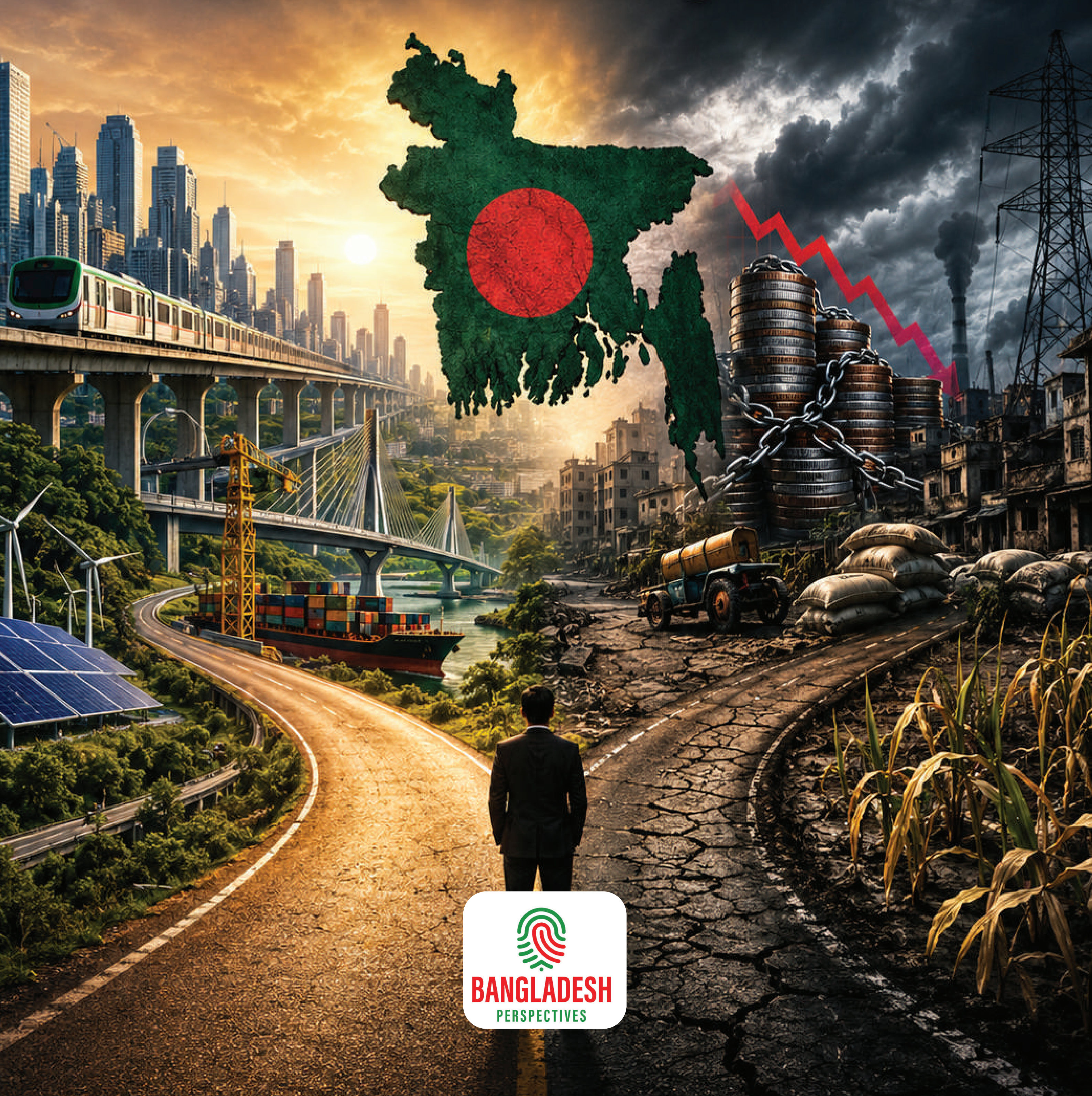
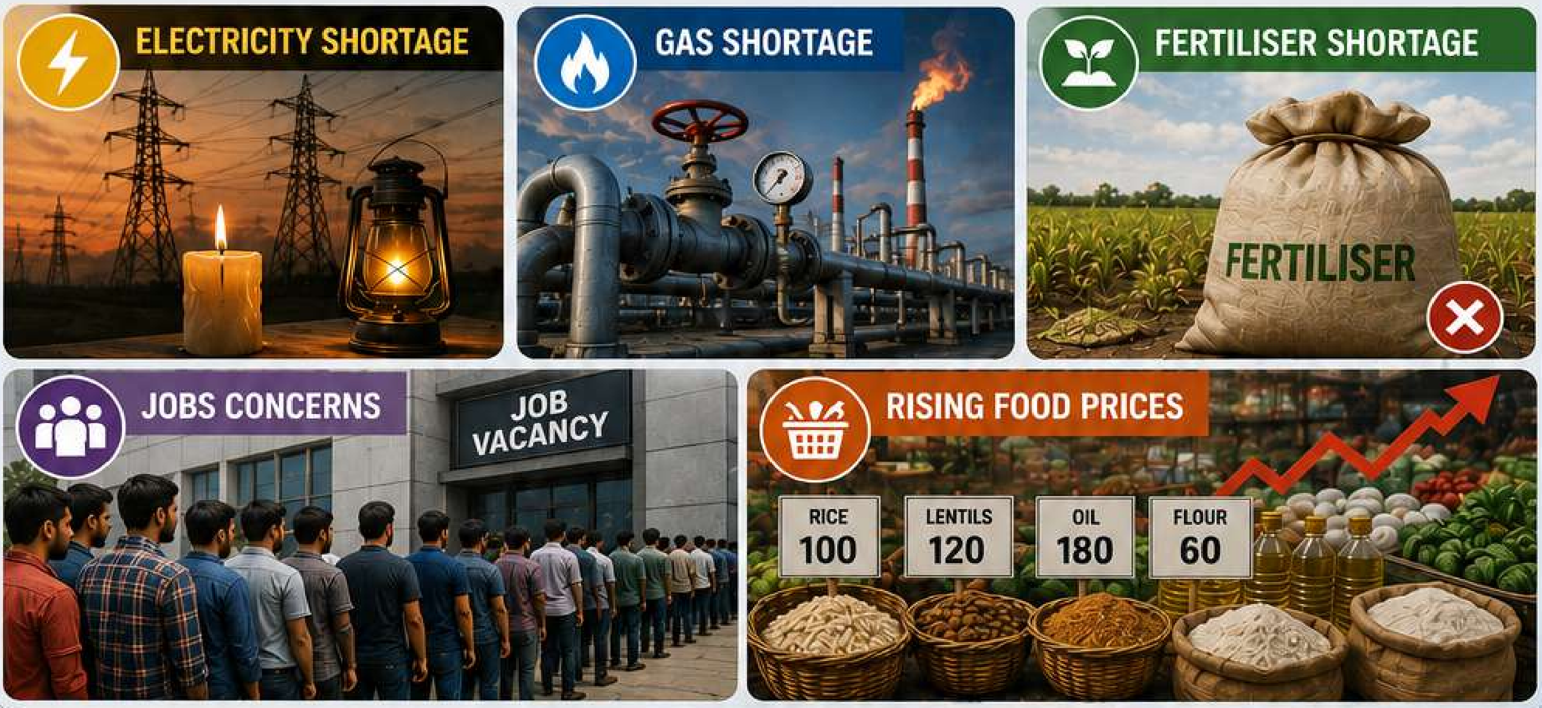
Bangladesh's Economic Crossroads: Debt, Investment and the Cost of Declining Growth



