

## The Impact of Export and Import on Economic Growth in Bangladesh

Mushfica Akhter\*

### Abstract

*Export, import and economic growth are very potential weapons in the economy of Bangladesh. Bangladesh is a developing country; its economy is inflicted by trade deficit from her very inception. The purpose of this research is to study the impact of export and import on economic growth in Bangladesh. No country in the world is self sufficient in the production of all types of goods and services. Every country has to import to meet the demand of its own. Bangladesh is no exception to that. Bangladesh has production deficit in necessary equipments, medicine, vehicles and others. Hence, she has to import these types of goods from abroad. But all countries can produce one or more products excessively after meeting her own demand. Bangladesh can produce jute, tea, garments and many other goods excessively after meeting her demand. So it is understood that Bangladesh can meet its deficit by importing goods and can export her excess produced goods after meeting up own demand. The aim of this study is to examine into the relationship among export, import and economic growth in Bangladesh. The study is mainly based on secondary sources of data which was collected from various books, journals, research works, publications etc. In this study an attempt has been made to review the recent available literatures related to export, import and economic growth in Bangladesh. The study reveals that the impact of export on economic growth found as positive and an opposite scenario is found in the case of import.*

**Keywords:** *Export, Import, Trade, Economic Growth, GDP.*

### Introduction

Bangladesh is a developing poor country. It has huge natural resources. But due to lack of capital and technology, proper utilization of our natural resources is not possible. As a result, we have to depend on foreign trade for importing industrial goods and exporting raw materials. International trade is the basic activity by which a country establishes its economic relationship with other countries. Trade is an integral part of the total national development and growth of an economy. This is in fact a crucial instrument for industrialization while access to foreign exchange is essential for sustained economic development. Trade policy

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\* Assistant Professor, Department of Economics, Begum Badrunnesa Govt. Women's College, Dhaka

works by inducing substitution effects in the production and consumption of goods and services through changes in price. Export and import are potential weapons of developing the Bangladesh economy and can play an important role in achieving the country's socio-economic objectives including poverty reduction goals. In a capital-poor country like Bangladesh, export and import can emerge as a significant factor to build up physical capital, create employment opportunities, develop productive capacity and help integrate the domestic economy with the global economy. For this reality, the Author has undertaken to carry out the study. At present liberalization of trade is a common phenomenon for most countries. Liberalization of trade policy significantly came into being in Bangladesh from 1991. Whatever is the concentration for liberalization, all the countries put extensive concern for gaining trade balance. The study of the external sector of an economy is very important. Such a study constitutes an analysis of export (X) and import (M), the divergence between the two, the relation between these two (X, M) and GDP. Also, whether or not the perennial trade deficit of Bangladesh is likely to be eased in future is a question of great significance.

In Bangladesh, the value of import has always been greater than the value of export. For this reason the balance of trade is not favorable of Bangladesh. This has resulted in sustained fall in the external value of our currency, which means a steady increase in exchange rate over the whole period.

### **Literature Review**

Several researches have been conducted on various aspects of export, import and economic growth in Bangladesh and all over the country by the renowned researchers. An attempt has been made to review the recent available literature related to export, import and economic growth. The speed of economic development of a nation poses one of the most essential issues in economic debate. A nation could accelerate the rate of economic growth by promoting exports of goods and services. The volume of imports is negatively related to its relative price and varies positively with aggregate demand (real GDP growth). The higher relative price leads to substitution away from imports—necessarily reducing the dollar value of imports as volumes decline. Remittances have been used in financing the import of capital goods and raw materials for industrial development.

