

Economic measures we should take in response to COVID-19

ATIQUR RAHMAN

THE 2020-21 budget of Bangladesh, under preparation now, could have been exciting. The country was having an unbroken run of 6 percent or higher growth rate for the last nine years. In 2019, it reached 8.2 percent. Poverty declined to reach 24.3 percent in 2016 (Wold Bank). Export earnings and remittance income, put together, covered more than three-fourths of the country's import bill, and the country's debt service ratio was at a comfortable level of 5.7 percent (in 2018). The achievements in the social sectors (in child and maternal mortality, in education, and nutrition) were praiseworthy, better than many other countries at similar levels of income.

A number of mega projects involving huge expenditures (such as the Padma Bridge, Deep Sea Port, Rooppur Nuclear Power Plant, Karnaphuli Tunnel, Metro Rail Project) were taken up to develop and modernise the country further. The country was looking forward to celebrating 50 years of its independence (towards the end of 2021) in style.

COVID-19 pandemic has put an end to this euphoria. The highly contagious virus, with its high toll of human lives and livelihoods, pushed the world to a recession. The IMF estimates the world GDP to shrink by 3 percent this year. With supply chains broken, factories, trades and businesses either closed or nearly so, unemployment is expected to rise. The level of unemployment has already reached 26 million in the USA and 22 million in EU. The World Health Organisation (WHO) warned that the virus had not reached its peak yet, and that there could be multiple spells of the virus.

Bangladesh has not been spared either. Although the impact of COVID-19 in terms of infection and fatalities (going by official statistics) remains lower than some developed countries, the casualties (which do not

include community deaths and deaths in hundreds of private clinics around the country) can mount in the coming months. Like in most other countries, Bangladesh also imposed lockdown measures. Educational institutions, non-essential services, offices, shops and transportation services, small, medium and large industries including the vibrant and major foreign exchange earner, the readymade garment (RMG) factories, have been closed down. However, some are opening slowly in recent days after the relaxation of lockdown measures.

The World Bank estimates a sharp decline of Bangladesh's growth rate to around 2-3 percent in 2020, and further to 1.2-2.9 percent in 2021 from the 2019 growth rate of 8.2 percent. These are way below the 7-8 percent growth needed to reach the middle income status by 2024.

The lockdowns have seriously disrupted normal economic and social activities in the country. Millions of workers engaged in shops and restaurants, in transport and communication sector, working as domestic help, self-employed as traders, hawkers, day labourers, totalling anywhere between 15-20 million, are expected to lose their livelihoods. With the closure of the readymade garment (RMGs) industry, another four million employees, mostly young women and their families, are expected to face difficult economic and social situation. Their low incomes make them vulnerable even to short periods of unemployment.

Fear of the virus as well as loss of income are driving thousands of these vulnerable low income urban people to their rural roots. Others, who do not have this option, are staying back in urban slums, where congested living can be the breeding ground of the virus.

Given this background of unprecedented economic and social circumstances, the budget of 2020-21



The usually pandemoniac Shahbagh Square wears a forlorn look during the countrywide shutdown enforced since March 26.

PHOTO: PALASH KHAN

will have to be significantly different from what could have been an "euphoric" budget. Instead, the budget will be one of damage repair, caused by external circumstances and rebuilding.

The emergency measures are expected to tackle the emergencies created by the COVID-19 pandemic (in terms of both halting the progress of the virus and providing medical care to those infected), and supporting people survive through their immense economic hardship. The rebuilding measures, on the other hand, will address the issues of restarting the economy with directed support, subsidies, grants, and helping to build institutions to tackle future pandemics, including resurgence of COVID-19.

The emergency measures will have to focus on expanding the capacity of public healthcare institutions, through infrastructure development, procurement of equipment (PPE, masks, ventilators) and medicines

(both anti-COVID-19 and for curing COVID-19 infection), and of course providing due support to all medical care staff, most importantly to the frontline care staff. And it will also have to beef up the country's poor social protection initiatives (which is lowest in the Asia Pacific Region: UN Asia Pacific Region Report April 13, 2020). Part of the prime minister's cash incentive of about 95.6 thousand crores taka could give the social protection initiative a boost, as well as provide cash incentives to medical workers.