After shortages of electricity, gas and fertiliser, alongside concerns over jobs and food prices, the debate in Bangladesh has increasingly turned to the country's foreign debt.



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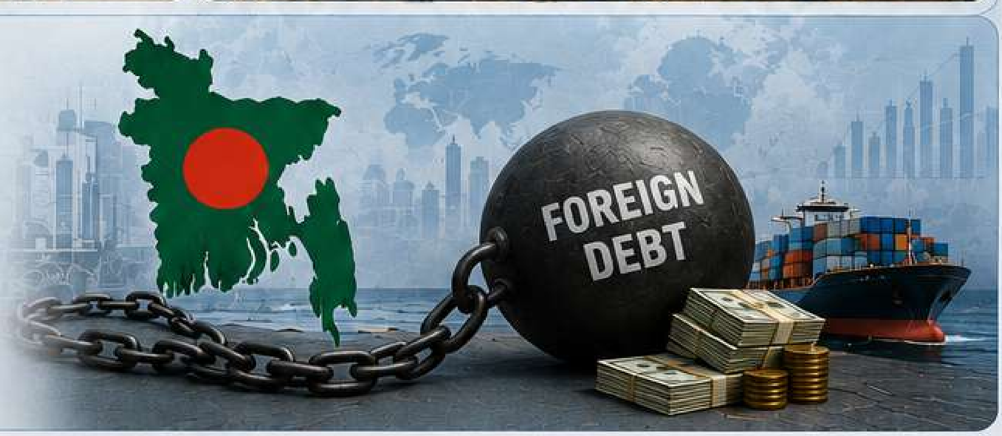
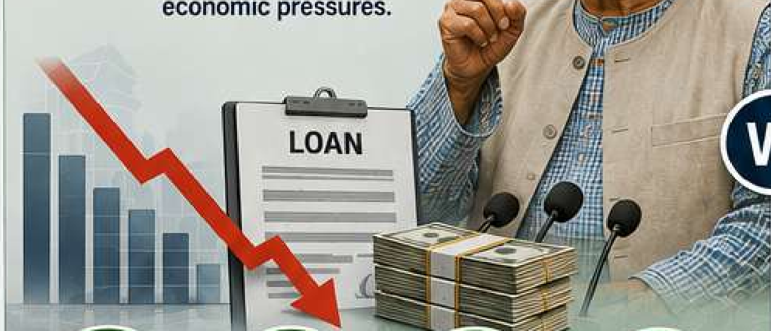
THE COUNTRY'S FOREIGN DEBT.