A large number of studies analyzed the Export Led Growth (ELG) hypothesis using different econometric procedures ranging from simple OLS to multivariate co-integration but previous empirical studies have produced mixed and conflicting results on the nature and direction of the causal relationship between export growth and output growth. Giles and Williams (2000a, 2000b) provide an excellent literature review of the ELG hypothesis until the late 1990s. In addition to this extensive survey, one notes that the literature on the ELG hypothesis has been constantly expanding with more recent studies such as Darrat et al. (2000) for Taiwan; Hatemi-J and Irandoust (2000a) for Nordic countries; Fountas (2000) for Ireland; Panas and Vamvoukas (2002) for Greece; Balaguer et al. (2001) for Spain; Chandra (2003) for India; Abual-Foul (2004) for Jordan; Awokuse (2005a) for Korea; Awokuse (2005b) for Japan; Love and Chandra (2005a) for South Asia; Mah (2005) for China; and Siliverstovs and Herzer (2007) for Chile. Why studying the ELG for Bangladesh? Here author has tried to

find out the relationship among export, import and economic growth in Bangladesh. No other previous studies looked at ELG with remittance as a variable. Bangladesh underwent many trade related structural reforms during the eighties and early nineties. This had impact on the overall the trade pattern and economic growth. Love and Chandra (2005) use annual data on GDP, export and import in a multivariate framework to examine export-led growth hypothesis for Bangladesh and found short and long-run unidirectional causality from income to exports. Clarke and Ralhan (2005) find support in favor of causal nexus between export and growth for Bangladesh using annual data from 1960 to 2003. They argue that when causality is considered over a time horizon, ancillary variables suggest causal nexus between export and GDP. Shirazi and Manap (2005) analyze the export-led growth (ELG) hypothesis for five South Asian countries including Bangladesh using co-integration and multivariate Granger Causality tests. They showed feedback effects between exports and GDP and imports and GDP for Bangladesh.

Vohra (2001) examined the relationship between the export and growth in India, Pakistan, the Philippines, Malaysia, and Thailand for 1973 to 1993. The empirical results showed that when a country has achieved some level of economic development than the exports have a positive and significant impact on economic growth.

Dritsakis, (2005) analyzed the relationship between exports and economic growth in the three of the largest exporting countries such as European Union, United States of America and Japan. Granger causality analysis based on error correction model was used. The results of causality analysis suggested that there is a “strong bilateral causal relationship” between exports and economic growth for European Union consistent with the studies in the EU. While the results for Japan suggested that there is not either a long run relationship or any causality between exports and economic growth.

Mamun and Nath (2005) examined the time series evidence to investigate the link between exports and economic growth in Bangladesh. Using quarterly data for the period of 1976 to 2003, the study found that industrial production and exports were co-integrated. The results of an error correction model (ECM) suggested that there was a long-run unidirectional causality from exports to growth in Bangladesh.

Chaudhary, Shirazi and Choudhary (2007) investigated trade policy and economic growth for Bangladesh. Co-integration and multivariate Granger Causality test was used for the period of 1973 to 2002. Their results strongly supported a long-run relationship among the three variables for Bangladesh. The results showed feedback effects between exports and output growth and also between imports and output growth in the short-run.

Ullah et al (2009) analyzed export-led-growth by time series econometric techniques from 1970 to 2008 for Pakistan. In this research, the results reveal that export expansion leads to economic growth. They also checked whether there is uni-directional or bidirectional causality between economic growth, real exports, real imports, real gross fixed capital formation and real per capita income.

Yuhong, Li and et. al. (2010) did co-integration analyses with the data of import, export and economic growth and the results suggest that growth of import greatly promoted economic growth of China, while that of export performed an opposite one.

Ogid, Mulok, Ching, Lily, Ghazali and Loganathan (2011) examined the relationship between the economic growth and the import in Malaysia from 1970 to 2007. Results indicate that there is no co integration exists between economic growth and import, but there exists bilateral causality between economic growth and import.

Rahmaddi and Ichihashi (2011) In this study a causality approach based on multi – vitiate error correction model was used. The study indicated that, significance of both exports and economic growth to economy of Indonesia. In addition, researchers found no supporting evidence of positive causality from intermediate imports to GDP per capital.

