



# Pathway to Prosperity

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**Macroeconomic Wing**

**Finance Division, Ministry of Finance**

Government of the People's Republic of Bangladesh

## MESSAGE

Many think tanks in Bangladesh complain that the government by and large do not consult with them or consider their views seriously. I do not find any substance in such complaint. I think that in my work as both permanent secretary for almost five years and as Minister now for seven years of two terms I have given great weight to think tanks and research works in public institutions as well. I also feel very strongly that research units in Government organizations are essential and they should function more as improved academic bodies.

Finance Division plays a pivotal role through its enduring contribution to the adoption and implementation of economic policies that help maintain fiscal discipline and macroeconomic stability. It has been relentlessly supporting the endeavors towards achieving the long term vision of the government. To my surprise I found that, this Finance Division, since I left it thirty years ago, have set up a very good system of in-house research work. In fact, the Division draws its strength from a team of competent officers who over time have groomed themselves through a host of capacity development interventions. It has, by now, become a hub of highly committed officers who have demonstrated extraordinary capacity to analyze contemporary global and domestic socio-economic issues and provide insightful findings. Over the last few years, they have produced a good number of excellent policy notes, concept papers, and articles despite their routine hard work.

I have been benefited from the ideas presented in those documents. Notably, some of these papers led to the formulation of a number of milestone policies of the present government. In the last four years, around fifty concept/research papers were prepared. I have gone through all of them and am impressed by their sweep and depth.

This is the first ever effort to compile some of those thought provoking papers in a single publication. It is a timely initiative on the part of the Finance Division to leave something worthwhile for the posterity. This publication will not only enlighten and encourage all the incumbent civil servants but also the upcoming generation of civil servants.

I congratulate the Finance Secretary and officers of the Macroeconomic and Budget wings of Finance Division for taking this initiative. I would also like to take this opportunity to express my deep admiration for the authors and others who were involved in this publication.

Last but not the least; I must put on record my sincere appreciation for the avowed interest shown by Dr. Mohammad Tareque, former Secretary of Finance Division for guiding this team of officials to bring out their best for making a difference. I firmly believe that the policy planners, academics, students and other stakeholders will find this work useful.

**(Abul Maal Abdul Muhith)**  
Minister  
Ministry of Finance

## PROLOGUE

Finance Division implements a host of innovative policy interventions every year usually articulated through the budget speech presented by the Hon'ble Finance Minister in the Parliament. The policy recommendations are produced in the form of concept papers/ study reports which are, in fact, the result of extensive research conducted by our officers. The contemporary global, regional and national socio-economic issues and challenges generally find place in these highly analytical papers which eventually facilitate the decision-making by the policy makers.

For the first time, Finance Division has taken up the task of printing some of these papers in a single volume. This is an attempt to share their insightful findings with a wider audience. Indeed, the keen interest shown by Hon'ble Finance Minister is the main driving force behind this publication.

The primary contributors for the present volume are Mohammed Yousuf, Dr. Krishna gayen, Rehana Perven, ASM Zakaria Haque, Dilruba Shaheena, Umme Rehana, Urmi Tamanna, Md. Raihan Aktar, Mahedi Masuduzzaman and Sheikh Touhidul Haque. The selected pieces deal with a wide range of economic issues like subsidy, impact of electricity on growth, the size of hidden economy and its implication, tax elasticity in Bangladesh and so on. These papers analyzed pertinent macroeconomic questions from various perspectives underscoring substantive policy recommendations.

Certainly, the authors deserve to be lauded for their extensive works which indeed bear the real stamp of hallmark of their diligence and commitment. I, also, highly commend the efforts of the Macroeconomic wing officials under the leadership of the Additional Secretary (MEW) in bringing out this volume.

I am sure the policy planners, academia, students and others will find the publication as useful reference in the pursuit of their objectives. Suggestion and comments for further improvement of the publication will be greatly appreciated.

**(Fazle Kabir)**  
Secretary  
Finance Division

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