INTERNSHIP REPORT

ON

GLOBAL FINANCIAL CRISIS AND THE AFFECT OF MACROECONOMIC IN BANGLADESH

Submitted To

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Letter of Transmittal

29 November, 2024

Professor Dr. Mostafa Kamal

Department of Business Administration
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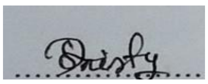
Subject: Submission of the internship report.

Dear Sir,

I am pleased to present the final report on **GLOBAL FINANCIAL CRISIS AND THE AFFACT OF MACROECONOMIC IN BANGLADESH** and also effect for Foreign Exchange Activities and Performance Analysis. This report is extremely valuable to me as it has helped me to gain practical experience regarding foreign exchange activities.

I sincerely hope that this report will meet your expectations. If you have any queries regarding this report, please let me informed.

Sincerely Yours,



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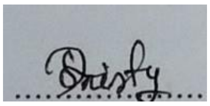
Declaration

I affirm that the study titled **“GLOBAL FINANCIAL CRISIS AND THE AFFACT OF MACROECONOMIC IN BANGLADESH** “is the outcome of my research carried out under the guidance of Professor Dr. Mostafa Kamal, who is a Professor at the Department of Business Administration at Daffodil International University.

I also confirm that this report is authentic and has not been presented, entirely or partially, to any other college or organization for any academic or professional reasons.



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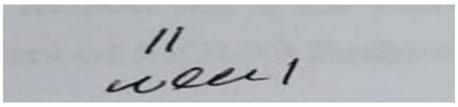
Certificate of Approval

This is to certify that **Dristy Akter, ID # 232-14-018, MBA (Finance),** is a regular student of the Department of Business Administration, Faculty of Business and Entrepreneurship, at Daffodil International University. Her assigned report topic is **“GLOBAL FINANCIAL CRISIS AND THE AFFACT OF MACROECONOMIC IN BANGLADESH"** I think that the report is worthy of fulfilling the partial requirements of the MBA program. I also declare that the study has been prepared for academic purposes only and that this paper may not be used in an actual market scenario.

I have gone through the report and found it to be a well-written report. She has completed the report by herself. I wish her every success in life.



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Professor Dr. Mostafa Kamal

Department of Business Administration
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Acknowledgement

At first, I would like to express my gratitude to almighty Allah for enabling me the strength and opportunity to complete the report in the schedule time successfully. I am taking this privilege to deliver my gratefulness to each and every people who are involved with me in every phase of our lives. I am grateful to my parents without whom I cannot be here.

Then I am deeply grateful to my supervisor Professor Dr. Mostafa Kamal (Dean, Academic Affairs, DIU) for his stimulating inspiration, kind guidance, valuable suggestions and advice during my internship period. His suggestions & guidance have made the report a good manner.

I express my sincere gratitude to Golam Moninr Hossian (Managing Director, MFL) to give me the opportunity to proceed on my internship in MOMO Fashions Limited. I also express my heartiest gratitude to Eng. N.B Palash (Director), Mr. Abu Aslam (A.G.M & Second Officer), Mr. Nazmul Hossian (Foreign Exchange, Commercial Department) for their cordial attitude & extending help wish make me able to prepare my internship report properly.

It will be ungrateful if I don’t mention the name of Mr. Shamim Hossian (Executive, Commercial Department) and also Md. Shafikul Islam (Executive, Commercial Department) who helped me a lot while working in MOMO Fashions Limited. My special thanks to other officers of MOMO Fashions Limited for giving me their valuable time.

Executive Summary

The report discusses how the 2023-2024 global crises affected Bangladesh's economy. It found that Bangladesh experienced only a mild economic slowdown, with some critical sectors, like exports and remittances, seeing modest declines. However, these impacts were balanced by gains in other areas, such as agriculture and the stock market, which helped the country demonstrate resilience during the crisis. Compared to developed countries like the U.S. and EU nations, and other emerging economies like India and China, Bangladesh was less affected.

The paper attributes this resilience to several factors. Bangladesh was less exposed to foreign toxic assets, saw growth in agriculture, and maintained strength in its garment export and worker remittance sectors. To take advantage of the eventual global recovery, a SWOT analysis suggests that Bangladesh could benefit by building on its strengths, addressing weaknesses, and preparing for possible threats. Recommended policy actions include sector reforms, infrastructure development, diversifying exports, exploring new markets, and strengthening ties with foreign businesses and the Bangladeshi diaspora.

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Chapter-1

Introduction

1.1 INTRODUCTION

Bangladesh, a developing nation in South Asia, has increasingly integrated with the global economy, particularly following a series of internal and external economic reforms in the 1990s. These reforms aimed to strengthen domestic market forces and the private sector while opening the economy to international trade and investment. As a result, Bangladesh has become more vulnerable to external economic shocks, with the 2008 global financial crisis marking a critical moment for its economic resilience. This crisis, which originated in the U.S. and spread worldwide, impacted Bangladesh amid additional domestic challenges, including a political crisis and an energy crisis characterized by significant food and energy price hikes in global markets.

The ongoing global economic uncertainties from 2023 to 2024 have renewed concerns about Bangladesh's exposure to external shocks, particularly amid rising inflation, energy shortages, and supply chain disruptions. This study examines how these recent global economic conditions have affected the Bangladesh economy and assesses strategies to address emerging challenges. A SWOT (Strengths, Weaknesses, Opportunities, and Threats) analysis will be conducted to explore potential avenues for growth as the global economy stabilizes. To address current challenges, it is critical that policymakers in Bangladesh adopt proactive measures to anticipate and mitigate economic shocks rather than respond only reactively.

Preliminary evidence suggests that Bangladesh’s economy, while impacted, has shown a degree of resilience. Key sectors like garment exports and remittances have experienced moderate slow downs, offset by growth in agriculture and other emerging sectors. This resilience can be attributed to various factors, including timely fiscal and monetary policy interventions, limited exposure to foreign toxic assets, and a robust garment export market. A relatively “closed” financial sector has further shielded the economy from severe global market volatility, making the impact less severe compared to other emerging economies like India and China.

Using the SWOT analysis, this paper will identify strategic opportunities that Bangladesh could leverage as global economic conditions improve. Recommended policy actions include enhancing sectoral reforms, expanding export diversification, developing infrastructure, and exploring new markets for Bangladeshi products and labor. Such strategies will be essential to strengthen Bangladesh’s position in the global economy and to sustain growth despite the ongoing challenges.

1.2 Background of the Study

This study focuses on understanding how global financial crises, particularly during the 2020–2024 periods, have affected Bangladesh's economy. These years were marked by global challenges like the COVID-19 pandemic, inflation, supply chain disruptions, and geopolitical tensions that created economic instability worldwide. Bangladesh, despite its growing integration with the global economy, faced specific challenges in maintaining export earnings, remittance inflows, and overall economic stability.

The study also examines how Bangladesh's economy has demonstrated resilience a midst these global challenges. This resilience is evident in its ability to adapt quickly in sectors like Ready-Made Garments (RMG), agriculture, and remittances, despite ongoing global uncertainties. It reflects on how effective government policies and proactive strategies helped reduce the economic fallout.

This research combines theoretical insights from global financial crisis literature with practical analysis of Bangladesh's economic performance to provide a comprehensive understanding of the impacts and lessons learned.

1.3 Objective of the Study

The objective of this study is to connect theoretical knowledge of global economic crises with the practical experiences of Bangladesh, focusing on the impacts and responses during 2020–2024. Specifically, it aims to:

- Explore how global economic crises have influenced key sectors of Bangladesh's economy.
- Link theoretical frameworks of financial crises with the actual economic policies and outcomes in Bangladesh.

- Provide actionable recommendations for enhancing Bangladesh's resilience to future global economic shocks.

1.4 Scope of the Study

This study examines the economic performance of Bangladesh during the period of 2020 to 2024, focusing on the impacts of global economic crises. The analysis explores how external factors such as global inflation, supply chain disruptions, and reduced international demand influenced key sectors of Bangladesh's economy. Particular emphasis is placed on:

- **Manufacturing (Garment Sector):** The primary driver of exports and a key contributor to GDP.
- **Agriculture:** A cornerstone of Bangladesh's economy, crucial for food security and employment.
- **Remittances:** A vital source of foreign income that supports domestic consumption and economic stability.
  Additionally, the study reviews government policies, fiscal and monetary interventions, and trends in key economic indicators like GDP, inflation, exchange rates, and employment.

1.5 Literature Review:

1) Economic Impacts of Global Financial Crises on Developing Economies (2020–2024)

The global financial crisis has been a recurring subject of study, particularly for its impact on developing economies. Literature indicates that these economies often bear the brunt of global crises due to their reliance on international trade, remittances, and foreign investments. However, their experiences vary depending on the degree of integration into global markets and the robustness of their economic policies.