Usman, Ashfaq, and Mushtaq ( 2012) analyzed the impact of export on the economic growth in Pakistan. It was an empirical analysis of relationship of export and economic growth for 30 years (1980-2009). Results indicated that there is strongly positive and significant effect of export, Inflation and Real exchange rate on economic growth.

### **Objectives of the Study**

The main objective of this study is to investigate the impact of export and import on economic growth in Bangladesh. To achieve these, specific objectives of this study are:

- ⇒ Find out the relative importance of the determinants of import.
- ⇒ Estimate an idea of the nature and relative importance of determinants of export.
- ⇒ Examine the export-growth nexus and import-growth nexus.
- ⇒ Investigate into the relationship between export, import and economic growth.

### **Export, Import, Economic Growth and Balance of Trade in Bangladesh**

The speed of economic development of a nation poses one of the most essential issues in economic debate. A nation could accelerate the rate of economic growth by promoting exports of goods and services. The volume of imports is negatively related to its relative price and varies positively with aggregate demand (real GDP growth). The higher relative price leads to substitution away from imports—necessarily reducing the dollar value of imports as volumes decline. Remittances have been used in financing the import of capital goods and raw materials for industrial development (Ahmed & Uddin, 2009). Garments manufacturing is treated as the highest foreign exchange earning sector of the country (US\$8.228 billion in 2013-14). However, if the cost of import of raw material is adjusted, then the net earnings from migrant workers' remittances are higher than that of the garments sector (Ahmed & Uddin, 2009). In 2012-2013, net export earnings from RMG stood between US\$8.228 billion, whereas the earning from remittance is net US\$8.033 billion. The steady flow of remittances has resolved the foreign exchange constraints, improved the balance of payments, and helped increase the supply of national savings (Quibria, 1986). The contribution of remittance to GDP has also grown from a meager 1 percent in 1977-1978 to 5.2 percent in 1982- 83. During the 1990s, the ratio hovered around 4 percent. However if one takes into account the unofficial flow of remittances, its contribution to GDP would

certainly be much higher. Murshed (2000) found that an increase in remittance by Taka 1 would result in an increase in national income by Tk 3.33.

### Balance of Trade

Balance of trade is the largest component of a country's balance of payments Trade. Trade balance is the difference between export and Import.(CF. Carbaugh 2004). Balance of trade is,

$BT=X-M$  where  $BT$ =Balance of trade,  $x$ =export and  $m$ =import.

By balance of trade is meant balance of visible trade. Balance of trade may be three types-

1. Equilibrium balance of trade;  $BT=X-M=0$
2. Favorable balance of trade;  $Bt=X-M>0$
3. Unfavorable balance of trade;  $BT=X-M<0$

Balance of trade situation for the recent 13 years are presented in table 01

Table-01: Balance of Trade of Bangladesh, 2000 to 2012 (Constant 2005 million US dollar)

Year	Exports	Imports	Balance of Trade
2000	6403.56	9947.75	-3544.19
2001	7358.22	11063.52	-3705.30
2002	7188.91	9822.26	-2633.35
2003	7682.77	10549.46	-2866.69
2004	8645.94	11667.72	-3021.78
2005	9994.81	13891.43	-3896.62
2006	12575.57	16418.00	-3842.44
2007	14208.00	19043.46	-4835.46
2008	15207.92	18651.86	-3443.94
2009	15211.62	18166.60	-2954.99
2010	15354.83	18290.74	-2935.92
2011	19859.95	23623.79	-3763.84
2012	23264.61	28064.17	-4799.56

Source: *World Development Indicators*, World Bank, various issues.

It is observed that the Balance of trade deficit in Bangladesh is continuing but the deficit is decreasing in recent years. The main cause is the huge and growing amount of foreign remittances. Since, foreign remittance is likely to grow in future; Bangladesh may also be able to have the balance of payments surplus in the near future.