SUPPORTERS OF THE CURRENT GOVERNMENT

argue that loans taken during Sheikh Hasina's tenure are contributing to today's economic pressures.



High energy costs

Job challenges

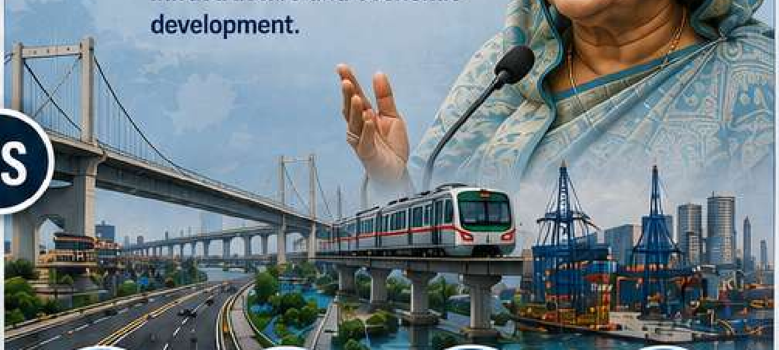
Rising food prices

Economic pressure

VS

SUPPORTERS OF THE FORMER GOVERNMENT

reject that explanation, saying borrowing was used to finance infrastructure and economic development.



Infrastructure development

Economic growth

Job creation

Stronger future

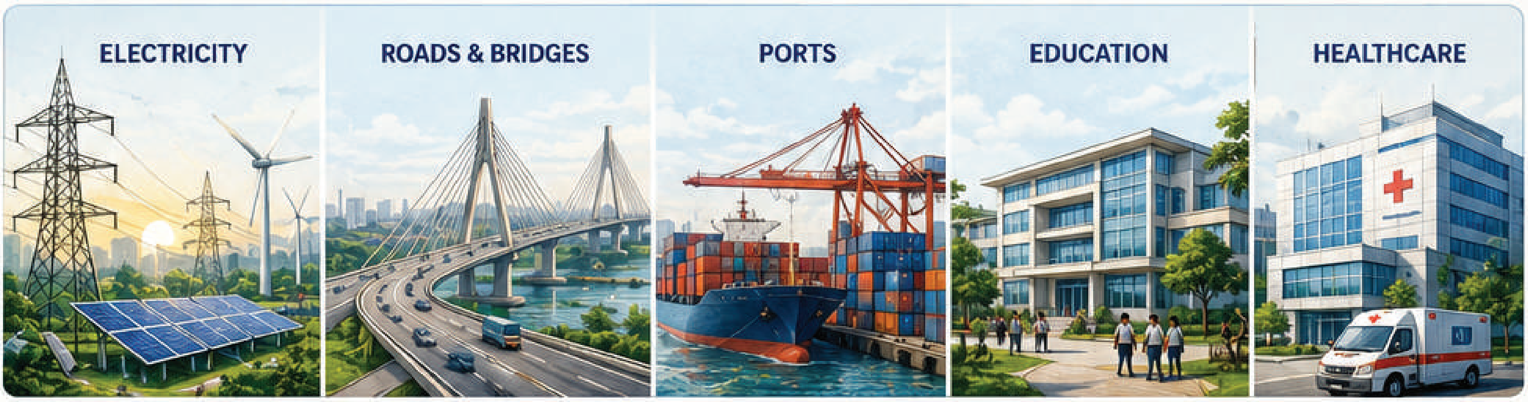
BANGLADESH'S ECONOMIC TRANSFORMATION

GDP: \$68bn → **\$488bn**

Electricity access: 42% → near-universal coverage

Key drivers cited: Infrastructure • Power • Investment • Industrialisation

Under the modern capitalist system, governments routinely borrow to finance major infrastructure and development projects. For a densely populated country such as Bangladesh, supporters of the previous government argue that public investment in **electricity, roads, bridges, ports, education and healthcare** was essential to creating an environment capable of attracting private investment.



CHEAP LABOUR ALONE IS RARELY ENOUGH

Cheap labour alone is rarely enough to persuade international companies to invest.
They also need reliable electricity, transport links, security and functioning supply chains.