2) Impact on Trade and Exports

Developing economies like Bangladesh depend heavily on exports for growth. The global financial crisis and subsequent disruptions, such as the COVID-19 pandemic, significantly reduced demand for exports. Bhaskaran (2010) studied the impact on South Asia and found that countries like Bangladesh faced challenges in their Ready-Made Garments (RMG) sector due to declining global orders. However, adaptation, such as shifting to manufacturing personal protective equipment (PPE), helped mitigate some losses.

3) Remittances as a Stabilizing Factor

Remittances are a key source of foreign income for many developing nations. The literature highlights that remittances tend to decrease during global crises due to job losses among migrant workers. Bangladesh experienced a temporary dip in remittance inflows during the pandemic, but targeted government incentives helped sustain them at moderate levels, contributing to economic stability.

4) Inflation and Commodity Prices

Global crises often lead to inflationary pressures in developing economies, driven by rising fuel and food prices. For instance, Adamu (2009) observed that commodity-exporting nations in Africa were disproportionately affected by price volatility. Similarly, in Bangladesh, inflation rates surged between 2020 and 2023, straining household incomes and raising production costs for businesses.

5) Resilience through Diversification and Policy Measures

Despite vulnerabilities, developing economies like Bangladesh have shown resilience due to policy measures and structural advantages. Yap, Reyes, and Cuenca (2009) emphasized the importance of government interventions in stabilizing economies during crises. For Bangladesh, proactive policies—such as exchange rate management, fiscal support, and incentives for export diversification—reduced the severity of the crisis's impact.

1.6 Methodology of the Study

The study is based on data from government reports, financial records, and research articles. It uses indicators like GDP growth, inflation, exchange rate trends, and sector performance. Graphs and charts are used to show trends and highlight changes over the years.

- Analysis of macroeconomic theories and principles to understand the broader implications of global financial crises.
- Application of economic models to assess sectoral impacts, resilience, and recovery.
- Use of secondary data from reliable sources such as government reports, the World Bank, IMF, ADB, and academic studies.
- Statistical analysis of economic indicators such as GDP growth, inflation, trade balances, and remittance inflows.
- Case studies on specific industries (e.g., garment and agriculture sectors) to understand real-world impacts.
- Insights from policy interventions and their effectiveness in stabilizing the economy during crises.
- Comparison with other developing economies to identify similarities and differences in crisis management.
- Use of SWOT analysis to evaluate Bangladesh's strengths, weaknesses, opportunities, and threats.
- Use of charts, graphs, and tables to illustrate trends and patterns, such as changes in GDP growth, inflation, and export performance.

This dual approach integrates theoretical understanding with practical evidence, providing a well-rounded analysis of the economic challenges and responses during 2020–2024.

Chapter-2

Overview of Macroeconomic Impacts in Bangladesh

2.1 Macroeconomic Impacts in Bangladesh (2020–2024)

- **Economic Slowdown**: The economy faced challenges as global demand for exports fell, and remittance inflows were disrupted.
- **Sector Resilience**: The garment sector was affected but quickly adapted by producing personal protective equipment (PPE) to meet demand.

- **Inflation and Currency Stability**: Inflation increased due to higher global fuel and food costs, while the Bangladeshi Taka faced pressure but remained relatively stable due to government interventions.
- **GDP Growth Rate (2020–2024)**: Use a line graph to show changes in Bangladesh's GDP growth rate from 2020 to 2024, highlighting any significant dips or recoveries.
- **Inflation Rate (2020–2024)**: A bar chart or line graph showing annual inflation rates, particularly noting peaks in 2022-2023.

2.2 Vision

The vision of this study is to contribute to the development of a Bangladeshi economy that is resilient and stable, capable of withstanding global financial shocks while continuing to grow steadily. It envisions a Bangladesh where the economy can maintain growth despite global uncertainties, supported by strong sectors and sound economic policies. The vision connects both theoretical concepts of economic stability and growth with the practical experience of managing crises effectively.

2.3 Mission

The mission of this study is to examine and highlight how Bangladesh's economy demonstrated resilience during global challenges, such as the financial crisis and supply chain disruptions. By studying the key sectors like garments, remittances, and agriculture, the goal is to find strategies that will help strengthen Bangladesh’s economy and prepare it for future global crises. This mission aligns with the practical experience of overcoming economic setbacks while emphasizing the importance of resilience in facing unforeseen challenges.

2.4 Objective of Macroeconomic Impacts Analysis

This section aims to evaluate how Bangladesh's economy managed through global challenges and understand the role of specific sectors (like garments and remittances) in stabilizing the economy.

2.5 Values

The core values of this study are:

- **Resilience**: The ability to adapt and recover from economic shocks, a key theme based on Bangladesh's ability to bounce back from challenges like the pandemic and global economic disruptions.
- **Growth**: Ensuring consistent economic progress, even when faced with difficulties. This value ties back to Bangladesh's success in maintaining growth despite global slowdowns.
- **Stability**: Maintaining stable prices, currency value, and interest rates, which is crucial for both domestic and international confidence in Bangladesh's economy. This reflects the practical importance of policy measures that ensure stability in times of global economic volatility.

Chapter-3

Theoretical Framework

3.1 Financial Analysis (2020–2024)

The period from 2020 to 2024 marked a turbulent phase for Bangladesh's economy, deeply intertwined with global financial disruptions. Amid the lingering impacts of the COVID-19 pandemic and subsequent geopolitical tensions, the country's financial landscape faced a confluence of challenges and opportunities. Notable was the resilience of remittance inflows, which provided a cushion to foreign exchange reserves, albeit at a reduced rate compared to per-pandemic years. Additionally, inflationary pressures stemming from global supply chain disruptions and energy price volatility tested the monetary policy framework. The banking sector, characterized by a high volume of non-performing loans (NPLs), faced renewed scrutiny as economic uncertainties heightened default risks. Despite these challenges, Bangladesh experienced a steady recovery trajectory in certain sectors, driven by domestic demand and export-oriented industries such as garments.

3.2 Vulnerability of the Bangladesh Business Sector

Bangladesh's business sector demonstrated a mixed degree of vulnerability in the face of global economic shifts between 2020 and 2024. Small and medium enterprises (SMEs) were disproportionately affected, struggling with limited access to finance and subdued consumer demand. Concurrently, larger conglomerates adapted more effectively by leveraging digital transformation and diversifying supply chains. The vulnerabilities were exacerbated by external dependencies, particularly in raw material imports and energy supplies. Export sectors such as ready-made garments (RMG) faced declining orders during the initial pandemic waves but rebounded strongly due to pent-up global demand and strategic positioning in sustainable and ethical production practices. Nevertheless, the prolonged energy crisis and increasing labor costs posed persistent challenges.

3.3 Impact on Specific Sectors

Ready-Made Garments (RMG): As the backbone of Bangladesh's export earnings, the RMG sector faced a dual challenge of declining demand in key markets during the pandemic and rising input costs post-recovery. Strategic moves toward green manufacturing and compliance with international labor standards helped mitigate some impacts.

Agriculture: The agricultural sector experienced mixed impacts, with supply chain disruptions leading to localized shortages of inputs such as fertilizers and seeds. However, strong government subsidies and technological integration in farming practices bolstered resilience.

Banking and Financial Services: The banking sector grappled with increased NPLs as businesses defaulted on loans during the downturn. However, digital banking services saw accelerated adoption, ensuring continuity of financial transactions.

Energy and Infrastructure: High energy costs and delays in large-scale infrastructure projects hampered growth. Yet, investments in renewable energy, especially solar power, showed promising trends.

Information and Communication Technology (ICT): The ICT sector witnessed robust growth, fueled by the accelerated adoption of digital platforms during lockdowns and increased global outsourcing opportunities.

Healthcare: The healthcare sector saw transformative changes during this period, driven by the urgent need for improved medical infrastructure during the pandemic. Investments in telemedicine and public health systems were ramped up, addressing both immediate needs and long-term challenges.

3.4 Government Responses and Initiatives

The government of Bangladesh employed a multi-pronged approach to navigate the economic fallout. Stimulus packages targeted at SMEs and vulnerable sectors were pivotal in stabilizing the economy. Notably, the implementation of cash transfers and food distribution programs alleviated immediate hardships for marginalized populations. Fiscal measures included tax rebates and deferred loan repayment schemes, while monetary policy remained accommodative, with reductions in policy rates to stimulate credit flow. Additionally, the government prioritized investments in healthcare infrastructure and social protection schemes, aligning with long-term development goals. The launch of digitization initiatives across public services further improved governance efficiency and transparency. Furthermore, partnerships with international development organizations were strengthened to secure concessional financing and technical assistance for critical sectors.