### Exports from Bangladesh

Bangladesh is agriculture based country, export agriculture goods mainly and manufactured goods. The main exporting commodities of Bangladesh are divided into two groups.

i) Traditional export goods: Raw jute, tea, leather, paper, newsprint, naphtha, furnace oil and bitumen, agriculture products etc.

ii) Non-traditional export goods: Readymade garments, frozen foods, fruits and vegetables, handicrafts, fertilizer and chemical products, leather shoes, ceramic goods etc.

The following table shows the export earnings.

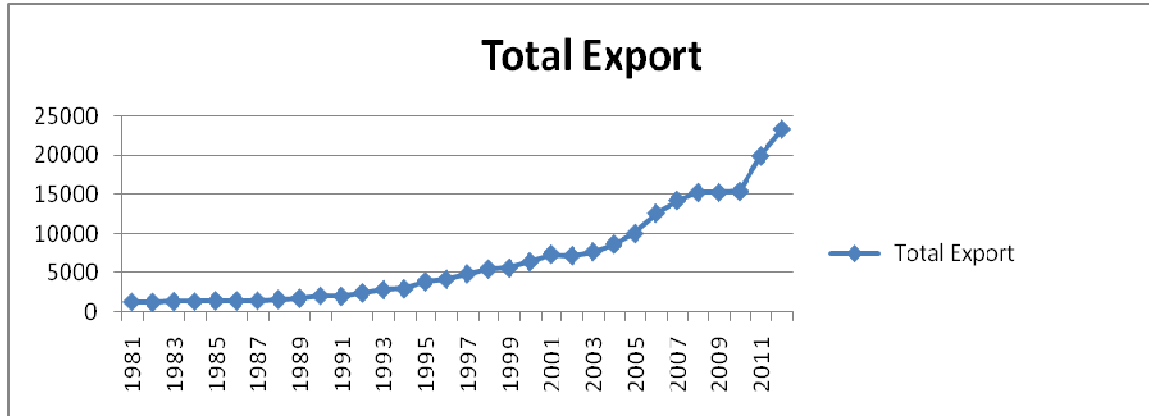
Table-02: Export Earnings. Million(US Dollar)

Primary goods	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
1.Raw jute	96	148	147	165	148	196	357	266	230	80
2.tea	16	12	07	15	12	06	03	03	02	02
3.frozen food	421	459	515	534	455	445	625	598	544	458
4.agriculture product	82	105	88	120	122	189	262	304	351	226
5.others primary goods	33	49	75	153	133	48	69	96	183	133
aggregate primary goods(1-5)	648	773	832	988	870	884	1316	1267	1310	899
6.manufactured goods: jute products	307	361	321	318	269	540	758	701	801	455
7.leather	221	257	266	284	177	226	298	330	400	333
8.petrolium	35	88	84	185	142	301	261	275	314	110
9.readtmade garments	3598	4084	4658	5167	5919	6013	8432	9603	11040	8228
10.knitwear	2819	3817	4554	5533	6429	6483	9482	9486	10476	7910
11.chemical product	197	206	215	216	280	103	105	103	93	68
12.leater shoes	88	95	136	170	187	204	298	336	419	377
13.handicrafts goods	05	04	08	05	06	04	04	05	06	05
14.enginnering goods	85	111	237	220	189	311	310	376	368	235
15.others manufactured goods	652	730	867	1025	1096	1527	1664	1806	1800	1209
aggregate manufactured goods(6-15)	8006	9753	11346	13123	14695	15713	21612	23021	25717	18930
Grand total	8655	10526	12178	14111	15565	16597	22928	24288	27027	19829
annual change of percentage(%)	13.83	21.63	15.69	15.87	10.31	4.11	41.49	5.99	11.21	13.95

Source: Bangladesh economic review-2014

The export earnings were 8655 US dollar in 2004-05, it has increased to 16597 US dollar in 2009-10 and it was 27027 US dollar in 2012-13 which was highest earnings but in 2013-14 it has reduced to 19829 US dollar. Real aggregate export for the period of 1981 to 2012 is shown in the following graph.