Cheap Labour → Reliable Electricity → Transport Links (Roads, Bridges & Ports) → Security → Functioning Supply Chains → Domestic + Foreign Investment

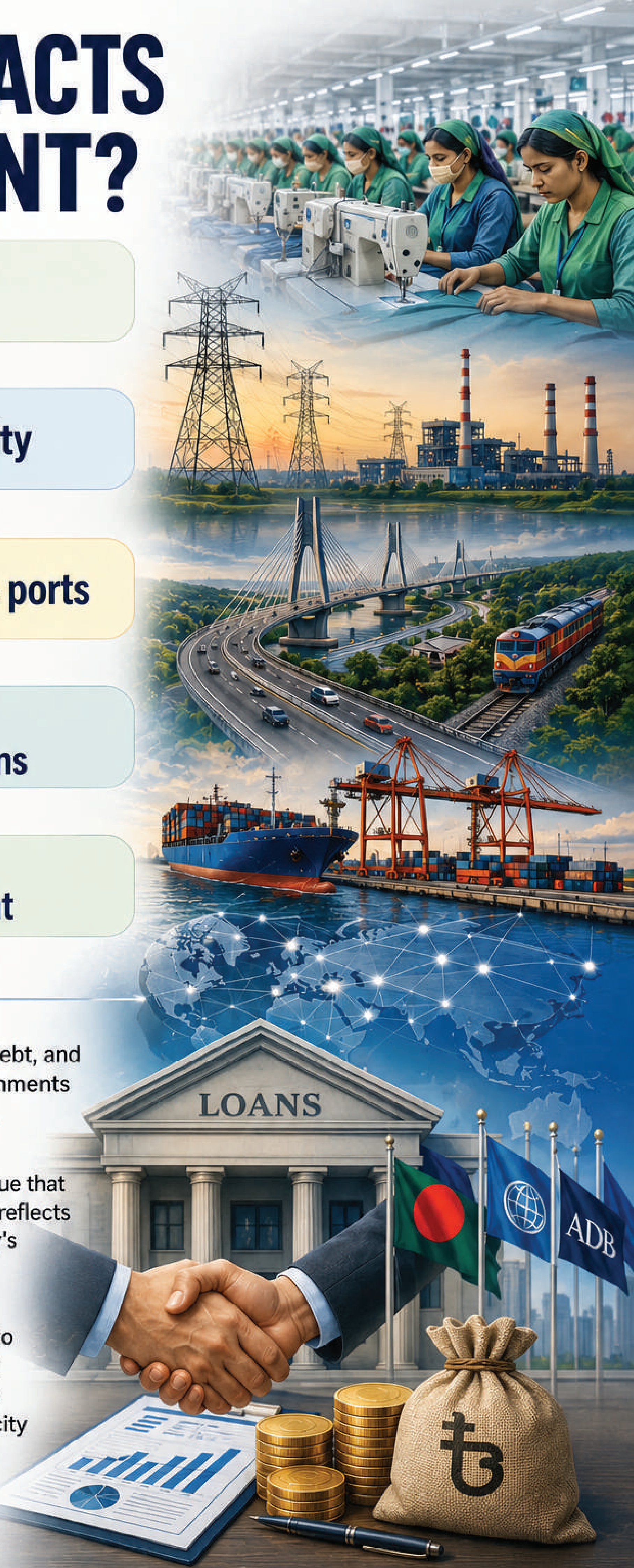
WHAT ATTRACTS INVESTMENT?

- Cheap labour
- ↓
- Reliable electricity
- ↓
- Roads, bridges & ports
- ↓
- Security & stable supply chains
- ↓
- Domestic + Foreign Investment

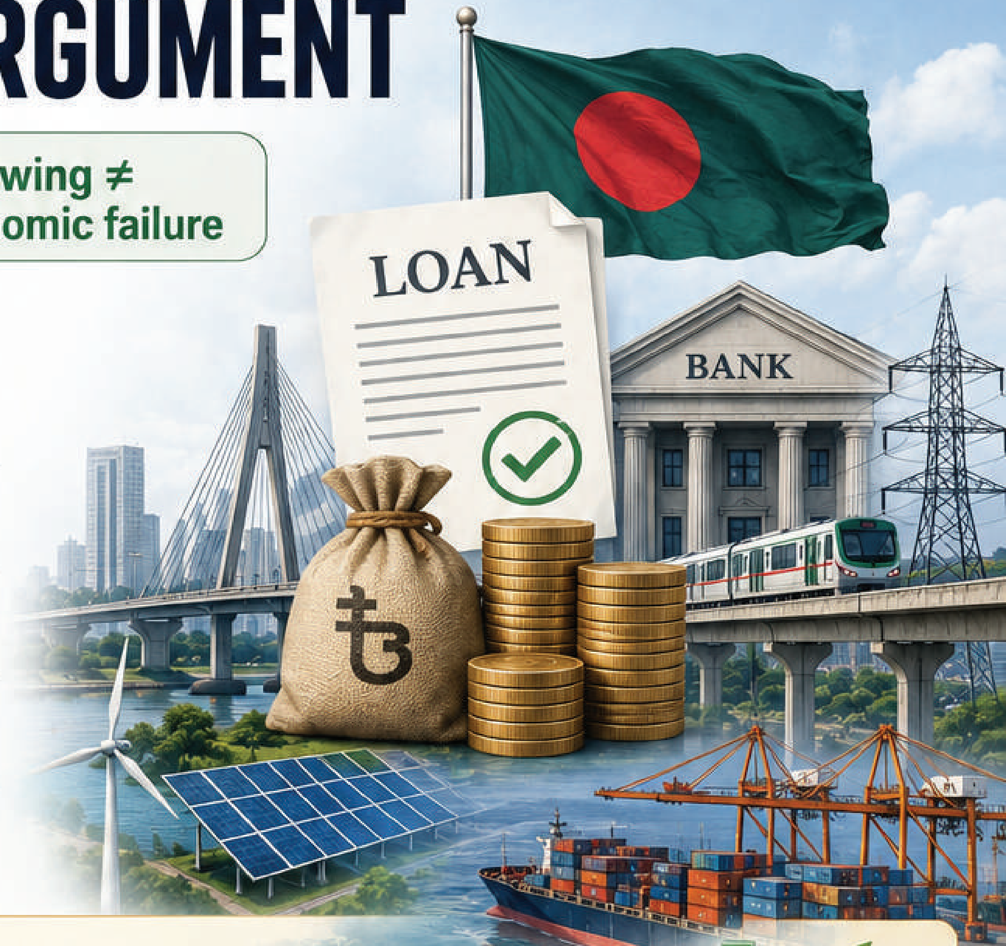
Every major economy carries debt, and successive Bangladeshi governments have borrowed internationally.

