

The urban middle and low-income groups' distress

The social safety net programme should take them into reckoning

It was inevitable. And we had predicted this outcome since the very seminal stages of the outbreak of the pandemic and of the country's going into lockdown. And so had the experts who also suggested that the economic fallout would perhaps outlast the pandemic and the consequence would be far reaching. This inevitability has been faced by all the countries—rich and poor—big and small, affected by the virus. But for developing countries like Bangladesh, the consequences are being felt more immediately.

The number of poor has doubled since the outbreak, and the hardest hit have been the middle and low income groups and those participating in the countries informal economy, nearly forty percent of our population. According to a Brac survey conducted between May 9 and 13, during the shutdown of the economy in May, the average household income in urban areas registered a 79 percent drop. Another study conducted by the PPRC and Brac's Institute of Governance and Development in April found that 77 percent of the formerly non-poor group had slid below the poverty line. Government help has been abjectly inadequate. It was not only due to inadequate resources but also because of some structural weakness and systemic flaws.

The consequence of this fallout, which has divested these people of their income, has not only thrust a large segment of people in the category of poor, we are also witnessing large-scale outflow from the urban to the rural areas. The migration has the potential of the rural economy being adversely affected, as much as affecting the rental business in the cities on which a good number of people depend.

One of the shortcomings has been that the urban poor, many of them belonging to the informal sector and now jobless, have not been considered in the social safety net programme, which should be done immediately. Incentives in cash and kind should include the poor and the vulnerable non-poor who are not generally in that category but are now so due to the loss of income during the pandemic.

Bridges on the brink of falling down

Why the neglect in repairing such vital infrastructure?

A bridge on the Dhaleswar river at Charabari in Tangail Sadar upazila is on the verge of breaking down as earth from one of its approach roads has become displaced due to heavy rain and strong currents in the river. Hundreds of vehicles, including heavy ones, and thousands of people move over the bridge which connects five unions of the char areas in the western part of the district. But it is not just the rains that make such bridges vulnerable but other illegal activities like sand lifting as well as a general lethargy about maintenance of such vital infrastructure.

According to a report in this paper, the Local Government Engineering Department (LGED) constructed the bridge in 2006 for developing road communication between the district headquarters and the char area. But floods and heavy rains have since then damaged the western side approach several times. And each time instead of repairing the bridge the authorities took temporary measures such as throwing sandbags. Locals alleged, moreover, that during the dry season a section of influential people with political clout have continuously extracted sand from the river illegally for the last few years making the soil weak and leading to the damage.

So should we be blaming only the natural causes—heavy rains, flooding or change in the river course—for the state of this vital river? How could sand be illegally extracted for years without the knowledge of the authorities? Why would only temporary measures be taken when proper repair and maintenance could have kept the bridge strong enough to withstand the heavy rains and flooding as most bridges are supposed to do? The local administration is saying that they have already informed the Water Development Board (WDB) and LGED and told them to take immediate steps to protect the bridge. So what happened during all the years in between?

These are questions that the government should be asking the LGED and other bodies responsible for maintenance and repair of bridges. This paper has run innumerable reports on bridges in dilapidated condition and posing grave risks to those travelling over it. Last December we had reported on the ramshackle state of two rail bridges in Gaibandha connecting Dhaka with the northern districts that are around 200 years old. The derelict state of these bridges highlight the neglect and apathy towards maintenance of bridges in general. While the rains may give an excuse for the inability to repair these bridges they cannot absolve the responsible authorities from their utter negligence in regular repair and maintenance for which funds are supposed to be routinely allocated.

LETTERS TO THE EDITOR

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We shall overcome this pandemic

The most advanced countries in the world have been rendered helpless by the coronavirus pandemic. Even though the future looks bleak, we must not give up hope. It is very difficult to deal with a threat that is invisible. But we must still continue to try and overcome it.

I would like to salute all those fearless people on the frontline, including doctors and nurses who are placing their lives in danger to save those who are infected. In their endeavour, many of them have died, but many more are still fighting hard, which provides a beacon of hope during the ongoing crisis. May the Almighty protect and bless us all.

