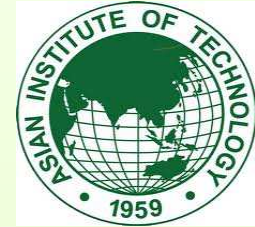


THE ROLE OF SELECTIVE MACROECONOMIC FACTORS ON SUSTAINABLE ECONOMIC GROWTH IN BANGLADESH

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ST#112296**

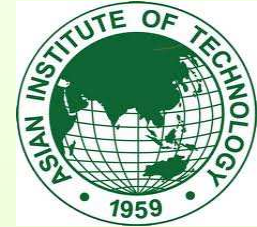
**Examination Committee-Dr. Winai Wongsurawat
(Chairperson)
Dr. Sundar Venkatesh
(Member)
Dr. Sununta Siengthai
(Member)**

Agenda of the Presentation



- Rationale
- Objectives
- Literature Review
- Growth scenario-Bangladesh
- Results and Discussion
- Conclusion and Recommendations

Rationale



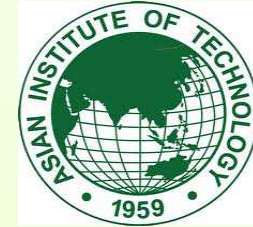
- To know the root cause of macro economy which influence the policy mix
- Individual and organizational goals

Objectives



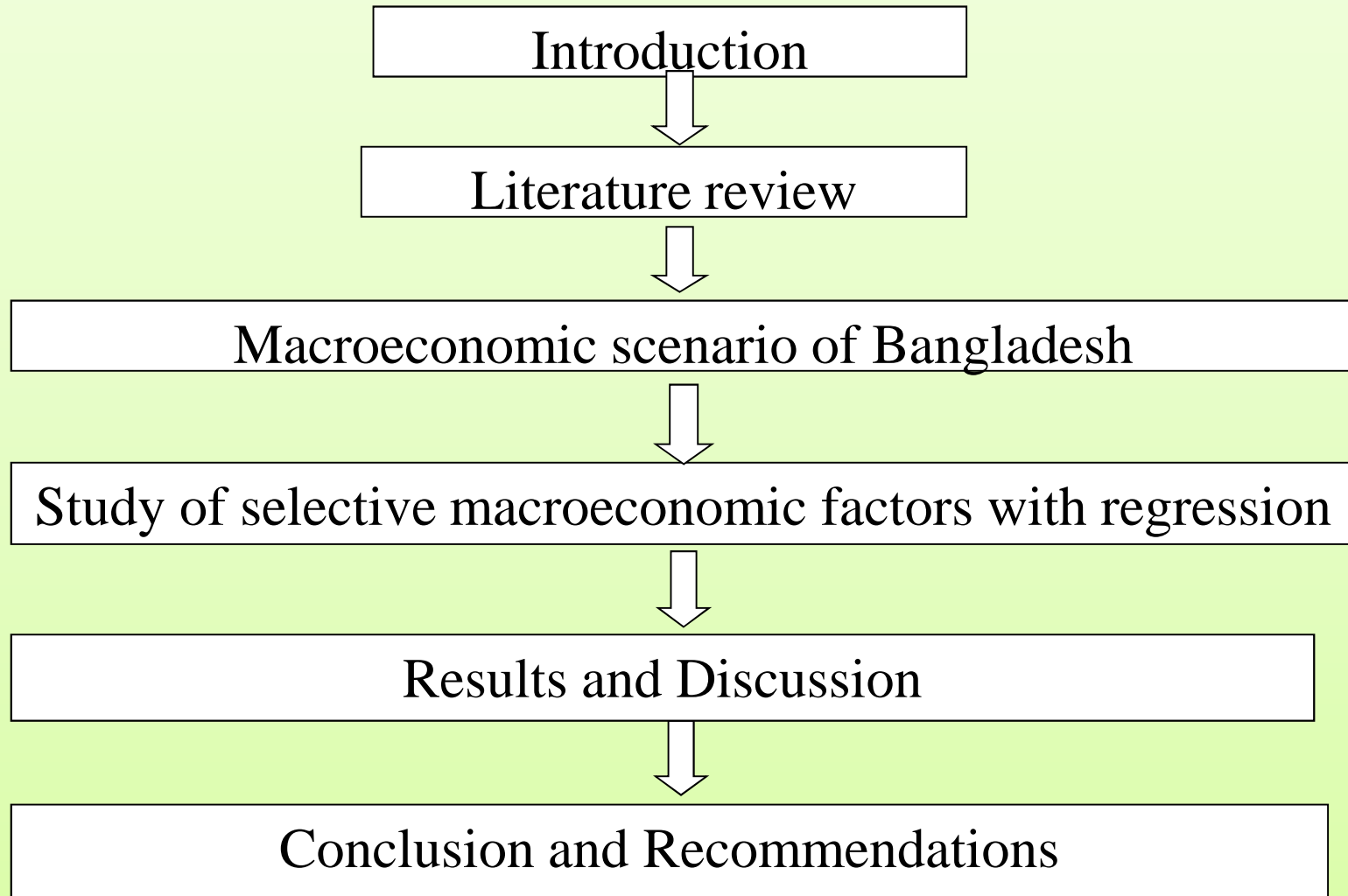
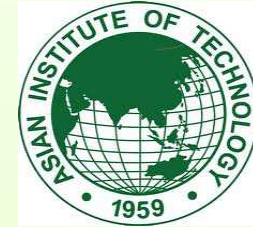
- To investigate the relationship among the macroeconomic factors in Bangladesh.
- To study the role of macroeconomic factors on GDP growth.