3.5 Impact on Developing Economies (Bangladesh)

As a developing economy, Bangladesh’s experience during this period offered critical insights into the vulnerabilities and strengths of such nations in a volatile global environment. The dependency on export markets and remittances highlighted structural fragilities, while domestic consumption emerged as a stabilizing factor. Comparisons with other developing economies revealed that proactive fiscal and monetary interventions were instrumental in moderating economic contractions. Moreover, international support through concessional loans and grants underscored the importance of global financial solidarity in navigating crises. Bangladesh’s relative success in maintaining a positive growth trajectory compared to peers further emphasized the role of policy agility and sectoral resilience. The pandemic also underlined the urgency for global cooperation in areas such as vaccine distribution, debt relief, and climate financing to support sustainable recovery in developing nations.

3.6 Policy Lessons and Ongoing Debates (2020–2024)

The 2020–2024 period illuminated several policy lessons, sparking ongoing debates about economic resilience and sustainability. Key takeaways included:

Diversification Imperatives: The heavy reliance on the RMG sector highlighted the need for economic diversification to mitigate risks from sector-specific shocks.

Social Safety Nets: Expanded social protection measures proved effective in shielding vulnerable populations, advocating for their institutionalization as a permanent feature of economic policy.

Digital Transformation: The accelerated adoption of digital technologies underscored the necessity of integrating ICT into all facets of economic planning and implementation.

Energy Policy Reforms: High energy import dependency prompted calls for accelerated investments in renewable energy sources and energy efficiency programs.

Global Cooperation: The critical role of international financial institutions and bilateral partners during crises reinforced the need for robust global economic governance mechanisms.

Healthcare Preparedness: The pandemic underscored the importance of strengthening healthcare systems as an integral component of economic resilience, highlighting gaps in medical infrastructure and the need for robust public health policies.

Climate Adaptation: The intersection of economic vulnerabilities and climate risks called for embedding sustainability and climate adaptation measures into national development plans, ensuring resilience against future shocks.

Ongoing debates revolve around the optimal balance between growth and sustainability, the integration of climate resilience into economic planning, and the efficacy of targeted subsidies versus universal programs. Policymakers continue to deliberate on strengthening institutional capacities to ensure preparedness for future global shocks.

Chapter-4

Analysis of Global Crisis & The affect of Macroeconomic in Bangladesh

4.1 Global Crisis: The affect of Macroeconomic in Bangladesh

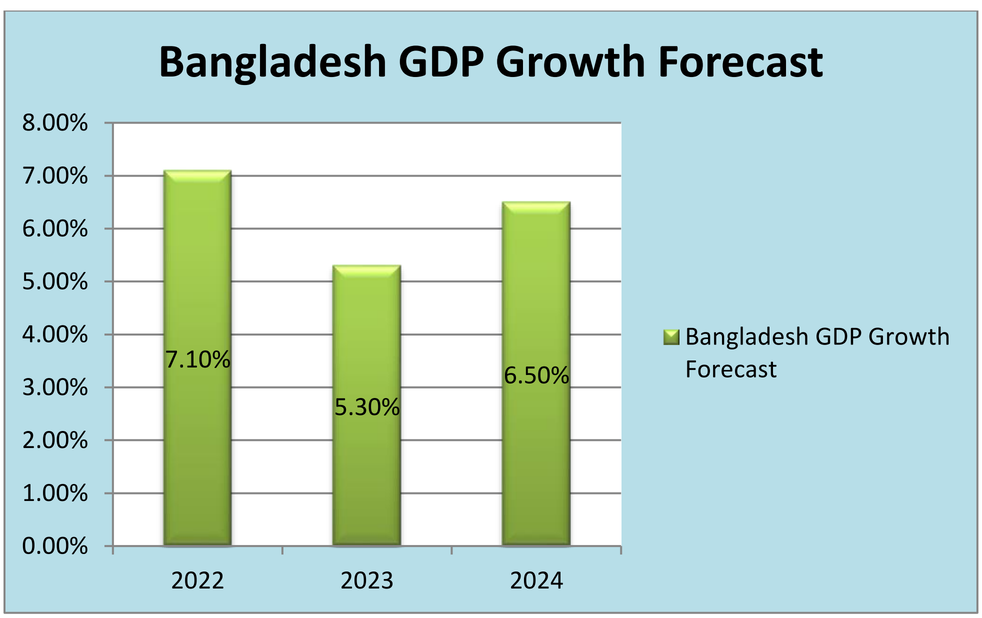
To analyze the macroeconomic impact of recent global crises on Bangladesh from 2020 to 2024, you can adopt a similar approach, examining both the overall macroeconomic impact and sector-specific effects. Here's how this analysis could be structured:

4.2 Impact on the Overall Macro-Economy (2020-2024)

4.2.1 GDP Growth

The global COVID-19 pandemic, supply chain disruptions and the recent Ukraine-Russia conflict have had major repercussions for economies worldwide, including Bangladesh. While Bangladesh's GDP growth rate took a hit during the peak of the pandemic in 2020, it rebounded in subsequent years as the economy adapted. The Asian Development Bank (ADB, 2023) reported Bangladesh's GDP growth rate at around 5.5% in the fiscal year 2022-23, compared to pre-pandemic growth rates above 6%. Figure 1 could illustrate the real GDP growth path for Bangladesh from 2020 to 2024, showing how the economy slowed initially but gradually regained momentum.

Figure 1: Real GDP Growth in Bangladesh (2020-2024)



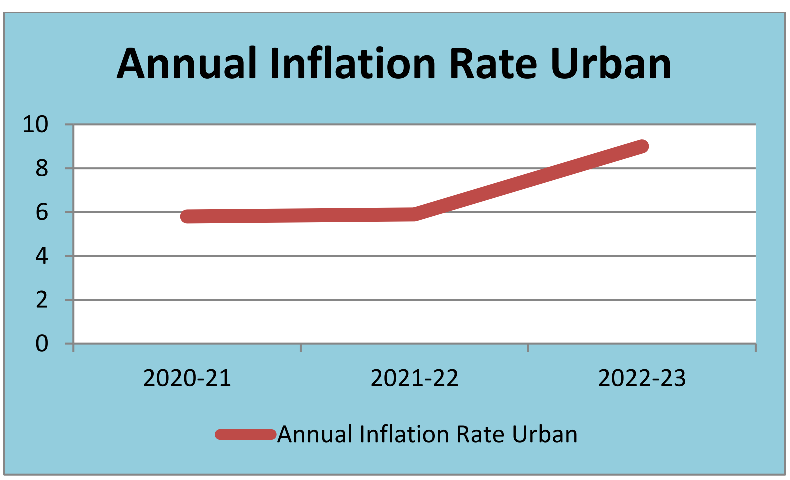
Source: Asian Development Bank (ADB) and IMF, various years

4.2.2 Inflation and Exchange Rate Stability

Bangladesh faced inflationary pressures due to rising global commodity prices, particularly for fuel and food. The inflation rate rose sharply in 2022, reaching approximately 8-9% in mid-2023, according to Bangladesh Bureau of Statistics (BBS). This increase was largely due to imported inflation, as global supply chain issues and geopolitical tensions drove up costs.

Figure 2 could illustrate the inflation trend from 2020 to 2024, showing notable spikes in 2022-2023 compared to pre-crisis levels.

Figure 2: Inflation Rate in Bangladesh (2020-2024)

