

Inequality stays despite progress

Say experts at dev conference

STAFF CORRESPONDENT

The entrepreneurial spirit unleashed by the Liberation War has propelled Bangladesh's remarkable economic growth and also led to an inequitable society, experts said at a development conference yesterday.

"This [entrepreneurial spirit] has, unfortunately, yielded a mixed harvest -- it is part of the Bangladesh paradox," said Rehman Sobhan, chairman of the Centre for Policy Dialogue.

Sobhan's comments came at the annual conference of the Bangladesh Institute of Development Studies on development.

"While it provided the dynamic for driving development gains, it also energised some of our basic instincts in the form of largescale corruption," he said, citing the Rana Plaza collapse, Tazreen Fashions fire and the plundering of the environment through land grabbing and encroachment of our water bodies as cases in point.

The quadrupling of food production, the growth and diversification of the agriculture sector, and the flourishing of the manufacturing sector, which contributed to explosive export growth, are all down to the boundless entrepreneurial energy displayed.

Bangladesh is no longer a dependent economy: foreign aid accounts for less than 2 percent of GDP, he said, adding that the positive macroeconomic trends have been matched by improved human development indicators and reduction in poverty.

By last 2010s, Bangladesh has surpassed Pakistan in most economic and social indicators, while it is fast catching up with India in economic indicators and has bested the neighbouring country in many social indicators, according to Binayak Sen, director-general of BIDS.

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Inequality

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"But the weak accountability in law enforcement demonstrate threats not just to our positive achievements, but challenge the very credibility of the state," Sobhan added.

While Bangladesh has made huge progress on social indicators, the benefits of health measures and education have not been equally distributed between the poor and the rich and between men and women, said Nurul Islam, a former deputy chairman of the planning commission.

"Poverty had reduced in Bangladesh and all the statistics have proved it. But, inequality has increased. And inequality is basically a political problem, in my view."

Policymaking based on data collection by independent non-government agencies is very important.

"If government agencies and politicians interfere in data analysis, they will never get the right answer and they will be blamed tomorrow for their failure today," Islam added.

Planning Minister MA Mannan, however, begs to differ.

"Freedom was fundamental for the BIDS, the General Economics Division and the other organisations to work. And Prime Minister Sheikh Hasina has given us a wide berth. We could do whatever we wanted to do," he said.

Prime Minister Sheikh Hasina sent in a written message to the organiser declaring the three-day event open.

Unbiased data key to sound economic policy-making

Noted economist Nurul Islam says at BIDS conference



STAR

Prof Rehman Sobhan, chairman of the Centre for Policy Dialogue, delivers a keynote virtually at the Annual BIDS Conference on Development at the Lakeshore hotel in Dhaka yesterday. MA Mannan, planning minister, Mashiur Rahman, economic affairs adviser to the prime minister, and Binayak Sen, director-general of the BIDS, were present.

STAR BUSINESS REPORT

Independent agencies gathering data, analysing them, and getting the results for the guidance for the government is of utmost importance as it helps the authorities take informed decisions, a top economist said yesterday.

“If government agencies and politicians interfere in data analysis, they will never get the right answer and they will be blamed

tomorrow for their failure today,” said Nurul Islam, former deputy chairman of the planning commission who worked with the Father of the Nation Bangabandhu Sheikh Mujibur Rahman.

“It is important to let the data gathering independently done and also research be done by independent agencies.”

He spoke at the Annual BIDS Conference on Development at the Lakeshore hotel in Dhaka on the occasion of 50 years of Bangladesh. Organised by the Bangladesh Institute of Development Studies, the three-day conference began yesterday.

“They [policy-makers] can accept the results. If they are unable, they can explain to the people why they are unable to do this.

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CERAMICS

Unbiased data key to sound economic policy-making

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Mashiur Rahman, economic affairs adviser to the prime minister, said planning mechanism in Bangladesh is autonomous that has enjoyed independence without interference from the political leadership.

Nurul Islam, emeritus fellow of the International Food Policy Research Institute, called economic policy-making by the planning ministry and the finance ministry important.

"The analysis has to be non-political. Otherwise, economic policy-making is impossible."

"It can't be outsourced. I know, in Bangladesh, this kinds of researches are outsourced," he said, without disclosing any names.

"This is destructive in my view of the building the capacity of the government."

Islam said when he ran the Pakistan Institute of Development Economics, he had enjoyed a complete independence when it came to research.

He worked with Bangabandhu from 1972 to 1975. "I discussed with him about corruption, mis-governance and other issues, and he was very frank with me."

"He allowed me to give him all the facts... the ruthless details. Bangabandhu also allowed facts to be out for that whether he would take decisions or not were his business," Islam said, adding that he had allowed total independence of data gathering and research.

Those who are the followers of Bangabandhu should remember how Bangabandhu treated independent data gathering and research, said the former planning commission deputy chief.

He termed nepotism, favouritism, embezzlement of funds, and capture of state power as corruption, and urged the BIDS to carry out research into these areas.

He said there was something wrong in the management of the ministries that don't allow incentives to the government officials to stay into research.