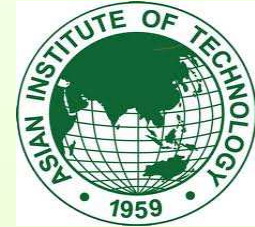
Methodology



- Selection of Macroeconomic variables-GDP growth, inflation and budget deficits.
- Literature review
- Data from secondary sources- Bangladesh Bureau of Statistics (BBS), Bangladesh Bank(BB) etc from 1981-2010.
- Basic growth regression model
- Linear Regression analysis-IBM SPSS statistics, version 20.
- Interpretation.

Project Framework

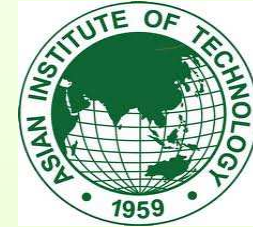




Literature Review

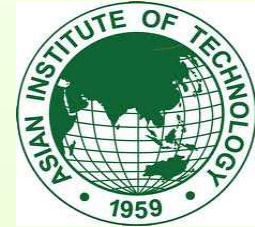
- Stable macroeconomic framework
- Economic ups and downs
- Residuals effects for Bangladesh
- Economic growth and development
- Shocks or uncertainty to unsustainability
- Explaining uncertainty-causal relationship between inflation and growth (De Gregorio, 1992; Fischer, 1993; Barro, 1995)

Literature Review(contd..)



- Three distinct views about budget deficits- Keynesian, neoclassical and Ricardian approach
- Empirical evidence-budget deficits (Fisher, 1993; Nelson and Singh, 1994; Ghura and Hadjimichael, 1996; Kneller et al., 2000; Adam and Bevan, 2005)

Literature Review(contd..)



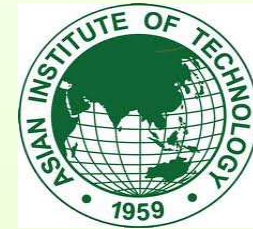
- Policy mix-an option
- Coordinates -fiscal and monetary policies.
- sustainable development -WCED, 1987.
- “sustainomics” (Munasinghe, 1992 and Munasinghe, 2002) and “EDP” (Bartelmus 1994).