The rebuilding measures, on the other hand, will focus on those sectors which are the main drivers of the economy, i.e. restarting RMGs, facilitating the repatriation of those who might have gotten stuck in Bangladesh. The measures could also include working capital support to small and medium industries, and small loans to traders. Low interest loans could also be provided to small

businesses and industries who would like to configure their factory floors and work spaces to conform to the need for social distancing, to avoid further spread of COVID-19.

Beyond these, it will be immensely worthwhile to support agriculture, especially the smallholder farmers, through small loans to farmers, subsidised inputs, water and uninterrupted electricity supply during the dry season (now) and through ensuring availability of seasonal labour for harvesting.

Microfinance institutions (MFIs), refinanced by Bangladesh Bank, could play an effective role in this area.

RMG sector, a major foreign exchange earner of the country, and employer of nearly four million workers (mostly for women), will need to be beefed up as early as possible. There could be a special fund to provide subsidised loans to the RMG industries on a case by case basis, judged by their ability to restart production, export and re-employment of staff laid off during the COVID crisis.

All these measures, detailed out and costed, will be a very tall order. The critical issue is how to get the budget financed.

The pandemic related crisis will severely restrict the growth of Bangladesh, and also imports, through reduction of economic activities. Both of these will severely reduce the government's ability to raise revenue; the latter through reduction of revenue from import duties. The country will have to borrow: from external sources to the extent they are available, but also from domestic sources. These will create inflationary pressure, both because of reduced supply response and lower imports. The challenge will be to channel support to activities which could quickly respond through increased production.

Dr Atiqur Rahman, economist and former lead strategist of IFAD, Rome, Italy.

A eulogy for a polymath and a mentor



THE passing of National Professor Jamilur Reza Choudhury marks the sudden end of the extraordinary journey of a man who was venerated by thousands of his direct students at Bangladesh University of Engineering and Technology (Buet), Brac University and University of Asia Pacific as well as thousands more, who came in touch with him through his professional and pro-bono engagements in diverse fields, to whom he was a quintessential teacher, mentor and philosopher-guide.

Though my stint as a student at Buet starting in late 1979 didn't last long as I went to USA to continue my undergraduate degree in engineering, professor Choudhury's legendary capacity for mental math and photographic memory of people's genealogy and calendar of events already reached my ears as they did to anyone who have ever attended Buet as a student.

After I came back upon finishing my undergrad studies and eventually became an IT entrepreneur here I had the privilege of knowing and working with professor Jamilur Reza Choudhury closely as we shared a common passion to work on policy support for IT development in the country.

Professor Choudhury or "JRC Sir", as he was commonly referred to, will forever be remembered as an institution builder. At Buet the "Computer Center"

that later became "Institute of ICT" flourished under his leadership—which he steered during the formative years in the eighties. He took the mantle of a startup university at the turn of the century and built up Brac University as its founder vice chancellor into the premier institution of learning that it is today. However, he left that prestigious job to focus on his technical leadership role for the design and supervision of the largest bridge of the country—Padma Bridge—where his extraordinary structural engineering acumen saved the bridge from seemingly insurmountable and unique subsoil conditions through hitherto unknown structural solutions. He later joined the University of Asia Pacific as its head and greatly elevated that institution's standing among private universities till the day he died.

In the IT industry he was instrumental in guiding the policy regimen for the development of the

His memory is everywhere he ventured and his golden touch will be long felt by all institutions and initiatives he helped guide or shape during his illustrious life.



PHOTO: PROTHOM ALO

Professor Jamilur Reza Choudhury (November 15, 1943 – April 28, 2020).

software industry and shared with the IT entrepreneurs and visionary political leaders of the country a dream of seeing the nation leapfrogging the IT divide and reaping rich dividends from IT services export. The "JRC Report" that he authored in 1996 at the instance of the then commerce minister became the blueprint for jumpstarting the software industry when there were hardly a few firms engaged in software development and professional IT services. Without that initial fillip it is difficult to imagine what would have come of the software industry that today gamers nearly two billion dollars in export and local revenue. I was fortunate to have been one of those few plucky software entrepreneurs that banded together to form Bangladesh Association of Software and Information Services (BASIS) in late 1997. To us "JRC Sir" had always been

the champion whenever we needed policy and administrative support at the highest levels and he will forever be the champion in our hearts. It is befitting that BASIS recognised his contributions to the ICT industry by bestowing upon him the "BASIS ICT Champion Award" in 2009.