Figure-01: Real Aggregate Export(1981-2012) (Constant 2005 million US dollar)



In Figure 01, it is shown that the total export increased slightly from 1981 to 1991. The export growth was more- or- less the same in this period. After 1991, total export increased rapidly over the next period.

### Import of Bangladesh

No country is economically self reliance in modern economy. Because Every country sells its excess products to other countries and import necessary products from other countries. Bangladesh is a poor industrial but agriculture dependent country. For this reasons, Bangladesh has to import foods and other necessary commodities. The following table shows the expenditure of imported main commodities

Table-03: Expenditure of Imported Commodities (million US dollar)

Goods	2009-10	2010-11	2011-12	2012-13	2013-14
A. main primary goods	2940	5626	4149	4075	2877
rice	75	830	288	30	126
wheat	761	1081	613	696	682
oilseeds	130	103	177	242	263
crude petroleum	535	923	987	1102	483
cotton	1439	2689	2084	2005	1323
B. main manufactured	4957	7511	9263	8529	5370

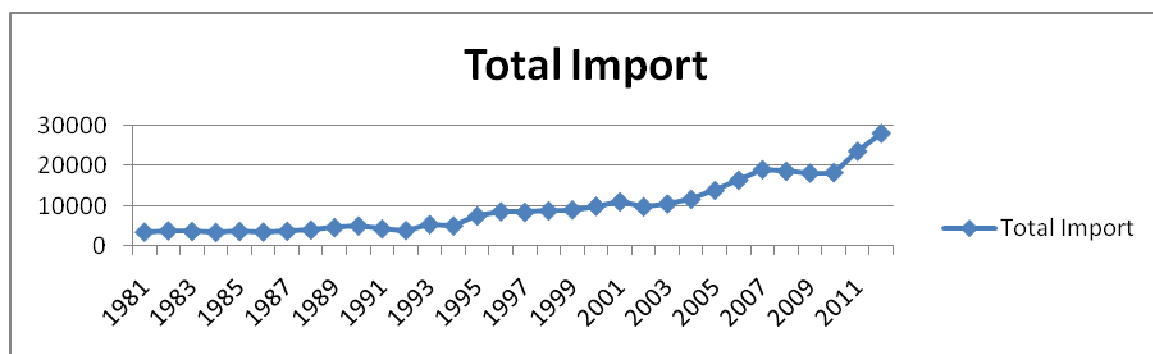
Goods	2009-10	2010-11	2011-12	2012-13	2013-14
commodities					
edible oil	1050	1067	1644	1402	1033
petroleum goods	2021	3186	3922	3642	2169
fertilizer	717	1241	1381	1188	740
clinker	333	446	504	487	329
staple fibre	118	180	428	454	266
cotton	718	1391	1384	1356	833
C. Capital instruments	1595	2325	2005	1835	1264
D. Others goods(with EPZ)	14246	18196	20099	19645	13585
G. total(CIF)	23738	33658	35516	34084	23096
Change in percentage	5.5	41.8	5.5	-4.0	16.5

Source: Bangladesh economic review-2014

The above table shows that import expenditure of Bangladesh is increasing every year up to 2011-12 and in 2011-12 the amount was 35,516 million dollar that was the highest import expenditure. After that the import expenditure is decreasing.

Real aggregate import for the period of 1981 to 2012 is shown in figure- 02

Figure-02: Real Aggregate Import (Constant 2005 million US dollar)



The features of real aggregate import for the period 1981 to 2012 is shown in Figure 2. From this figure it is clear that the total import increased more-or-less same from 1981 to 1989. But after 1989, the growth of total import increased over the period with some ups and downs.



### Growth of output (GDP)

The economy of Bangladesh has reached a sustained growth with strong macroeconomic fundamentals. The growth rate of GDP over the last five years consistently remained above 6 percent. Higher growth of per capita GDP, especially since the late-1990s. The GDP growth of few years is shown in the following table.

