

# **Bangladesh: “growth” for a few, income inequality, unemployment**

Thursday 19 April 2018, by [New Age \(Bangladesh\)](#) (Date first published: 19 April 2018).

A HIGH growth rate of the gross domestic product, which has been more than 7 per cent for the third consecutive year and is estimated to exceed the previous best of 7.28 per cent that was in the 2017 financial year, has failed to attend to the problems of chronic unemployment and growing inequality. The economic evidence shows that the situation has only helped the rich to become richer and the poor poorer. The planning minister, based on the indication of nine months' data in the first week of April said that the growth rate of the gross domestic product, which had been stuck at 6 per cent for a decade, would reach a new height of 7.56 per cent in the current financial year. Economists, however, appear sceptical of the high growth rate as they seek to say that many economic indicators such as the overall investment, the rate of employment, export income, the inflow of remittances and the amount of non-performing loans in the banking sector do not match the government's growth projection. They are of the opinion that the growth has not been inclusive as it could not create employment, especially for the educated youth, a fourth of whom, or 26.1 per cent, are still unemployed.

Economists note that such a growth rate, which the government estimates, has failed to benefit the overall economy amidst income inequality, which ultimately, has created the scope for both political and social unrest. They think that the income inequality has been the main reason for widespread disparity in society and imbalance in consumption, politics, state facilities and asset accumulation. The Household Income and Expenditure Survey that the Bangladesh Bureau of Statistics conducted in 2016 showed that the Gini coefficient, used to gauge income inequality, increased to 0.483 at the national level in 2016 from 0.458 in 2010. Assets of top 5 per cent people grew to 27.9 per cent in 2016 from 24.6 per cent in 2010 and assets of bottom 5 per cent people declined to 0.23 per cent in 2016 from 0.78 per cent in 2010. Criticising a high unemployment rate, which is now 4.2 per cent, economists questioned the method to assess the rate, terming the related BBS definition 'loose', which could very well be higher as the Bureau of Statistics consider people working for an hour a week as employed. Economists and experts all put the widening inequality down to slow growth in the agricultural sector, which employs a half of the workforce, against a high growth in the manufacturing and services sectors, creating a situation where the economic growth benefits wealthier and skilled people, leaving the majority of the population vulnerable to shocks such as natural disasters, increase in food prices and growing medical expenses.

The government, under the circumstances, must attend to the issues of high unemployment rate and widening income inequality by discarding the rich-friendly economic development policy. It is time that the government demonstrated the political will to create employment, ensured that economic benefits reach the bottom population more than the top and improved governance to create a society free of unequal distribution of economic gains.

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