Economists Concern

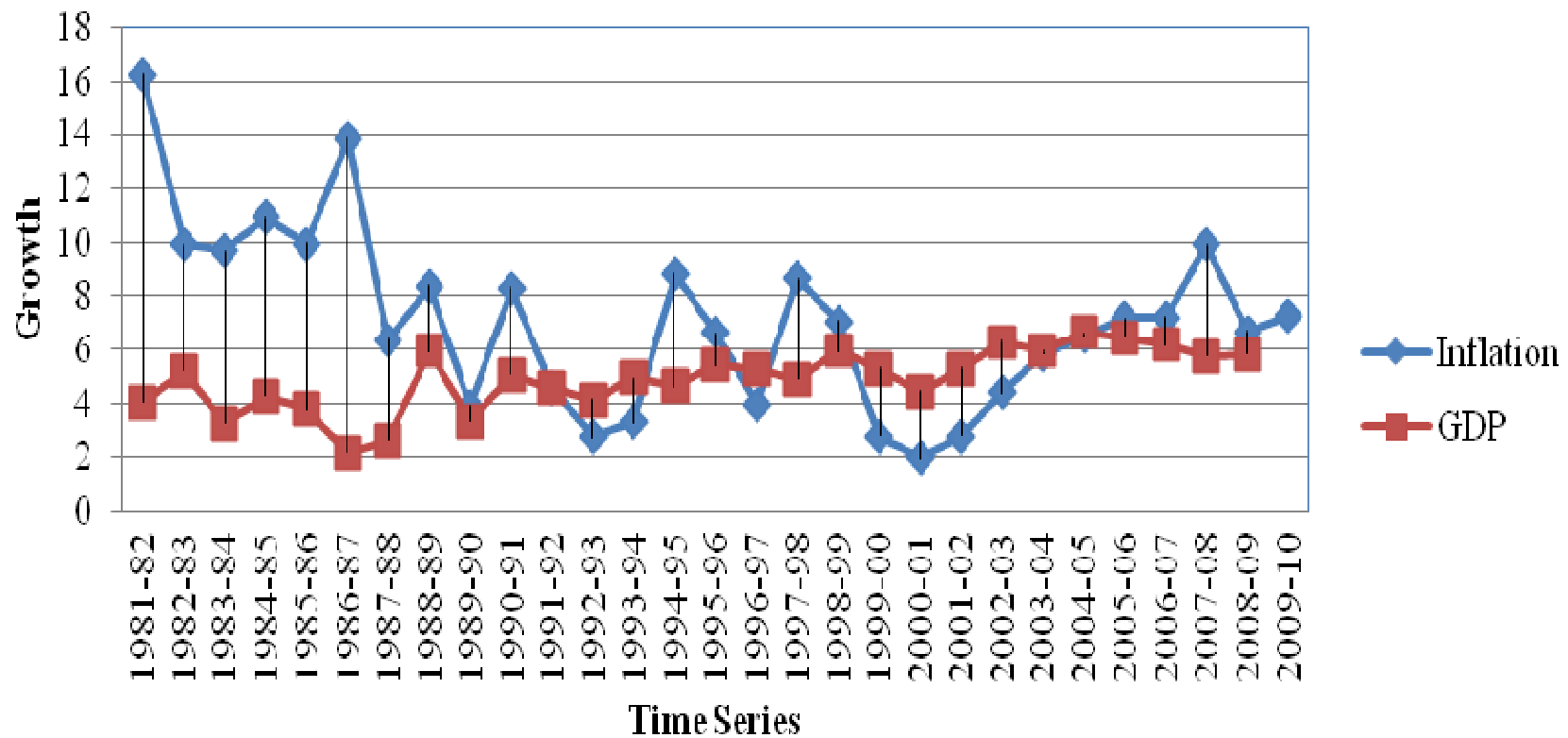


- World Bank economist Andrew Burns –Tight monetary policy to tame inflation (The Daily Star 2011, June 9)
- Professor Wahiduddin Mahmud-Creeping inflation creates difficulties (The Daily Star 2011, Oct. 7)
- Dr. Mohammed Farashuddin-creeping inflation and energy crisis are the major concern (The Daily Star 2011, Oct. 7)