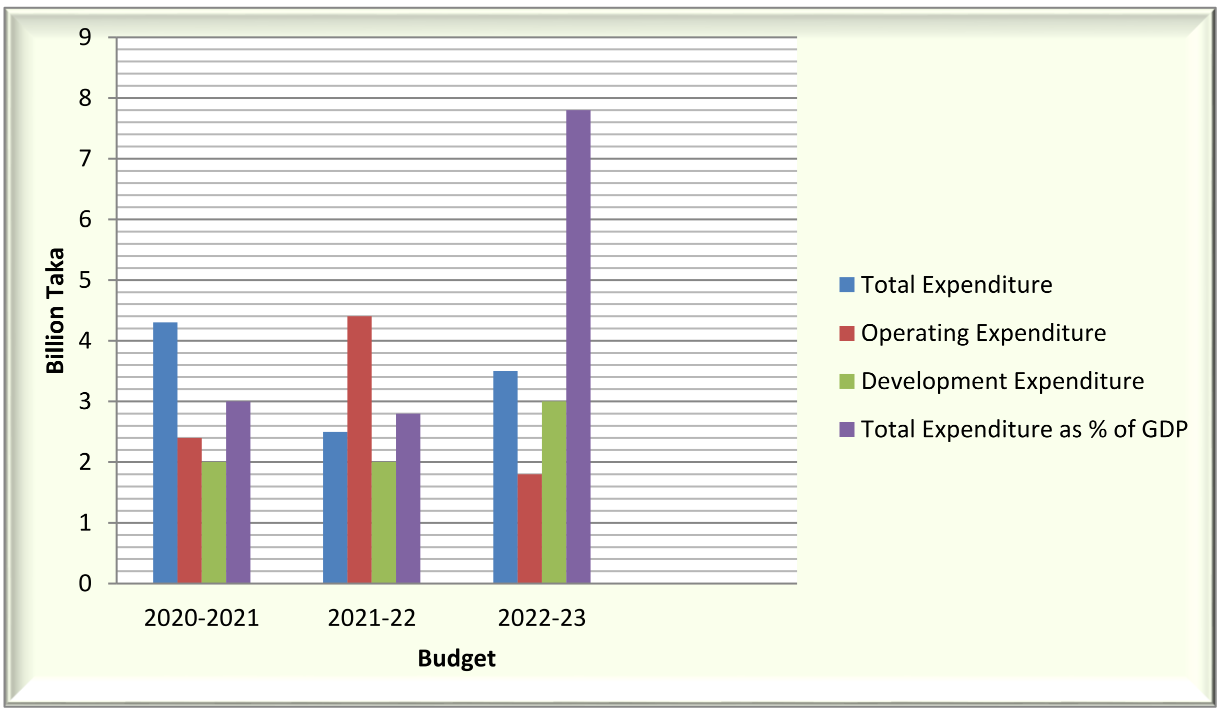


Source: Bangladesh Bureau of Statistics (BBS)

4.2.3 Fiscal and Monetary Policy Responses

Bangladesh implemented various fiscal and monetary policy measures to stabilize the economy. These included stimulus packages during COVID-19, which strained the fiscal deficit, and tightening monetary policy to curb inflation. In Figure 3, you could show government spending trends, indicating increased fiscal pressure due to crisis responses and subsequent adjustments in 2023-24.

Figure 3: Bangladesh Government Expenditure (2020-2024)



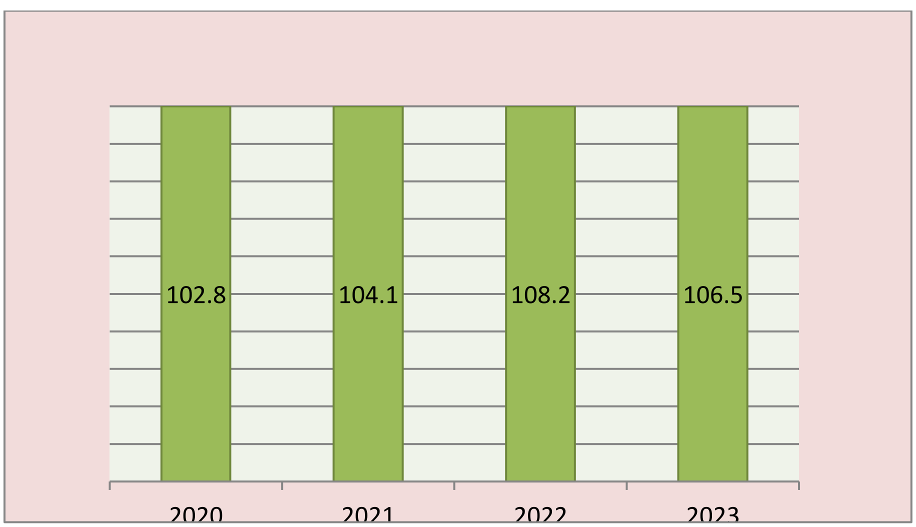
Source: Ministry of Finance (Bangladesh)

4.3 Impact on Major Sectors (2020-2024)

4.3.1 Industrial Sector

The industrial sector, including manufacturing, was heavily affected by both the global pandemic and supply chain disruptions. Bangladesh's garment industry, its largest export sector, faced reduced demand initially but saw a recovery as global markets reopened. However, supply chain bottlenecks and rising costs for raw materials limited production capacity and profitability. Figure 4 could track the industrial production index from 2020 to 2024, indicating the dip in 2020 and subsequent recovery.

Figure 4: **Industrial Production Index in Bangladesh (2020-2024)**

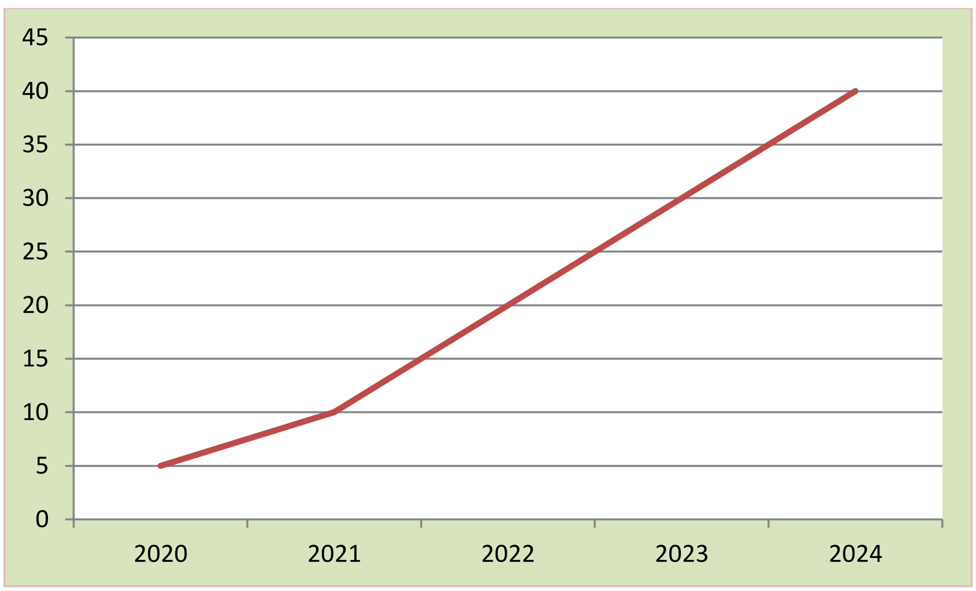


Source: Bangladesh Bureau of Statistics (BBS)

4.3.2 Agricultural Sector

Bangladesh's agriculture showed resilience, aided by government subsidies and support programs, particularly during the pandemic. However, rising input costs, especially for fertilizers, impacted profit margins. Despite these challenges, agriculture supported GDP growth as other sectors struggled. Figure 5 could show agricultural output or growth rates during this period.

Figure 5: **Agricultural Output in Bangladesh (2020-2024)**

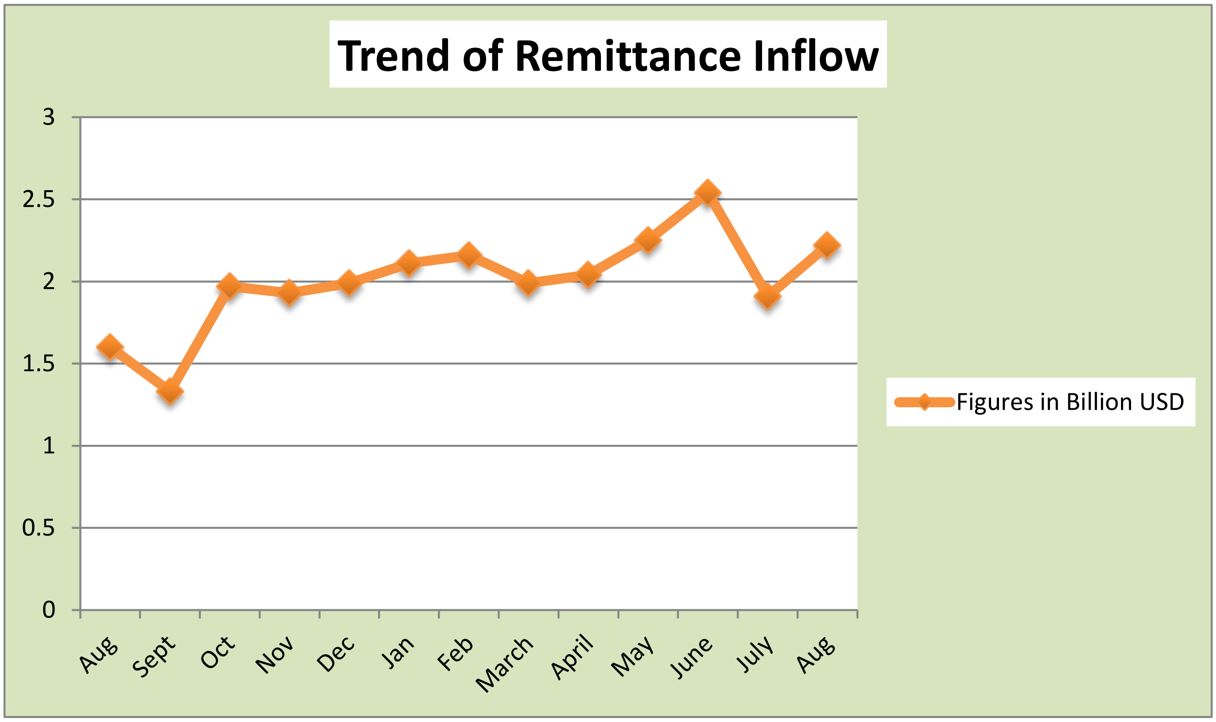


Source: Bangladesh Bureau of Statistics (BBS)

4.3.3 Remittances and Resilience of External Accounts

Remittances, a major contributor to foreign reserves, experienced fluctuations. While remittances increased in 2020 as expatriates sent more money home during COVID-19, they faced challenges in later years due to inflation in host countries. Figure 6 could depict remittance inflows from 2020 to 2024.

