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Manufacturing industry should get more focus

Economist Rizwanul Islam gives recipe for rapid GDP growth

Star Business Desk

Bangladesh's policymakers should focus on increasing the number of labour-intensive manufacturing industries instead of relying only on the potential of readymade garments to achieve a rapid GDP growth, economist Rizwanul Islam said.

East and South-East Asian countries such as South Korea, Indonesia and Malaysia adopted this diversification, leading to a higher growth of manufacturing output in GDP compared to those in South Asia, he said.

The simultaneous development of five or six such industries not only served their rapid growth but also generated productive jobs and absorbed surplus labour, the former economics teacher of Dhaka University said.

He spoke during a public lecture on “Economic growth, structural transformation and employment: Which pathway?”.

Held on Tuesday, it was the third lecture to be organised by the Department of Economics and Social Sciences of Brac University at its Mohakhali campus auditorium.

In 2000, manufacturing provided 29 percent of South Korea's GDP and 23 percent of the country's total employment while the figures for China were 32 percent and 16 percent respectively in 2005 and for Taiwan 33 percent and 32 percent respectively in 1990, he said.

All of these led to their rapid economic growth and structural changes, Islam said.

There are alternatives for structural transformations, exemplified by Nepal's tourism sector which provided 2.4 percent of GDP, 2 percent of employment and 7.5 percent of foreign exchange in 2000 while India's ICT sector provided 9.5 percent of GDP, 15 percent of exports and 3.5 million jobs in 2014-15, he said.

India's ICT sector promises 50,000-60,000 jobs annually if it continues a 15 percent growth but it is dwarfed in comparison to that of manufacturing, growing at 12pc and promising around 3.6 million jobs, which is one third of the total addition to the labour force, Islam said.

In Bangladesh, manufacturing generates about 4 lakh new jobs a year, about 30 percent of the annual addition to a labour force of 62.1 million in 2015-16, said the former special adviser for employment sector at the International Labour Organisation.

With a 12-14 percent annual growth, it could absorb over one third of the annual addition, provided there is reasonable growth of investment and diversification, he said.

Brac Chairperson Sir Fazle Hasan Abed, former finance minister M Saiduzzaman, former Bangladesh Bank governor Saleh Uddin Ahmed, the Centre for Policy Dialogue's Executive Director Mustafizur Rahman and Policy Research Institute's Chairman Zaidi Sattar were present.

Brac University Vice Chancellor Prof Syed Saad Andaleeb gave the opening address, the economics department Chairperson Prof ATM Nurul Amin moderated the session and Pro-Vice Chancellor Ansar Ahmed presented the closing remarks.