Growth Scenario-Bangladesh



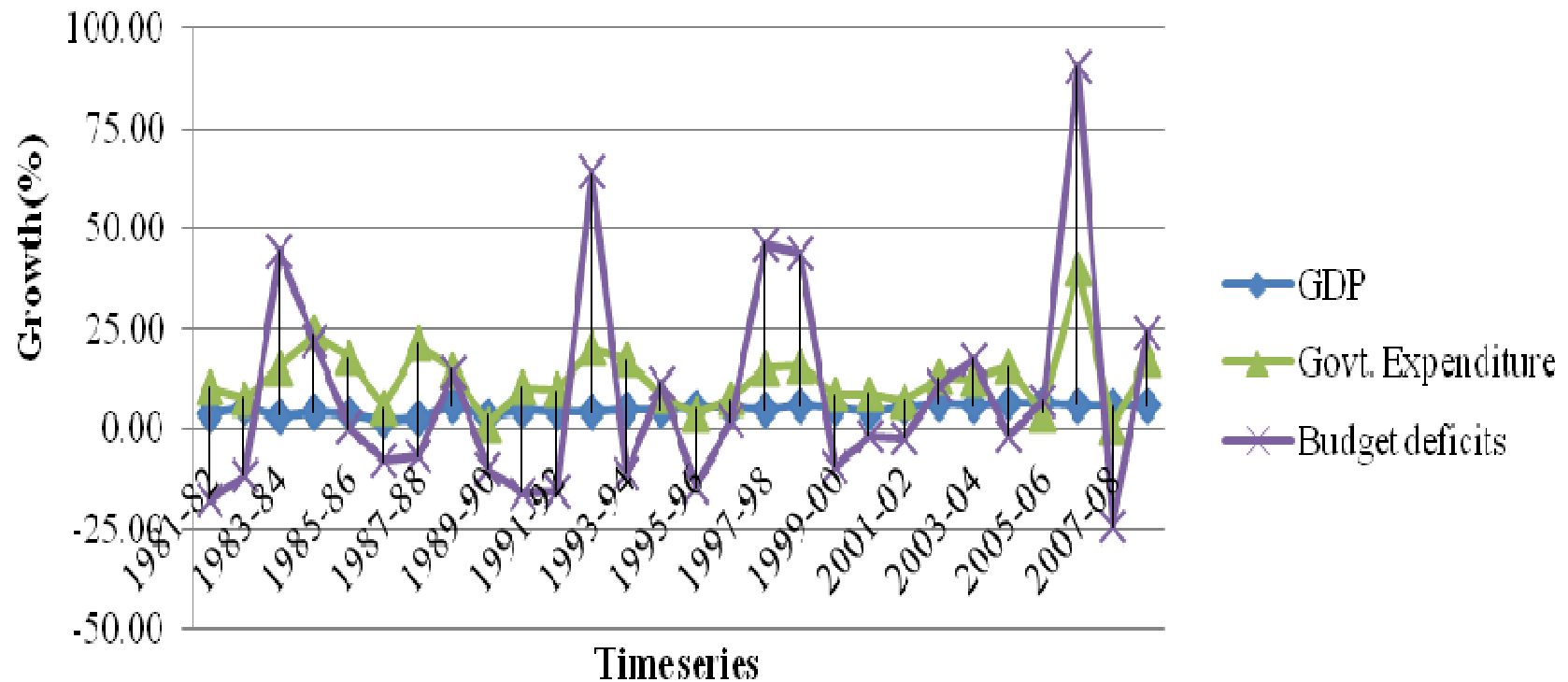
Growth trend of GDP and inflation CPI



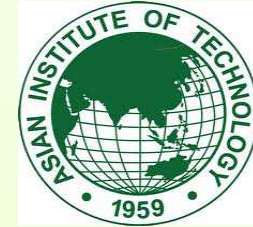
Growth Scenario-Bangladesh



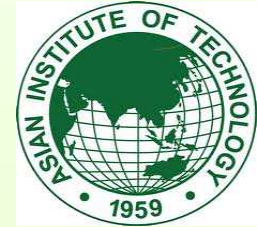
Growth trend of GDP, Budget deficits and Govt. expenditure



Existing Empirical Evidence...



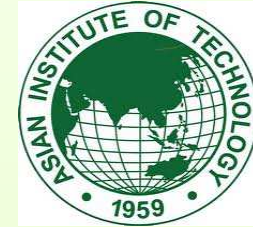
- Levine and Renelt (1992), Hossain and Cheng (2002) and Guerrero (2004) -inflation on economic growth.
- Levine and Zervos (1992) -growth is positively associated with low inflation and larger budget surplus.
- Easterly and Rebelow (1992) - consistent negative relationship between growth and budget deficits.
- Mallik and Chowdhury (2001)-relationship between inflation and GDP growth.



Growth Regression Model

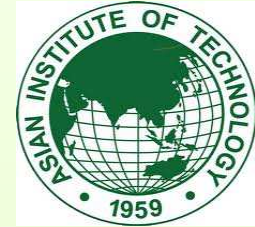
- Basic regression model (Gujarati 2003)
- impact of inflation and budget deficits on GDP growth in Bangladesh
- Two independent and one dependent variable
- Data-1981-2010
- Data points 28

Key Findings



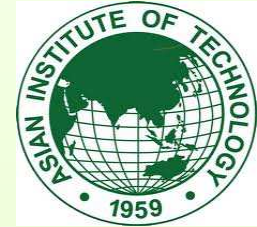
- Growth regression model - 39.5 percent of the variation in the GDP level
- Inflation- inverse relationship
- Budget deficit- positive relationship
- Zero inflation and budget deficits-GDP growth could be 4.6 percent

Conclusion

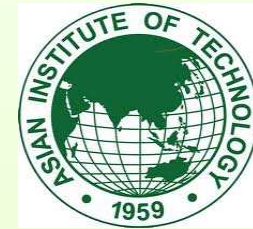


- Prudent macroeconomic framework
- Interactions among selected macroeconomic variables
- Policy mix-Fiscal and Monetary policy
- Benefits of the project

Recommendations



- Different countries and region
- More macroeconomic indicators
- Factors for development
- Advanced econometrics model
- Long and in-depth knowledge



Thank You All