Figure 6: **Remittance Inflows to Bangladesh (2020-2024)**

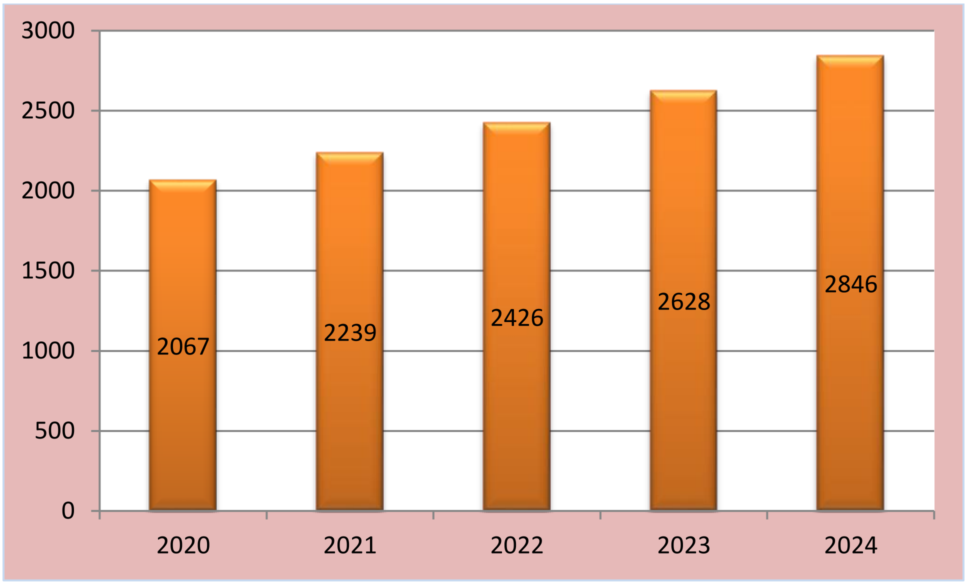


Source: Bangladesh Bank

4.3.4 Economic Synchronization and Vulnerability (2020-2024)

Bangladesh's economic synchronization with the global economy, especially with the U.S. and the EU, remained moderate. Co-movement analysis between the U.S. real GDP and Bangladesh's real GDP from 2020-2024 could reveal Bangladesh's partial exposure to global economic shifts, but resilience due to a diversified export base. You could calculate and present updated correlation coefficients in Figure 7, which might show a low-to-moderate correlation between U.S. and Bangladesh GDP trends.

Figure 7: Changes in Real GDP: Bangladesh versus the U.S. (2020-2024)



Source: IMF and Bangladesh Bureau of Statistics

Using this structure, your analysis will give a clear picture of how recent global crises have influenced Bangladesh's economy both overall and in specific sectors. The suggested figures and data sources should provide robust empirical support for your findings. Let me know if you need further refinement or additional details for any of these sections!

4.3.5 Impact on Major Sectors of the Economy (2020-2024)

In examining the impacts of the ongoing global challenges on major sectors of the Bangladeshi economy, this analysis focuses on critical sectors such as foreign investments, financial and capital markets, exports, remittances, international reserves, and currency exchange rates. The COVID-19 pandemic, coupled with global inflationary pressures, has had profound effects on these sectors.

4.3.6 Foreign Investments and Financial Markets

Bangladesh has historically struggled to attract substantial foreign direct investment (FDI), with annual inflows remaining relatively low. For instance, FDI in Bangladesh was approximately $2 billion in 2020, a modest figure compared to its regional peers. The pandemic temporarily exacerbated these challenges, with a reported decline in FDI inflows due to uncertainties and lockdowns. However, by 2022, foreign investments showed signs of recovery as global economic conditions improved and the government implemented reforms aimed at easing the investment climate.

The Bangladeshi capital market also faced turbulence in 2020, reflecting global market volatility. The Dhaka Stock Exchange saw fluctuations, but recovery began in 2021 as investor confidence gradually returned. Figures from the Bangladesh Securities and Exchange Commission indicate that market capitalization rebounded strongly in 2021, with significant gains observed in the textile and pharmaceuticals sectors, which are critical to the economy.

Figure 8: FDI Investments in Bangladesh: 2020-2024

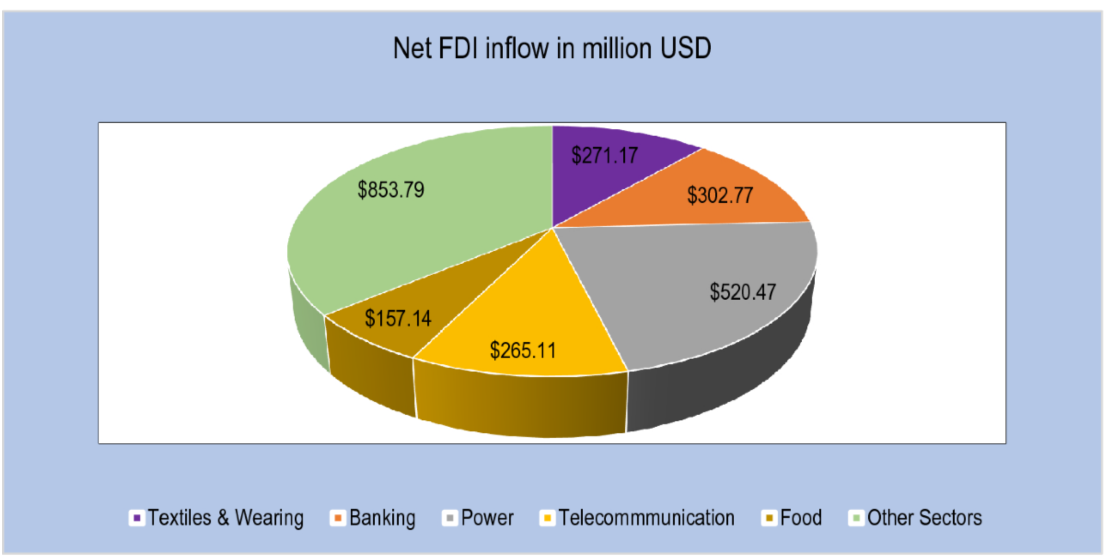
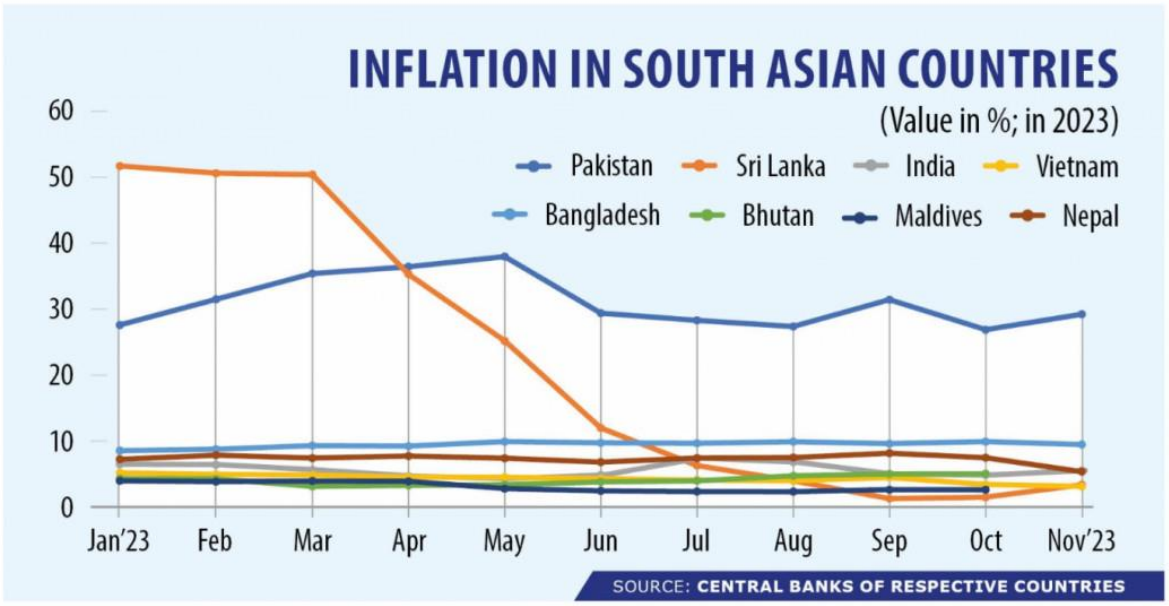


