US\$. The change in RGDP has been statistically endorsed.
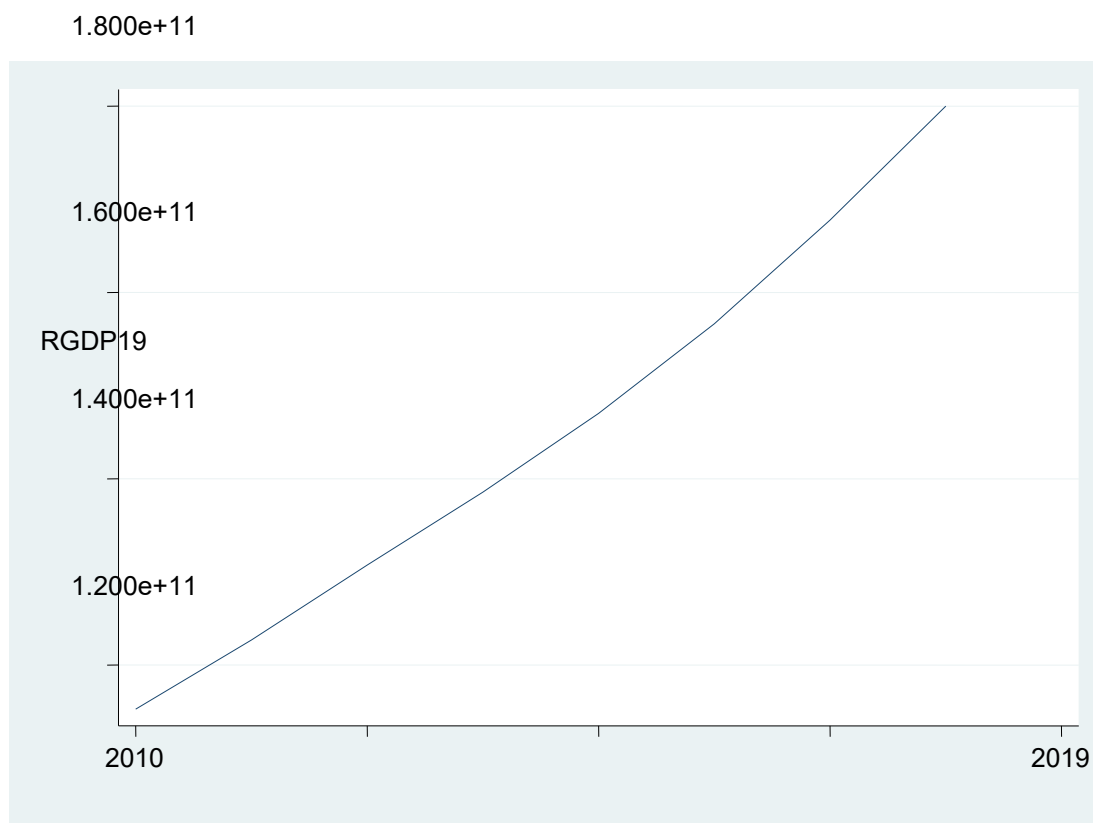

1.800e+11

Fig. 5: Trajectory of Real GDP, 2010s

RGDP has increased almost at a fixed rate with a negligible slowdown in 2014 (Fig.-5).

DISCUSSION

Bangladesh has demonstrated the competence to achieve significant growth of real GDP. The trajectory of real GDP has shown a positive trend, proving the national endeavors to grow despite the challenges and impediments in different decades. The frequency of natural disaster and calamity is increasing, implying an adverse impact on the positive trend of real GDP growth. The pattern of real GDP has justified that Bangladesh is a country blessed with various natural resources. Inclusion of diversified sectors to real GDP in different decades has made the trend of real GDP growth positive. The three broad sectors, namely the primary (agriculture), secondary (industry) and tertiary (service), have continuously contributed to real domestic production regardless of various problems. The manufacturing sector is growing at a higher rate than that of the agriculture sector. The growth of the manufacturing sector has pushed real GDP to grow up. Real GDP growth of Bangladesh recognizes the assistance of international donors to overcome the disruptions to growth in different decades. Emergence of new sectors ensures utilization of resources, employment opportunities, and income generation, thereby more economic growth. Liberalized trade policies and openness to

globalization have assisted the real GDP to grow. On the other hand, the informal sector has an unrecognized contribution to real GDP. Continuous reforms have made gradual upgrades to the domestic financial system. Increasing investment in the private sector has implied an augmentation of marginal propensity to save. The tendency of real GDP to move upward has reestablished the positive association between financial capital and real GDP. The positive trend in real GDP has confirmed the contribution of privatization. Real GDP growth can smell the sweat, hear the crisis and feel the contribution of the private sector. On the one hand, Bangladesh is indebted to international help; on the other hand, she falls into trouble due to international crises. So, it can be argued that more real GDP would be in the absence of these crises. The upward movement of real GDP conveys the message that political crisis is not the prime hindrance to real growth. Albeit political turmoil, growth has taken place. It is undeniable that Bangladesh has passed through political commotion in different decades.

CONCLUSION

The study has aimed to conduct the econometric analysis of the real GDP trajectory in Bangladesh's economy. To find the trajectory, it estimates the linear trend models to reach the answer to the research question of the study. Real GDP growth in Bangladesh's economy is on an increasing path. Real GDP Growth has benefited from impressive macroeconomic activity, privatization policy, growth of the manufacturing sector, fair savings and investment rates, discovery of natural resources and international cooperation since independence. Real GDP growth is remarkably stable and Bangladesh is one of a handful of countries to be able to avoid negative real GDP growth for even a single year. The previous studies show that productivity growth is the main driver of growth. Bangladesh should try to retain the competence level to achieve economic growth in the future. Harmony, brotherhood and collaboration among the citizens of the country are expected to augment cooperation in economic activities. Economic planning should address the discovery of natural resources and the proper utilization and allocation of natural resources to promote real GDP 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 the manufacturing sector for its remarkable contribution to the growth trajectory. To augment the contribution of broad sectors to real GDP, sector-specific problems should be alleviated. The policies should focus on the mechanization of the agriculture sector with product diversification for more contribution to real GDP. Preferential policies should be adopted to promote the manufacturing sector for its remarkable contribution to the growth trajectory. The macroeconomic policies should focus on the development of the private sector. Initiatives should be taken to remove the obstacles of the private sector. Equity of opportunity, flexibility in lending interest rates, encouragement of entrepreneurial education and abolition of import tariffs on capital machinery can uphold the private sector, thereby creating a positive trend of real GDP growth. Bangladesh should maintain sound diplomatic relationships with donor countries and agencies to promote mutual cooperation in economic activities. Policies should focus on more liberal international trade. Reduction of trade duties, coordination of public entities and time-saving customs procedures are oriented to liberal trade. The combination of export promotion and import substitution strategies for industrialization should be adopted. The economy should address the socio-economic problems to induce more real GDP. Finally, policies should address creativity and innovation to form new sectors in relation to the changed economic paradigm.

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