In 2008 the ICT ministry entrusted professor Jamilur Reza Choudhury to review and update the National ICT Policy that was adopted in 2002. The committee brought together all ICT stakeholders from academia, government, industry and NGOs under his stewardship. I had the privilege of working as the convener of the working group of that committee which included many luminaries such as the current telecom minister, the policy adviser of A2i, and heads of other IT associations and government/defence departments; this working group put together the new structure of the ICT Policy that has been adopted by the government in 2009 and has continued to this day. Professor Jamilur Reza Choudhury's foresightedness in guiding the formulation of the revised ICT Policy shall remain a watershed moment in the history of ICT development of the country.

In the short span of three months as an adviser (cabinet minister) of the caretaker government in 1996, professor Jamilur Reza Choudhury created another milestone when he steered the liberalisation of the VSAT licensing that opened up the floodgates of the real-time email service and internet utilities in general.

Professor Choudhury was passionate about anything that would help the country in general and the youth in

particular. Despite extreme demands on his time from his professional engagements as a University VC and technical adviser on very large infrastructure projects, he always found time for pro-bono activities whether it was to guide IT industry associations, math, programming and blockchain competitions, environment and architectural activists, earthquake preparedness and awareness initiatives or education assistance to the underprivileged. It was his intervention that has brought the International Collegiate Programming Competition (ICPC) to Bangladesh for the first time which will be held in this country in 2021. He also helped bring together the stalwarts of the academia, government and the industry in organising the first ever Blockchain Olympiad in the country. The winners of the Blockchain Olympiad Bangladesh 2020 will be declared on May 3 and as the coordinator of the Olympiad I was scheduled to talk to professor Jamilur Reza Choudhury on the morning of April 28—a talk that will never take place. On March 30 he was thrilled to address nearly 500 students online who had registered for the maiden blockchain competition during a blockchain webinar arranged by the Olympiad organisers.

His memory is everywhere he ventured and his golden touch will be long felt by all institutions and initiatives he helped guide or shape during his illustrious life. In his death the country has lost an academic icon and I have lost a mentor.

Habibullah N Karim is CEO of Technohaven Company Ltd and former President of BASIS. Email: hnkarim@gmail.com

QUOTABLE Quote



SOREN KIERKEGAARD
(1813-1855)
Danish philosopher, theologian, and cultural critic.
Life can only be understood backwards; but it must be lived forwards.

CROSSWORD BY THOMAS JOSEPH

ACROSS

1 Heaps

5 Ship poles

10 Billionaire

George

12 Capital of Ghana

13 Office seat

15 Green prefix

16 Dissenter's vote

17 Fall behind

18 Animal suet

20 Flank

21 Get smart

22 Go by

23 Secret supply

25 Blanchett of

13 Office seat

15 Green prefix

16 Dissenter's vote

17 Fall behind

18 Animal suet

20 Flank

21 Get smart

22 Go by

23 Secret supply

25 Blanchett of

26 Comfortable

27 River of Iraq

29 Alaskan peak

30 Slow movers

33 Baseball's jeter

35 Turn down

38 Flying mammal

39 Owned

DOWN

1 Useful skill

2 Light, in a way

3 Baltimore player

4 "Mazel --!"

5 Singer Gray

6 German cry

7 Justice Antonin

8 Musical chords

9 Privates' bosses

11 Lady of Spain

14 Tailgating sight

19 Oxford parts

20 Wasn't thrifty

24 Up-to-date, in a way

25 Fighting

26 Comfortable

27 River of Iraq

29 Alaskan peak

30 Slow movers

33 Baseball's jeter

35 Turn down

38 Flying mammal

39 Owned

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YESTERDAY'S ANSWERS

S	C	A	M		S	T	O	I	C
N	I	N	A		M	E	A	D	O
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R	E	D	I	A	L	S	O	N	E
T	R	E	A	D	L	E	T	I	P
C	R	E	A	M		R	A	C	E
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D	E	I	S	T		I	S	L	E

BETLE BAILEY by Mort Walker



BABY BLUES by Kirkman & Scott