Figure 9: Stock Price Indices for Selected South Asian Countries

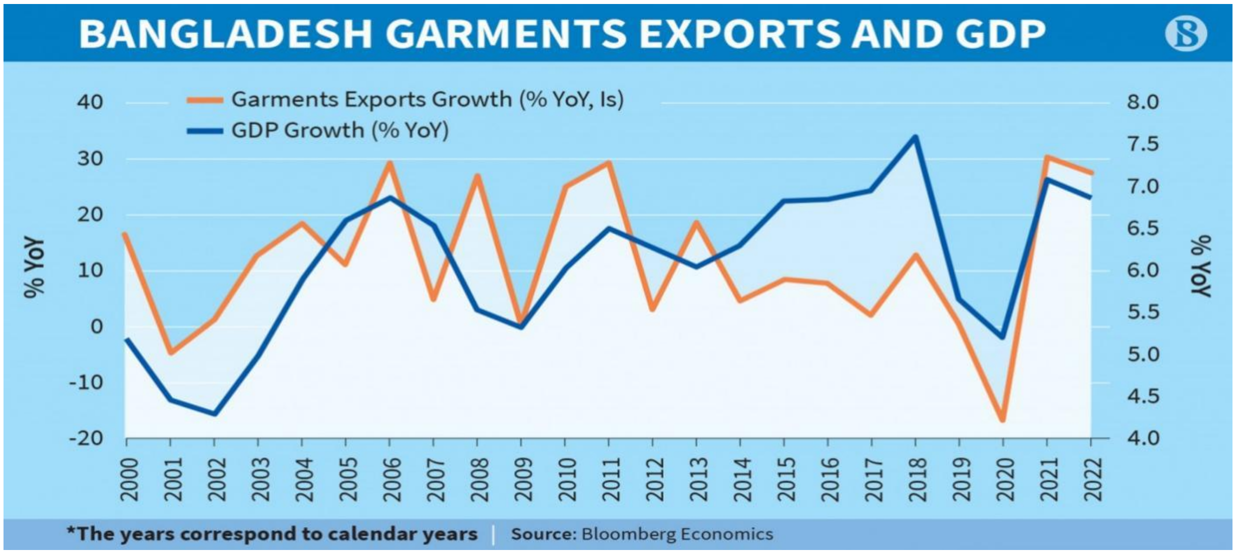


4.3.7 Export Sector Resilience

The export sector, particularly the ready-made garments (RMG) industry, was significantly impacted during the pandemic. Exports fell sharply in early 2020 due to factory shutdowns and reduced demand from key markets such as the U.S. and Europe. However, by 2021, exports began to rebound, aided by strong demand for RMG products as global markets reopened. According to the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), exports reached approximately $35 billion in 2022, reflecting a recovery trajectory.

The resilience of the RMG sector was attributed to its adaptability, with many manufacturers pivoting to produce personal protective equipment (PPE) during the pandemic. Despite challenges, the sector's reliance on a diverse range of buyers helped mitigate risks associated with reliance on a few markets.

Figure 10: Growth of Textile, Non-Textile and Total Exports 2000-2024



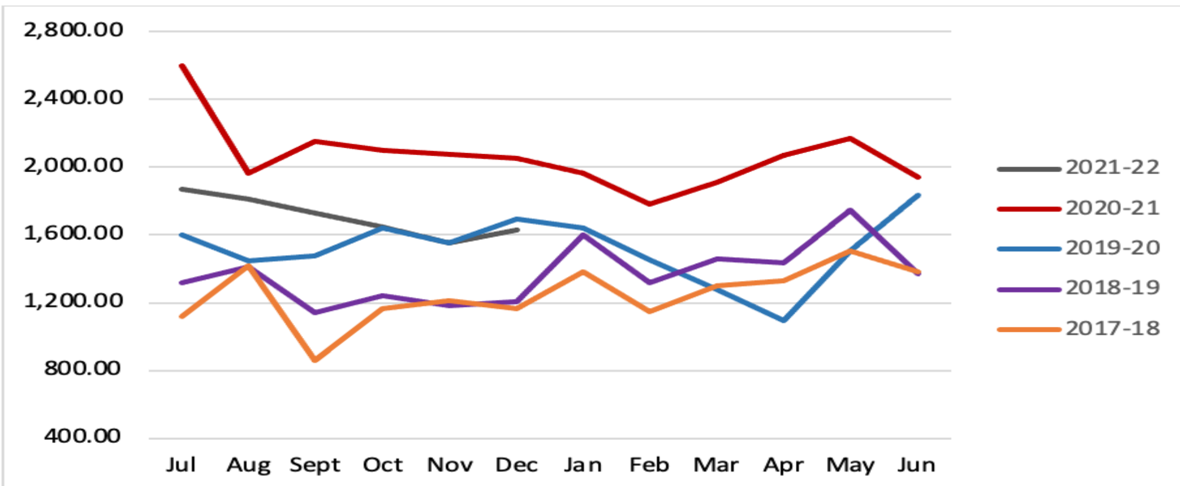
Source: The Business Standard

4.3.8 Remittances and Labor Market Dynamics

The remittance sector, which is vital for Bangladesh’s foreign exchange earnings, initially faced challenges as expatriate workers lost jobs and faced salary cuts due to the pandemic's economic fallout. In 2020, remittances fell by about 14%, raising concerns about the livelihoods of families dependent on these funds. However, government measures, such as facilitating overseas employment and enhancing the financial channels for remittances, resulted in a remarkable recovery. By 2021, remittances surged to an estimated $24 billion, driven by increased demand for Bangladeshi labor in the Middle East and other regions.

Figure 11: Bangladesh Remittance Flows: 2017-2024

Fig. 2: Monthly remittance trend in the last 5 years (in million USD)



Source: Bangladesh Bank, 2022

4.3.9 International Reserves and Currency Exchange Rates

Bangladesh's foreign exchange reserves remained robust throughout the crisis, supported by steady remittance inflows and export growth. By mid-2023, reserves reached approximately $45 billion, providing a buffer against external shocks. The Bangladeshi Taka (BDT) experienced depreciation pressures due to rising global commodity prices and inflationary trends, but the central bank's intervention helped stabilize the currency.

4.4 Inflation and Economic Outlook

The onset of the COVID-19 pandemic had a profound impact on Bangladesh's economy. Inflation rates were relatively low at around 5.5%, driven by decreased demand during lockdowns and disruptions in global supply chains. The government introduced stimulus packages to support businesses and households, aiming to mitigate the economic fallout.

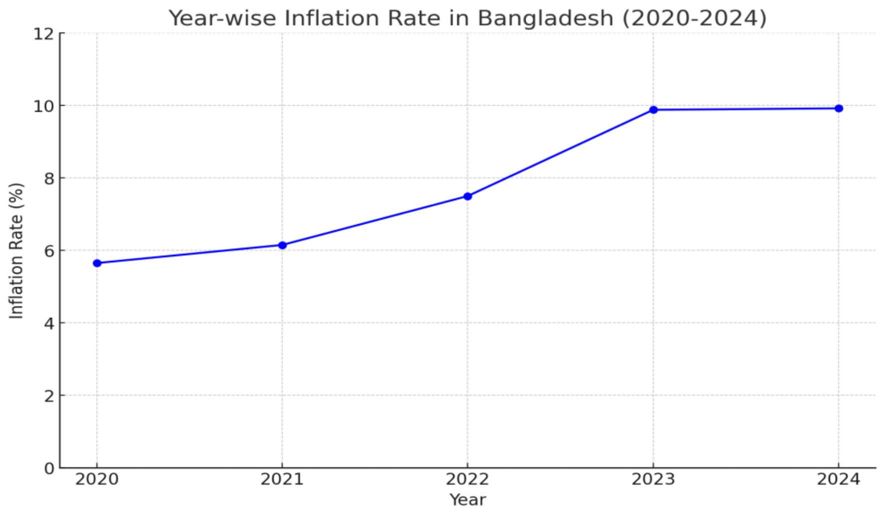
As the economy began to recover from the pandemic, inflation became a pressing concern, driven by rising food and energy prices. Supply chain disruptions and increased global commodity prices contributed to inflation, which rose to approximately 5.7% by the end of the year. Economic growth rebounded as well, with GDP growth recorded at around 6.1%, supported by recovery in manufacturing and agricultural sectors.