Supporters of Sheikh Hasina argue that the ability to secure loans itself reflects lenders' confidence in a country's capacity to repay.

They say Bangladesh was able to secure substantial international financing because its economic indicators and repayment capacity had improved.



THE DEBT ARGUMENT



Government borrowing ≠ automatically economic failure

Loans can finance:

- Infrastructure
- Power generation
- Transport
- Industrial development
- Social services

Key question:

What was the money used for, and can the investment generate enough growth to repay it?

Supporters also point to Bangladesh's ability during the Hasina years to attract billions of dollars in foreign and domestic investment.

They argue that investors were not simply responding to the government itself, but to improvements in infrastructure, security and the wider business environment.

At one point, Bangladesh was increasingly described as an **"Asian Tiger"**, with significant gains in income, infrastructure and electricity access.

INVESTMENT AND GROWTH

Investment → Infrastructure → Jobs → Income → Consumer demand

A decline in investment can reverse that cycle:

Lower investment → fewer jobs → lower incomes → weaker demand

The security environment has also become part of the economic debate. Critics of the current situation point to reports of renewed gang violence and shootings in Dhaka and Chittagong. They argue that insecurity could make investors more cautious.

PERCEIVED INSECURITY (CURRENT CONCERNS)

- ☒ Gang violence
- ☒ Shootings
- ☒ Extortion
- ☒ Business uncertainty
- ☒ Investor hesitation

Insecurity increases risk, discourages investment, and slows economic growth.

VS

PERCEIVED SECURITY (DURING HASINA'S TENURE)

- ✓ Stronger law and order
- ✓ Safer streets and cities
- ✓ Investor confidence
- ✓ Business growth
- ✓ Economic progress

Security builds confidence, attracts investment, and drives sustainable growth.

Investment thrives in a stable, secure and predictable environment. Security is not just a social issue—it is an economic necessity.

INVESTOR CONFIDENCE

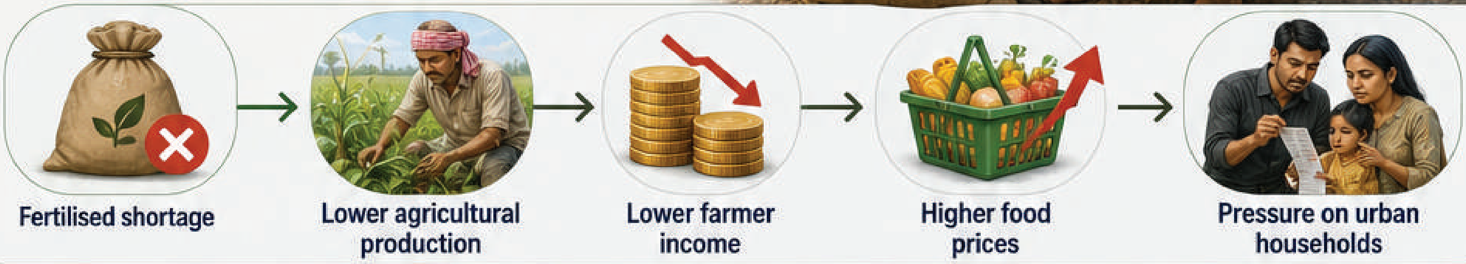
- Political stability
- Public security
- Reliable infrastructure
- Energy supply