Table-04: GDP Growth Rate

Year	GDP Growth Rate
2006	5.96
2007	6.63
2008	6.43
2009	6.19
2010	5.74
2011	6.07
2012	6.71
2013	6.32
2014	6.01

The GDP growth rate is shown in the graph below.



From the above graph it is found that the GDP growth rate increases from 5.96 in 2006 to 6.01 in 2014 but it was highest in 2012.

### Export, Import, and GDP of Bangladesh, 1981 to 2012

The trend of real aggregate export, real aggregate import, and real GDP are described in the following pages in Table 5. The data of these variables are given for the period of 1981 to 2012.

Table-05: Real Aggregate Export, Real Aggregate Import, and Real GDP of Bangladesh, 1981 to 2012 (Constant 2005 million U.S Dollar)

Year	Total Export	Total Import	GDP
1981	1303.13	3522.18	20853.06
1982	1245.07	3853.42	21348.63
1983	1360.06	3693.61	22206.01
1984	1347.22	3454.69	23356.43
1985	1453.63	3704.88	24109.27
1986	1436.92	3550.81	25133.57
1987	1464.23	3753.27	26071.62
1988	1620.60	4034.49	26634.56
1989	1764.86	4641.57	27330.35
1990	2078.76	5073.82	28954.13
1991	2014.50	4311.87	29921.01
1992	2454.58	3932.82	31428.77
1993	2856.95	5404.44	32866.44
1994	2962.04	5074.17	34208.94
1995	3872.10	7529.89	35893.75
1996	4184.79	8592.32	37552.74
1997	4876.50	8443.23	39575.92
1998	5474.39	8820.71	41644.76
1999	5597.74	9023.94	43672.54
2000	6403.56	9947.75	46268.66
2001	7358.22	11063.52	48708.87
2002	7188.91	9822.26	50859.57
2003	7682.77	10549.46	53532.75
2004	8645.94	11667.72	56889.52
2005	9994.81	13891.43	60277.56
2006	12575.57	16418.00	64273.56
2007	14208.00	19043.46	68404.97
2008	15207.92	18651.86	72639.53
2009	15211.62	18166.60	76809.88
2010	15354.83	18290.74	81471.73
2011	19859.95	23623.79	86936.94
2012	23264.61	28064.17	92429.55

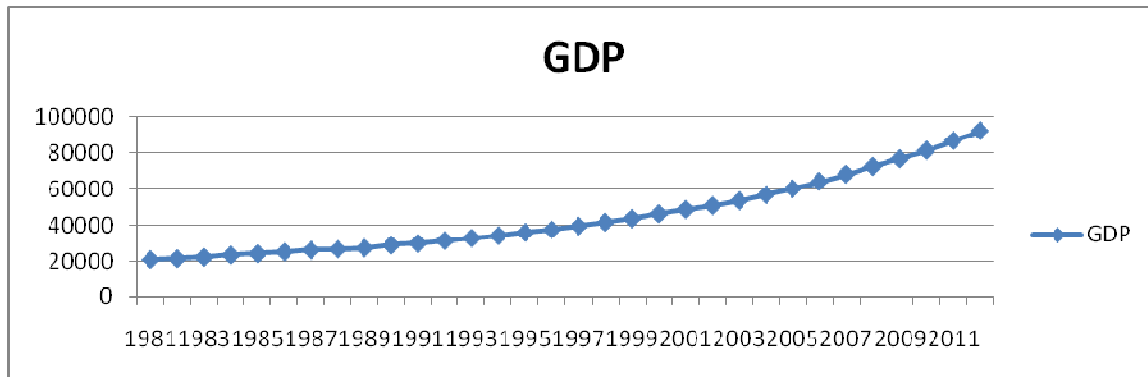
Source: World Development Indicators, World Bank, various issues.

The above table shows that in 1981, constant export was 1303.13 million U.S. dollar which increased to 6403.56 million U.S. in 2000 and in 2012, it was 23264.61 million U.S. The real exports increased in a steady way.