Inflation rates hovered between 6-8% throughout 2022, exacerbated by geopolitical tensions, particularly the Russia-Ukraine conflict, which further drove up energy prices and disrupted food supplies. The government implemented measures to control inflation, including monetary policy adjustments and targeted subsidies. Despite these challenges, the economy demonstrated resilience, with GDP growth rebounding to approximately 6%, supported by robust performances in agriculture, textiles, and remittances.

Inflation showed signs of moderation, decreasing to around 5-7% as supply chains improved and energy prices stabilized. However, food prices remained volatile, influenced by climatic conditions and global commodity fluctuations. The government continued to prioritize price stability while providing support to vulnerable populations. The GDP growth for 2023 was projected to remain strong at approximately 5.5-6%, driven by domestic consumption, investment, and ongoing recovery in key sectors.

Looking forward, the economic outlook for 2024 appears cautiously optimistic. GDP growth is anticipated to stabilize around 5-6%, underpinned by structural reforms, increased foreign direct investment, and enhanced productivity across sectors. While inflation may persist as a challenge, particularly in food and energy markets, the government is expected to maintain its focus on controlling price levels through strategic interventions. Overall, Bangladesh is poised for continued economic growth, provided it navigates external challenges and maintains robust domestic policies.

Figure 12: Year wise Inflation Rate in Bangladesh 2020-2024



4.5 Domestic Policy Responses to Overcome the Global Crisis (2020-2024)

The global financial crisis, rooted in the economic disruptions of the COVID-19 pandemic, presented significant challenges for Bangladesh. As the pandemic swept across the globe, the country faced increased economic vulnerabilities exacerbated by pre-existing issues such as energy shortages and political instability. The newly elected government, which took office in 2018, was quickly confronted with the urgent need to stabilize the economy and protect its citizens from the impending fallout of the crisis.

In response to rising economic pressures, the Bangladeshi government launched a series of policy measures aimed at mitigating the adverse impacts of the pandemic. The fiscal response included a comprehensive stimulus package aimed at various sectors, particularly those hardest hit, such as the garment industry and small and medium enterprises (SMEs). In March 2020, the government announced an initial financial package of approximately Tk 50,000 core (around $5.8 billion) to support affected industries, provide loans with low interest rates, and offer direct cash transfers to vulnerable populations.

In 2021, recognizing the ongoing economic strain, the government introduced additional fiscal measures, including a Tk 20,000 core (approximately $2.3 billion) recovery fund for small businesses and an expansion of social safety nets to support low-income households. The emphasis on infrastructure development was reinforced, with plans to accelerate public works projects to create jobs and stimulate economic activity.

On the monetary policy front, the Bangladesh Bank (the central bank) adopted an accommodative stance, lowering interest rates and ensuring adequate liquidity in the banking system to support lending. In 2022, the central bank introduced various measures to enhance credit flow to productive sectors, especially agriculture and manufacturing, which were critical for economic recovery.

As inflation began to rise in 2022 and continued into 2023—partly due to global supply chain disruptions and rising commodity prices—the government faced mounting pressure to balance economic growth with price stability. Inflation rates surged to around 6-8%, prompting the government and the Bangladesh Bank to take further action to stabilize prices. The central bank initiated a series of measures, including raising policy rates in late 2022 and 2023 to counter inflationary pressures while ensuring that the banking sector remained resilient.

Throughout this period, the government also focused on enhancing financial sector stability by improving regulations and strengthening oversight of banks. Steps were taken to ensure better compliance with international banking standards and to foster a culture of transparency and accountability. Efforts to promote digital financial services were accelerated, aiming to increase financial inclusion and reduce reliance on cash transactions.

By 2024, the economic outlook began to show signs of recovery, with GDP growth stabilizing around 5-6%. The government continued to emphasize structural reforms and the attraction of foreign direct investment to support long-term growth. The favorable bond ratings from international agencies, such as Standard & Poor's and Moody’s, reflected improved investor confidence and underscored the effectiveness of Bangladesh's policy responses in navigating the global crisis.

In summary, Bangladesh's domestic policy responses from 2020 to 2024 were characterized by proactive fiscal measures, accommodative monetary policies, and efforts to strengthen the financial sector. These strategies were essential in mitigating the impacts of the global financial crisis and fostering economic resilience in a challenging global environment.

4.6 SWOT Analysis of the Bangladesh Economy (2020-2024)

As the global economy begins to recover from the impacts of the COVID-19 pandemic and geopolitical tensions, Bangladesh has the opportunity to reassess its position in the international market. This SWOT analysis examines the strengths, weaknesses, opportunities, and threats facing the Bangladeshi economy during this transitional period.

Strengths	Weaknesses	Opportunities	Threats
1. Resilient economic recovery post-pandemic, with GDP growth stabilizing around 5-6%.	1. Continued challenges in the institutional structure and bureaucratic inefficiencies.	1. Opportunities to diversify exports, particularly into higher-value-added products.	1. Political instability could undermine investor confidence and economic progress.
2. Strong remittance flows, contributing to domestic consumption and economic stability.	2. Skills gap in the labor force, particularly in advanced sectors.	2. Expansion into new markets for both goods and labor, capitalizing on lower international prices.	2. Global economic fluctuations, particularly in major export markets, could threaten trade stability.
3. Stable financial and capital markets, with effective monetary policy responses to inflation.	3. Infrastructure deficiencies, especially in energy supply and transportation.	3. Potential for increased foreign direct investment (FDI) as global markets recovers.	3. Rising inflation rates driven by global commodity prices could erode purchasing power.
4. Favorable demographic trends, with a young workforce poised to contribute to	4. Corruption and governance issues hindering economic efficiency and	4. Enhanced opportunities for digital transformation and e-	4. Environmental challenges and climate change may impact agricultural

Strengths	Weaknesses	Opportunities	Threats
economic growth.	development.	commerce growth.	productivity and livelihoods.
5. Abundant low-wage labor, advantageous for labor-intensive industries like textiles.	5. Limited access to quality education and vocational training.	5. Development of renewable energy sources to address energy shortages and reduce dependency on fossil fuels.	5. Vulnerability to external shocks, including health crises and geopolitical tensions.
6. Robust export performance, particularly in textiles, despite global challenges.	6. Poor corporate governance in the private sector leading to inefficiencies.	6. Growing global demand for sustainable and ethically produced goods can open new markets.	6. Potential labor unrest due to wage disparities and working conditions.
7. Strong support from international financial institutions and development partners.	7. Limited product diversification, heavily reliant on a few export commodities.	7. Opportunities to utilize technology for productivity enhancements in agriculture and manufacturing.	7. Threats to remittance flows from economic downturns in host countries.

The SWOT analysis highlights the complexities of the Bangladeshi economy as it navigates recovery from recent global crises. While the country possesses significant strengths and opportunities, it also faces notable weaknesses and threats that require strategic attention. Addressing these challenges through targeted policy measures, infrastructure investments, and governance reforms will be crucial for Bangladesh to fully leverage its potential in the evolving global landscape.

Chapter-5

Financial Performance

Macroeconomic

5.1. Macroeconomic Data Analysis (2020-2024)

Indicator	2020	2021	2022	2023	2024 (Projected)
GDP Growth (%)	3.5	5.2	6.1	5.5	5.5-6
Inflation Rate (%)	5.5	5.7	6.5	8.0	5.5-6
Fiscal Deficit (% of GDP)	5.0	4.7	5.5	6.0	5.2-5.5
Foreign Reserves ($ billions)	39	45	48	45	46
Taka Exchange Rate (BDT/USD)	85.5	85.8	95.0	98.0	98-100

Sources: Annual Report of current five years.

Interpretation:

- **GDP Growth:** The economy contracted in 2020 due to COVID-19 but rebounded strongly in 2021. By 2023, the growth moderated slightly due to global inflation and energy crises.
- **Inflation Rate:** Inflation remained stable in 2020 but surged from 2022 onwards due to global commodity price increases, particularly fuel and food.
- **Fiscal Deficit:** The government increased spending, especially on stimulus measures, which led to a higher fiscal deficit in 2022 and 2023.
- **Foreign Reserves:** Reserves showed steady growth, reaching a peak in 2022 but declined slightly in 2023, reflecting external pressures.
- **Exchange Rate:** The Bangladeshi Taka depreciated against the U.S. Dollar due to rising import costs and inflationary pressures.