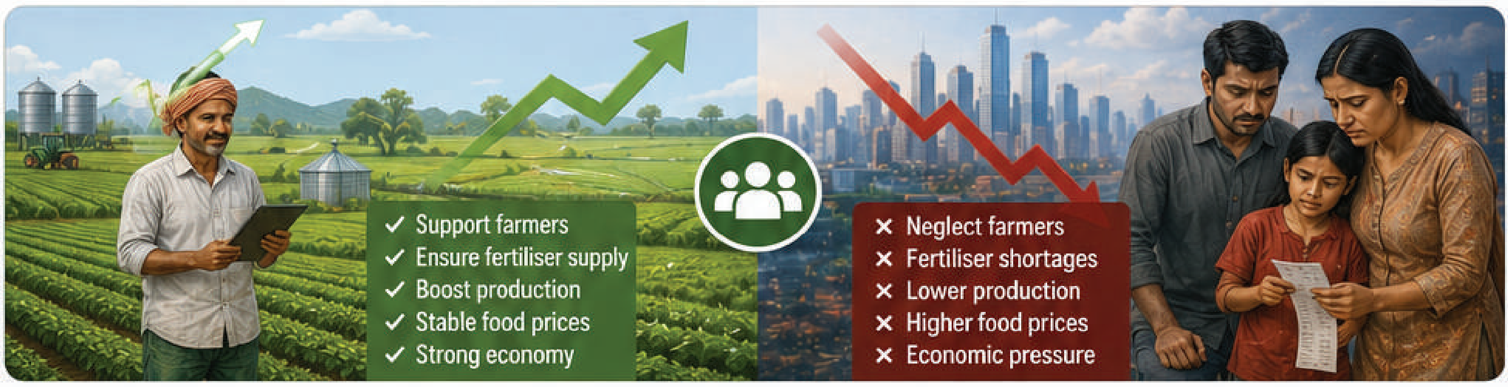
=

Agriculture is another growing concern.

Farmers have complained about difficulties obtaining fertiliser, while food prices remain a major concern for consumers.

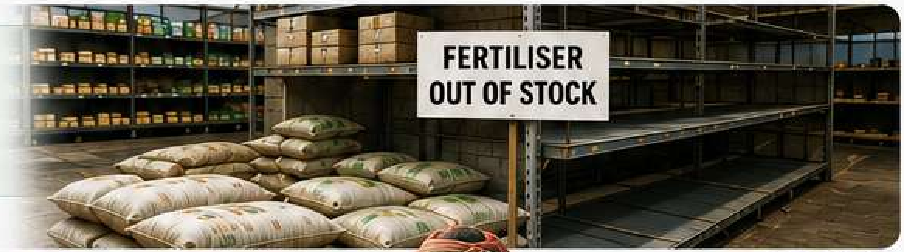
The argument presented by the author is that pressure on farmers could eventually translate into higher food prices for urban households.





THE FARM-TO-TABLE CHAIN

Fertiliser shortage



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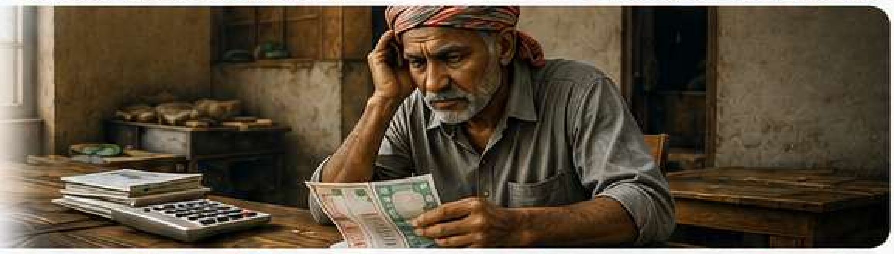
Lower agricultural production

↓

Lower farmer income



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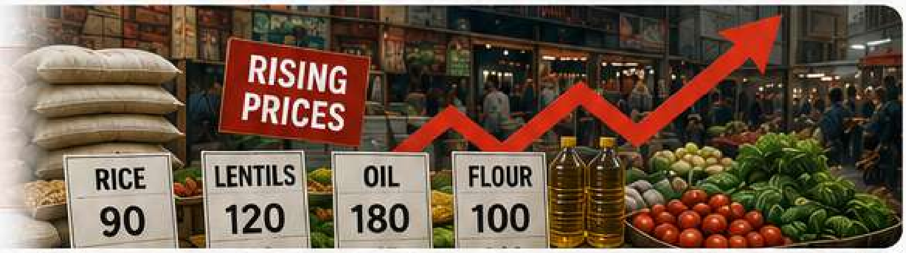
Higher food prices



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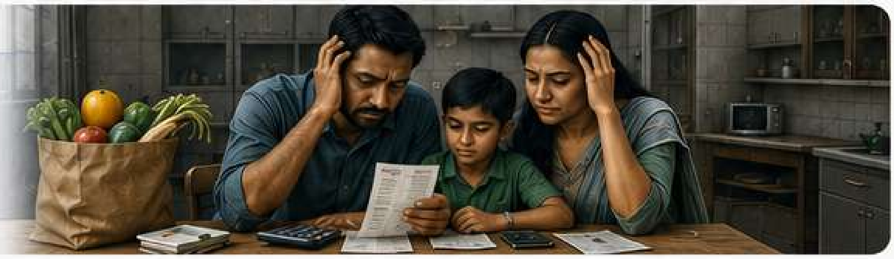
Pressure on urban households



The wider argument is that Bangladesh's economic progress had helped narrow the gap between rural communities and the urban middle class.