The real aggregate import increased in some years during the period of the study. In 1981, the constant aggregate import was 3522.18 million U.S. dollar, which increased to 3704.88 million U.S. dollar in 1985. In 1990, the real aggregate import rose to 5073.82 million U.S. dollar, but after 1991 the real aggregate import decreased for few years. In 2002, it was 9822.26 million U.S. dollar, which increased to 16418.00 million U.S. dollar in 2006. After that, it increased rapidly and reached 28064.17 million U.S. dollar in 2012. The nominal and real export and import both increased during the period of the study but import was always greater than export.

In 1981, the real GDP was 20853.06 million U.S. dollar and in 2000, it was 46268.66 million U.S. dollar. The growth was continuous, and in 2006, the amount reached on 64273.56 million U.S. dollar. Finally, it became 92429.55 million U.S. dollar in 2012. Real GDP for the period of 1981 to 2012 is shown in figure-03.

Figure-03: Real GDP (Constant 2005 million US dollar)



The real GDP of Bangladesh is shown in figure 03. From 1981 to 1985 there was almost a same growth but after 1985, it started to increase and continued to increase in 2012. So it is a steady increase in real GDP over the period.

### Trade Policy

Bangladesh government has taken different trade policy in different times such as in 1980 (one year), in 1997 (5 years), in 2003(3 to 6 years), in 2009(3 years). At present Bangladesh government is taking liberal trade policy.

### Export Policy

The important features of the export policies are:

- i) Updating and liberalizing the trade regime in accordance with the needs and requirements of the World Trade Organization and globalization;
- ii) Encouraging labor-intensive (especially female labor) export-oriented production;
- iii) Ensuring availability of raw materials for manufacturing export goods;
- iv) Increase productivity and diversity of products;

- v) Improving the quality of products; encouraging the use of modern, appropriate and environment-friendly technology, producing high-end products, and improving the design of the products;
- vi) Enhancing efficiency and dynamism by using e-Commerce and e-Governance;
- vii) Initiating new strategies for the expansion of the markets for export products, making proper utilization of computer technology and encouraging all modern technologies including e-Commerce;
- viii) Assisting the development of necessary infrastructure, particularly for backward and forward linkages in order to encourage the production of exportable goods;
- ix) Providing all-out support to new exporters as well as to existing exporters;
- x) Assisting the development of a skilled labor-force through proper training for managing international trade; and
- xi) Providing adequate guidance to trade bodies, business organizations, business people and related individuals in understanding the changing international trading system, etc.

### **Import Policy**

The remarkable features of import policy are mentioned below:

- i) To liberalize the import policy in the context of globalization and open market economy;
- ii) To provide facilities for introducing technological innovation to cope with expanding modern technology;
- iii) Ensuring supply of qualitative and healthy product;
- iv) To release the embargo on import goods step by step, to facilitate the availability of raw materials of industry and to increase the competition and efficiency;
- v) To enhance the indigenous exports by facilitating backward linkages for local industries
- vi) To ensure the supply of essential commodities in the national interest for emergency basis.

### **Problems of export trade in Bangladesh**

There are many obstacles/barriers/problems of export trade in Bangladesh. These are given below:

- |   |   |
|---|---|
| i) Weakness of Infrastructure;                    | xii) Mismanagement and corruption;      |
| ii) Transportation problem;                       | xiii) Higher production cost;           |
| iii) Lack of knowledge about foreign market;      | xiv) Attitude of dishonesty;            |
| iv) Invention of Synthetic fiber;                 | xv) Black marketing;                    |
| v) Import dependant export goods;                 | xvi) Problem of storage and packaging;  |
| vi) Lack of diversification of exporting product. | xvii) Imposing conditions by Byers;     |
| vii) Lack of skilled manpower;                    | xviii) Political instability;           |
| viii) Lack of modern technology;                  | xix) Low quality of exportable product; |
| ix) Administrative weakness;                      | xx) Lack of capital;                    |
| x) Limitation of publicity of Product;            | xxi) Unhealthy environment;             |
|   | xxii) Government control.               |

### **Characteristics and trend of Import Trade in Bangladesh**

Bangladesh is still now an import dependent country. Bangladesh mainly imports primary goods, manufactured commodities and capital goods etc.