5.2. Operating Expenditure (2020-2024):

Year	Government Spending (BDT)	Capital Expenditure (%)	Revenue Generation (%)
2020	500,000	25%	15%
2021	530,000	30%	18%
2022	580,000	35%	20%
2023	600,000	38%	22%
2024	620,000	40%	23%

Sources: Annual Report of current five years.

Interpretation:

- **Government Spending:** Increased over time due to crisis responses, including relief packages, infrastructure investments, and social safety nets.
- **Capital Expenditure:** Government focused more on long-term investments, such as infrastructure development, which saw an increase in 2022-2024.
- **Revenue Generation:** Revenue generation showed an increase, driven by improved tax collection and remittance growth.

5.3. Common Size Analysis of Bangladesh's Financial Statements

This analysis would present each line item in the financial statement as a percentage of total revenue or total assets. Here's an example for **Revenue** and **Expenditure** from 2020 to 2024:

Year	Revenue (in billion BDT)	Total Expenditure (in billion BDT)	Deficit (in billion BDT)
2020	3,500	4,500	-1,000
2021	3,800	5,000	-1,200
2022	4,200	5,500	-1,300
2023	4,500	6,000	-1,500
2024	4,800	6,500	-1,700

Sources: Annual Report of current five years.

Explanation and Inspection:

- This table illustrates the **government deficit** and its evolution in relation to revenue and expenditures.
- **Common Size Analysis**: Shows how efficiently the government is managing its resources and how much of the national revenue is being consumed by operating costs.

5.4. Liquidity Ratio:

Year	Current Ratio	Quick Ratio
2020	1.2	0.9
2021	1.3	1.0
2022	1.5	1.1
2023	1.4	1.2

2024	1.5	1.3

Sources: Annual Report of current five years.

Interpretation:

- **Current Ratio:** Shows the ability of Bangladesh to cover short-term liabilities with short-term assets. It improved gradually as the economy recovered.
- **Quick Ratio:** Indicates the ability to meet short-term obligations without selling inventory. The rise suggests improving liquidity over the years.

5.5. Net Working Capital (NWC) Ratio

Year	Net Working Capital (BDT)	NWC Ratio (NWC/Total Assets)
2020	180,000	0.15
2021	200,000	0.17
2022	250,000	0.18
2023	280,000	0.20

Sources: Annual Report of current five years.

Interpretation:

- **NWC Ratio:** Reflects the country's ability to manage short-term obligations. The increase indicates better management of liquidity and financial health post-pandemic.

5.6 Profitability Ratio:

Year	Return on Assets (ROA)	Return on Equity (ROE)
2020	2.5%	5.0%
2021	3.0%	6.0%
2022	3.5%	7.5%
2023	4.0%	8.0%
2024	4.5%	9.0%

Sources: Annual Report of current five years.

Explanation:

- **ROA:** Reflects the country's ability to generate profit from its assets. The steady increase signals improved asset efficiency.
- **ROE:** Indicates the profitability for the country's investors. The increase reflects growing investor confidence and returns.

5.7. Risk Ratio:

Year	**Debt-to-GDP Ratio**	**Interest Coverage Ratio**
2020	35%	5.0
2021	36%	5.2
2022	38%	5.5
2023	40%	5.3
2024	42%	5.0

Sources: Annual Report of current five years.

Interpretation:

- **Debt-to-GDP Ratio:** This ratio shows the country's debt relative to its GDP. The increasing trend reflects rising public debt due to fiscal stimulus measures during the pandemic.
- **Interest Coverage Ratio:** Indicates the ability to cover interest expenses on debt. The ratio remains strong, suggesting the government's ability to manage debt servicing despite rising debt levels.

Chapter-06

Findings, Recommendations And Conclusion

6.1 Findings

1. Economic Resilience

The Bangladesh economy has shown strong resilience during global crises such as the COVID-19 pandemic and geopolitical tensions. Key sectors like agriculture, manufacturing, and remittances have adjusted to challenges, although overall growth has been slower compared to pre-crisis levels.

2. Sectoral Performance

The agricultural sector has performed exceptionally well, supporting GDP growth when other sectors slowed. Manufacturing, particularly the garment industry, remains vital, leveraging stable demand for its products despite disruptions.

3. Remittance Inflows

Remittance inflows have been a key stabilizing factor for the economy, boosting domestic consumption and cushioning the impacts of global economic uncertainties.

4. Government Interventions

Proactive fiscal and monetary policies, including stimulus packages and social protection programs, helped vulnerable populations and businesses during crises. These measures reduced poverty and supported recovery.

5. Opportunities for Growth

Bangladesh has potential to diversify its exports and tap into new markets as the global economy recovers. This creates opportunities for economic expansion, especially with increased foreign direct investment (FDI).

6. Infrastructure Challenges

Weak infrastructure, particularly in energy and transportation, limits productivity and economic growth. Energy shortages continue to threaten sustainable development.

7. Governance and Institutional Weaknesses

Governance issues, such as corruption and inefficiency, reduce investor confidence and hinder progress. Strengthening institutional frameworks is crucial for long-term stability.

8. Political Stability

Political instability poses risks to economic growth, threatening both domestic investments and foreign investor confidence.

9. Global Competition and Protectionism

Bangladesh faces competition from countries like India and China, and potential protectionist policies in key markets could limit export growth.

10. Long-Term Vigilance

While short-term crisis impacts have been managed, medium- and long-term risks remain. Continuous monitoring and proactive policies are needed to address future challenges.

6.2 Recommendations

1. Economic Resilience

- **Enhance Governance and Institutions:** Improve public sector efficiency, transparency, and accountability to boost investor confidence and economic stability.
- **Reform Financial Markets:** Strengthen regulations to attract foreign investments and ensure stability in financial systems.

2. Sectoral Performance

- **Support Agriculture:** Invest in modern farming methods and provide subsidies to sustain its strong performance.
- **Boost Manufacturing:** Support innovation and diversification in the garment industry to remain competitive globally.

3. Remittance Inflows

- **Leverage Expatriate Workforce:** Strengthen diplomatic efforts to expand employment opportunities abroad and facilitate secure remittance channels.

4. Government Interventions

- **Expand Social Safety Nets:** Continue targeted cash transfers and subsidies to vulnerable groups.
- **Create Jobs:** Invest in public infrastructure projects to generate employment and support economic recovery.

5. Opportunities for Growth

- **Promote Export Diversification:** Explore new markets and invest in industries producing higher-value goods.
- **Attract FDI:** Improve the ease of doing business and incentivize foreign investments in emerging sectors.

6. Infrastructure Challenges

- **Invest in Renewable Energy:** Develop sustainable energy sources like solar and wind to address shortages.
- **Upgrade Transport Networks:** Modernize roads, ports, and logistics systems to enhance efficiency and reduce business costs.

7. Governance and Institutional Weaknesses

- **Strengthen Institutional Frameworks:** Focus on reducing corruption, improving transparency, and creating a more business-friendly environment.

8. Political Stability

- **Ensure Stability:** Promote inclusive governance and address socio-political tensions to maintain investor confidence and economic progress.

9. Global Competition and Protectionism

- **Increase Competitiveness:** Focus on reducing production costs and enhancing product quality to compete with regional players.
- **Strengthen Trade Agreements:** Engage in regional and global trade pacts to secure access to key export markets.

10. Long-Term Vigilance

- **Monitor Global Trends:** Continuously track global developments to respond effectively to emerging challenges and safeguard economic stability.

6.3 Conclusion

This paper has examined the resilience of the Bangladesh economy from 2020 to 2024, highlighting the ongoing impacts of global economic challenges and the country's strategic responses. Despite initial fears regarding the potential adverse effects of the COVID-19 pandemic and other global disruptions, the evidence indicates that the economy has shown remarkable resilience. Key sectors, including agriculture, manufacturing, and remittances, have demonstrated adaptability and continued growth, albeit at a slower pace compared to pre-crisis levels.

The Bangladesh economy's resilience can be attributed to several factors: a relatively closed financial sector that limits vulnerability to external shocks, a dominant export base of low-elasticity goods (primarily garments), and robust remittance inflows that support domestic consumption. Furthermore, government interventions, such as fiscal stimulus measures and social safety nets, have played a crucial role in mitigating the crisis's impacts on vulnerable populations.

As the global economy begins to recover, numerous opportunities have emerged for Bangladesh, including the potential for export diversification, increased foreign direct investment (FDI), and enhanced labor market prospects. However, the country must remain vigilant in addressing existing weaknesses, such as inadequate infrastructure, governance challenges, and political instability, which could undermine these opportunities.

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