Rising rural incomes allowed more people to participate in a consumer economy once largely concentrated in the cities.

But if investment declines and incomes fall, that progress could be reversed.

THE WARNING

Lower investment

↓

fewer jobs

↓

lower incomes

↓

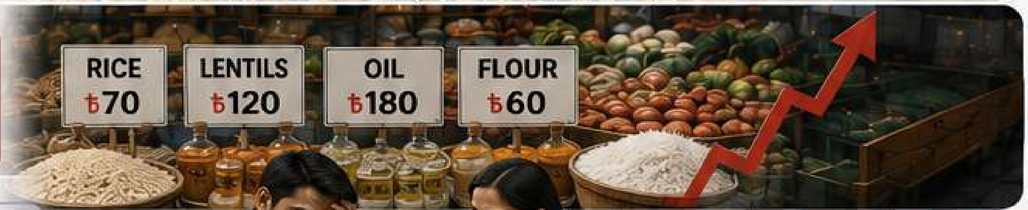
weaker consumption

↓

pressure on farmers

↓

higher food costs



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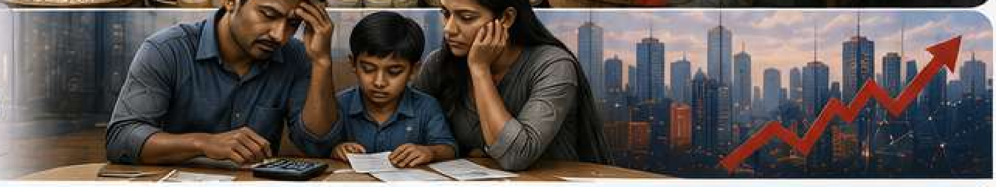
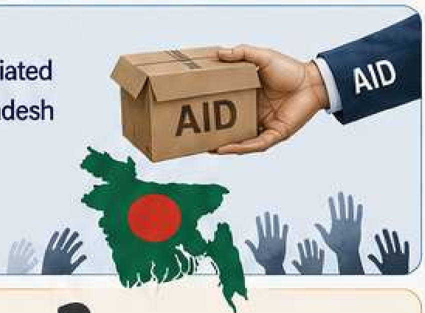
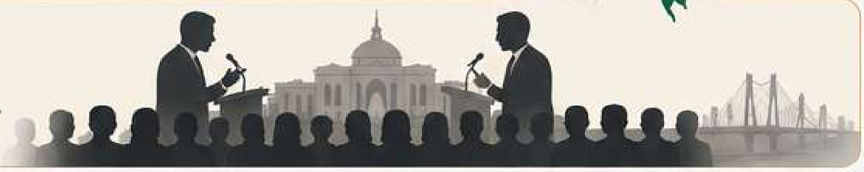
greater pressure on the middle class



The author ultimately argues that the economic approach associated with Tarique Rahman and Muhammad Yunus risks taking Bangladesh towards what is described as an NGO-dependent or aid-dependent economic model.



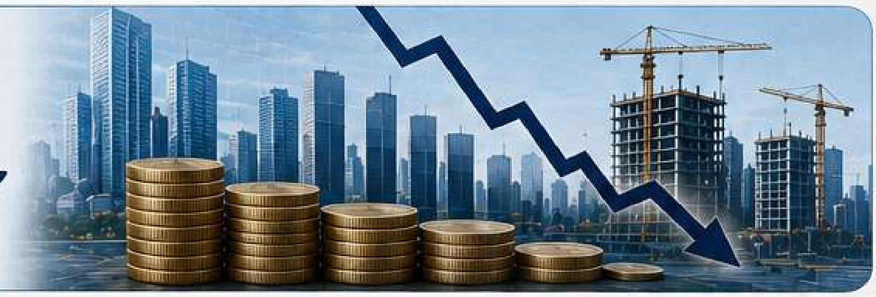
That remains a political argument rather than an established economic conclusion.



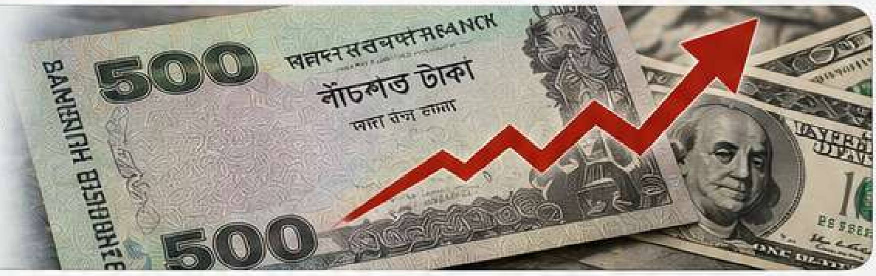
What is less disputed is the importance of investment. For Bangladesh, the central question is whether the country can restore investor confidence, maintain energy and food security, and continue generating enough economic growth to support its growing population.