Characteristics and trend of Import Trade in Bangladesh:

- i) Import of consumable items;
- ii) Import of capital goods;
- iii) Import of Multi dimensional products;
- iv) High import expenditure;
- v) Decentralization of import trade;
- vi) Introducing of Wage earners scheme;
- vii) Relaxation of government control;
- viii) Import of essential goods;
- ix) Increasing import of other goods except food;
- x) Liberal and free import policy;
- xi) Reduction of import of luxury goods;
- xii) Reduction of import of primary goods;
- xiii) Increasing import customs of luxury goods;
- xiv) Increasing import of manufactured goods.

The trend of import trade of Bangladesh has significantly changed in last few years. As export earnings has increased, the import expenditure has also increased.

### **Recommendations**

Import expenditure is more than export earnings in Bangladesh. For this reason balance of trade is not in favorable. To solve the problems, the following measures should be taken.

### **Policy Making**

Appropriate Policy can play an important role to improve export and import trade in Bangladesh. Acceleration of production and expansion of trade result in growth of national wealth. Increased production in export sectors may become the prime mover in the development cycle in a densely populated country like Bangladesh as this will generate employment opportunities which in turn will generate savings and investment on consequent flow of capital. The prime national objective of poverty alleviation will thus be materialized. As a first step towards reaching this goal Bangladesh need to look at the country's production infrastructure.

Bangladesh's export trade is featured by the dominance of a few commodities in a narrow market. Such dependence on limited number of export items targeted at few limited markets is not desirable for economic development. The country must, therefore, aim both at product and market diversification or else our export trade will become stagnant in the near future.

Bangladesh's export must keep pace with the projected GDP growth at 7% and make due to the contribution through increased export earnings. In this exercise it is imperative to identify new thrust sectors, reduction of production cost, increased export of higher value added items, diversify product wise , ensure products quality, improve packaging, attain efficient

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productivity, establishment of export oriented industry, infrastructure development, modernization of small cottage industries, We should aim at marketing quality products at competitive price at stipulated time.

### **Strategies**

Well planned strategies are essential for favorable balance of trade in Bangladesh. For these reasons the following strategies shall be undertaken to attain the objectives of the export and import policy:

Simplifying export procedures and helping the private sector to achieve efficiency. The Govt. should encourage increased involvement of the private sector while the govt. will continue to play its facilitating role;

Enhancing technological strength and productivity and facilitating reduction in cost and attain internationally accepted standard of quality of exportable products and thereby consolidating their competitiveness;

Ensuring maximum use of local raw materials in the production of exported goods and encouraging establishment of backward linkage industries;

Extensive advertisement, Participation in the international trade fairs, specialized fairs, single country exhibitions abroad and also sending out trade missions, with a view to consolidating our position in the existing market and creating new markets.

Import alternative industry like local raw material based industries should be established to reduce import expenditure. Beside these, the quantity of importable luxury goods like costly perfume, fashionable goods, luxury vehicle etc. should be reduced. Instead of liberal import policy controlled import policy should be taken.

### **Conclusion**

The relationship between exports and economic growth has long been a subject of great interest in the development literature. The theoretical consensus on export-led growth emerged in 1970s and 1980s after the successful performance of the East-Asian economies. Many studies have found exports affecting economic growth favorably in different countries and regions. This paper provides updated estimates of the relationship among exports, Imports and GDP growth in Bangladesh for the period of 1981 to 2012. Based on the overall study, in Bangladeshi context the export and import have the significant positive relationship, and also, both export and import have the significant impact on the economic growth. The impact of exports on economic growth found as positive and an opposite scenario is found in the case of import.

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