

Enterprise revolution did the change yet gaps agape



ECONOMY - BANGLADESH

TBS REPORT

Huge development over last 50yrs, but inequality growing

Bangladesh has seen noticeable improvements in the lives of people on the back of entrepreneurial revolution at all levels, but disparities

are widening in access to education and health.

This is how two senior economists – Prof Nurul Islam and Prof Rehman Sobhan, who had served the first Planning Commission of Bangladesh – have summed up where the country now stands after five decades of its birth.

Inequality in the distribution of development keeps on rising albeit Bangladesh has achieved a tremendous development over the past 50 years in terms of food production

and poverty alleviation, mainly riding on agriculture, remittances and export earnings, says economist Nurul Islam, the first vice-chairman of the Planning Commission.

Population control policies on the part of the government and boosting of non-farm rural activities have also played a big part in the development journey of the overpopulated, war-torn country.

Addressing the inauguration session of the annual conference on development arranged by the Bang-

ladesh Institute of Development Studies (BIDS) in Dhaka on Wednesday, the economist put the rising trend of inequality down to weak taxation policy, poor governance, capital flight, and political instability.

Presenting a paper in a session Prof Rehman Sobhan elaborated on how entrepreneurship of peasant population, women and migrant workers have changed rural lives and reduced poverty.

Over the years, the spirit has spilled over in people | SEE PAGE 2 COL 3

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of all levels, from peasant population to emergence of a new IT generation, resulting in noticeable improvements in people's lives ranging between a reduction in entire poverty, excess to education and improvements in health status, he added.

"Unfortunately, we have also witnessed the growth of inequality, widening of social disparity, malfunctioning of our democratic process and persistence of exclusionary forces within society, which have frustrated fuller utilisation of the very energies that have been unleashed by the liberation process," he viewed.

Marking 50 years of Bangladesh's independence, the state-run think tank BIDS organised the three-day event, which was inaugurated by Planning Minister MA Mannan.

State Minister Dr Shamsul Alam, Economic Affairs Adviser to Prime Minister Dr Mashiur Rahman, Economist Rehman Sobhan also spoke on the first day of the event. Some 10 research papers were presented there.

Prof Nurul Islam in his speech said Bangabandhu put the highest importance to rehabilitate and reconstruct the war-torn country's economy, and to increase food production.

The first government introduced subsidies on irrigation and agricultural inputs, and also launched a population control programme.

The economist also recognised the role of non-governmental development organisations for their efforts in the fields of primary health services and basic non formal education.

Bangladesh has the highest per capita rural road density in the world, which helped to boost rural non-farm activities through increased access to the market, Nurul Islam said.

Despite a huge development, there are some remarkable inequalities in the economy, he said, explaining that access to education and health has not been ensured equally among males and females in all regions.

A certain range of inequality in development and poverty alleviation is

natural, but further research is needed to define the reasons for inequality and its relationship with the poverty reduction in Bangladesh, he pointed out.

He stressed independent and unbiased data and a new study on governance and corruption related issues in the country.

In his paper titled "Reinterpreting Bangladesh's entrepreneurial revolution: Implications for policy reforms and research," Prof Rehman Sobhan found the root of Bangladeshi people's entrepreneurial spirit back in the 1971 Liberation War, paying his tribute to the extraordinary leadership and political entrepreneurship of Bangabandhu Sheikh Mujibur Rahman at the 50th anniversary of independence.

"Bangladesh's rural economy has now diversified into poultry farming, livestock rearing, fish culture and a variety of non-farm activities. All these demonstrated a high level of entrepreneurship among our rural peasant population," he said.

Reduction in rural poverty has largely originated from entrepreneurship, he pointed out.

He also cited the rise of women entrepreneurship at all levels, driven by micro-financing initiatives of Dr Yunus of Grameen Bank and Fazle Hasan Abed of Brac, which brought transformative changes in rural women's lives.

Prof Rehman Sobhan recognised the contribution of rural women to the readymade garment sector, who leave their village homes to work hard for low wages and whose social needs remain neglected.

He also highlighted the entrepreneurship spirit of Bangladeshi migrant workers. "Today workers of Bangladesh are found clearing jungles on the plains of Bolivia, farming on deserts of Saudi Arabia, occupying streets of Rome with their pushcarts, driving taxicabs in New York, serving as waiters in hotels in Finland, and working in every other corners of the world, which was never heard of by their fathers."

The RMG sector – perhaps the first private sector that grew without much state patronisation – and its dynamism spilled over a wide range of sectors like pharma, ceramic, shipbuilding, steel manufacturing and now construction, Prof Rehman added.

"The government is emphasising more the projects related to rural road development, community clinics, haor development, women empowerment, and poverty alleviation," said Planning Minister MA Mannan at the event.

"The prime minister has given full freedom in this regard. For these reasons, Bangladesh is moving fast. In other words, I am pouring out the projects that will benefit the country," the minister added.

Bangladesh has defeated Pakistan and India in many socio-economic indicators of development in the last 30 years, revealed a paper titled "Bangladesh in Comparative Perspective" presented at the event by Dr Binayek Sen, director general at BIDS.

Binayek Sen said the success has come as a result of the progress of the garment industry, poverty alleviation, advancement of women in workplaces and rapid urbanisation. The development of private entrepreneurship has taken this country forward.

He also recognised micro-credit and social activities of NGOs in the way of the achievement.

Binayak said Uttar Pradesh and Bihar have not progressed the same way as Tamil Nadu, Karnataka and Kerala in India. There is widespread regional disparity.

Again, the development that has taken place in Islamabad, Pakistan has not happened in other states. Such is the backwardness of Balochistan. But there is no such inequality in Bangladesh, he added.

"Before independence, there was inequality between East and West Pakistan. Not so now. However, the poverty of Kurigram and Narayanganj is not the same."

The paper revealed that the economy of Bangladesh is growing with less

volatility among three South Asian economies. The Standard deviation of growth in Bangladesh over the periods ranging below 1, while it is about 6 in India and 2.42 in Pakistan.

Bangladesh has overtaken Pakistan in per capita income and India has moved closer.

In 1990, Bangladesh's per capita income was growing at a rate of 2.54%, but it is now growing at a rate of over 5%. Economic Affairs Adviser to Prime Minister Dr Mashiur Rahman said there is now an opportunity to take the economy ahead by relying on the middle-class of Bangladesh.

That is how the macro-economy moves forward, he also said Bangladesh will become a developed country with the help of the third or fourth generation of the country.

The first and second generation worked as farmers or day labourers. The next generation had access to education and the following generation had been promoted to the middle club, he noted.

He thinks that this is how a country moves forward.

Presenting his paper titled "Economy, fiscal sustainability and implications for recovery", Dr Zahid Hossain, former lead economist of the World Bank at Dhaka office, said the Covid-19 has slowed down the economy of Bangladesh. The people lost their jobs and earnings due to shutdown and social distancing, which increased poverty and deprivations.

The growth in trade and investment slowed. The deficit in the current account is rising continuously but the reserve of the foreign currency is increasing.

Zahid Hossain found no major risk in the field of foreign debt but urged the government to carefully deal with the debt management.

He said the debt-to-GDP ratio for Bangladesh is 38.9%, substantially lower than in India, Pakistan, China, Thailand and Vietnam, which indicates that the government has enough space to borrow from abroad to implement projects in the productive sector.