Binayak Sen, director-general of the BIDS, said Bangladesh was fast-becoming a manufacturing nation.

To a large extent, this explains Bangladesh's catch-up performance with respect to its regional neighbours in economic and social parameters. "Success in urbanisation of Bangladesh is reflective

of its success in manufacturing sector," he said while presenting a paper.

During his keynote presentation, Prof Rehman Sobhan, chairman of the Centre for Policy Dialogue, said in independent Bangladesh, loan financing from state-owned financial institution did serve to create a large entrepreneurship class.

"But this was achieved at the cost of debt defaults from the new class of private entrepreneurs. This default has been perpetuated and condoned over the years and remains with us as part of what is known as default culture."

About the role of the working women in driving the entrepreneur revolution, Prof Sobhan said what is noticeable in the entrepreneur revolution is the rise of women entrepreneurship at all levels.

"It is arguable that this revolution had its roots in the microfinancing revolution pioneered in Bangladesh by Muhammad Yunus through Grameen Bank and Fazle Hasan Abed through Brac."

Prof Sobhan said there have a considerable research evidence at hand to confirm that microfinance has served to reduce extreme poverty, created a capacity for entrepreneurship amongst women, and has provided a ladder for them to move up into larger scale economic activities in the SME sector.

Highlighting the entrepreneurial spirit of migrant workers, he said as a consequence of the courage and enterprise by the youth, Bangladesh earns around \$20 billion in official remittances and perhaps another \$5 billion in unofficial payments.

This has served to raise the gross national savings, improve external balance payments and increase domestic payments. But they are exploited and exposed to a huge rent extraction by unscrupulous intermediaries.

He described the NGOs and social entrepreneurs as agent of social mobilisation.

In a paper presented at the conference, Zahid Hussain, a former lead economist of the World Bank in Dhaka, said the implementation rate of the annual development programme declined to an 11-year low recently.

"Our problem has never been the lack of intention to spend more; the problem is in our ability to turn intentions into meaningful actions."

Digitalisation not contributing much to GDP growth: study

STAR BUSINESS REPORT

Increasing digitalisation and tele-density has contributed to the country's economic growth but it has not been as significant as in countries like India, said a study unveiled yesterday.

The share of information and communication technology (ICT)-related sectors to gross domestic product (GDP) is about 13 per cent in Bangladesh while it is about 26 per cent in India.

"To accelerate growth, we can rethink our digitalisation approach," said Monzur Hossain, research director of the Bangladesh Institute of Development Studies (BIDS), presenting a paper in a session at an Annual BIDS Conference on Development (ABCD) 2021.

The BIDS organised the three-day event at Lakeshore Hotel in Dhaka marking the 50th anniversary of Bangladesh's independence.

The study assessed the sector-wise contribution of the ICT to GDP in seven categories and found that the largest increase in the share of ICT equipment and service producing sectors has been observed in posts and telecommunications division.

The ICT-focused manufacturing industries, which includes electrical and optical equipment and telecommunication services, increased their share in GDP to 2.64 per cent between 2015 and



Monzur Hossain

2019 from 1.83 per cent from 2005 to 2010, Hossain said.

However, contribution of other sectors such as those making use of ICT in manufacturing and services, as percentage of GDP, has rather remained stagnant which is the reason behind low impact of ICT on economic growth, he added.

Attention should be paid how use of IT can be increased in the manufacturing sector, Hossain said.

He said manufacturing and services sectors making use of the ICT constituted about 12 per cent of the total GDP in terms of employment between 2005 and 2009. It increased to 19 per cent from 2015 to 2019.



"Clearly, the ICT sector, though the size of ICT producing sector is small, show a remarkable increase both in employment generation and gross domestic product (GDP) over time," said Hossain.

This substantiated the importance of this sector for the Bangladesh economy, he added.

He said teledensity and ICTs have significant impacts on "Total Factor Productivity" (TFP) -- the productivity of all inputs taken together -- growth and thus the overall GDP growth as well.

"Total factor productivity and labour productivity growth has been gradually increasing after 2010 and onwards highlighting the inception of digital Bangladesh vision," he said.

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The study said fixed broadband subscription per 100 people rose to 5.78 people on an average in 2020 from 0.3 in 2010, registering a compound annual growth rate (CAGR) of nearly 31 per cent.

Meanwhile, in case of mobile phone subscription, this was double to 103 people from 46 people.

The percentage of the population using internet grew three times to nearly 68 per cent in 2020, recording a 14 per cent CAGR from 20 per cent in 2012, according to the presentation. Overall tele-density shot up during the period.

"An enormous benefit of digitalisation has been observed during the Covid-19 crisis, and therefore, for faster recovery, digitalisation efforts need to be strengthened," he said. Hossain emphasised focusing more on sectors producing ICT equipment and services and manufacturing sectors making use of ICT with possible fiscal and monetary policy incentives to encourage them to adopt large scale automation leading to innovations.

"The digital economy could promote development potentials and harness new development opportunities in more remote and economically lagging regions, leading to an inclusive and balanced growth," he said.