BANGLADESH 2022–2026

Investment: ↓

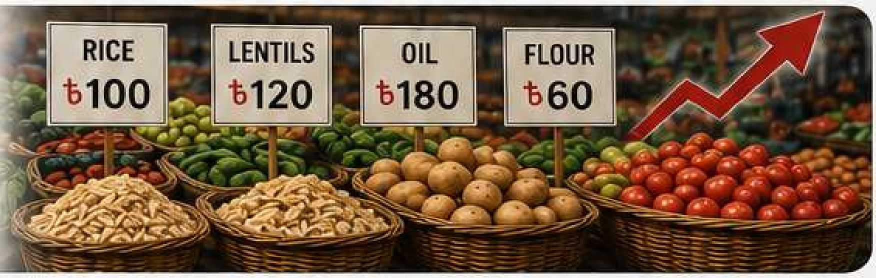


Currency pressure: ↑

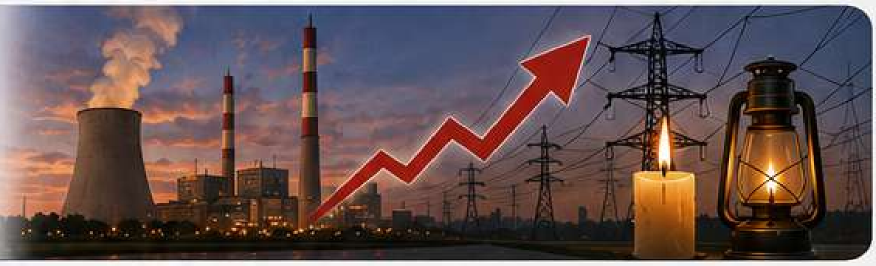


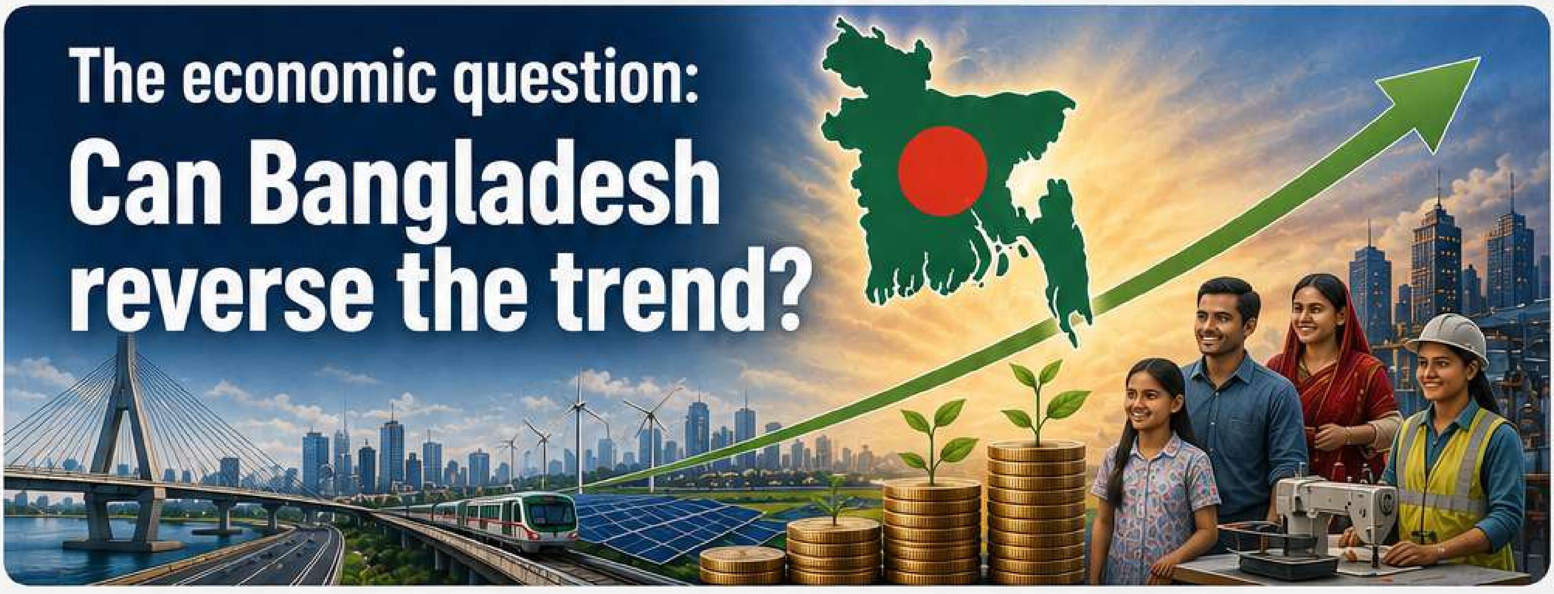
Production costs: ↑

Food prices: ↑



Energy insecurity: ↑





BANGLADESH

PERSPECTIVES