Nur Jahan, Chatogram

Ensuring food security for all



FAHMIDA KHATUN

MACRO MIRROR
BANGLADESH has made remarkable growth in agriculture since independence. This is both in terms of growth in yield and output of cereal production. Food production in Bangladesh has kept its pace

with its population growth. Despite population growth over time, the country has attained food self-sufficiency at the aggregate level and increased calorie availability. On average, access to food has also improved. This has been due to the Green Revolution experienced by the country during the past decades. Along with growth, food consumption pattern has also changed.

The recently launched 2020 Global Food Policy Report of the International Food Policy Research Institute (IFPRI) indicates that per capita consumption of cereals has declined while that of meat, eggs, fish, fruits, vegetables and milk has increased across South Asia. In case of Bangladesh, one of the reasons for improvement in its nutritional status, reduction in child stunting, underweight and wasting is the diversity in diet. Multiple Indicator Cluster Survey 2019, by the Bangladesh Bureau of Statistics and UNICEF reveals that chronic malnutrition which is measured by stunting levels declined to 28 percent in 2019 from 42 percent in 2013.

The other change in the agriculture sector is the expansion of the food processing sector. This has also been a source of employment. With further technological upgradation food processing can be further increased. This has the potential to improve food availability. Despite paucity of real time and authentic data it can be said that the agriculture sector has been an important catalyst for poverty reduction through employment generation and food consumption. The value chains created within the sector such as through poultry and fishery sub-sectors have also helped the poor to improve their condition.

Of course, food self-sufficiency does not mean food security and food availability for all. It does not also mean food equity and food inclusivity. Bangladesh still lags behind in the Global Food Security Index. In 2019 Bangladesh was ranked 83rd position out of 113 countries in the Global Food Security Index. Bangladesh's ranking is the lowest among the South Asian countries. At a

more disaggregated level, it is observed that in case of food affordability and availability Bangladesh's scores have been good. However, the index on quality and safety of food has been moderate, indicating the need for improvement.

As the world suffers from the coronavirus pandemic—the biggest crisis of the century—the need to build inclusive food systems has become more important than ever before. This is to ensure that marginalised and vulnerable people enjoy the benefits of an inclusive food system. It is also related to the fulfilment of the Sustainable Development Goals 1 and 2 which urge upon ending poverty and achieving zero hunger, respectively.

However, it is almost clear now that the consequences of corona outbreak will

crop. In the meantime, the government has also planned to import rice. While this is a good initiative to stay prepared for the bad time, it should be done in a realistic manner based on the actual need. Because, if more rice is imported than what is required, farmers will not get due prices for their own production. This will disincentivise them from producing more in the next season. We should not lose sight of the contributions of the farmers and giving them their due prices while planning for imports.

The other concern during the ongoing corona crisis is distributing food to the poor and also bringing food to the market so that people can purchase them at an affordable price. Therefore, marketing and other logistical arrangements have to be in place to make food available.



PHOTO: STAR

be prolonged for several more months. Therefore, it has been predicted by various organisations and experts that corona crisis will lead to the hardest global recession so far. The socio-economic achievements which have been made during the last several decades are thus at risk of being reversed due to the impact of Covid-19. Therefore, as countries are taking various initiatives to revive their economies, they are also planning for adequate food availability.

Coronavirus pandemic has affected the agricultural production and supply system in many countries. However, despite such crisis, Bangladeshi farmers have given the country a good harvest of Boro. Of course, cyclone "Amphan" has affected the sector substantially. The government has put emphasis on Aman and Aus

During crisis, it is common that the opportunists stock food and create an artificial crisis in the market. On the other hand, farmers have to sell their produce immediately after the harvest since they have to live their lives and also give wages to labourers. They neither have savings to survive for a few days nor any storage to keep their harvest. Due to such distress sale of their produce, they do not get the right price. If the government provides them support during this interim period, they can sell their harvest at a better price after a certain period.

To ensure food security, policymakers need to take proactive measures towards equitable distribution of food. It has been obvious that in order to reverse the coronavirus-led unemployment and poverty the government will have

How three economic impacts of Covid-19 could spell danger for Bangladesh



ERESH OMAR JAMAL

THE OVERTON WINDOW
IN mid-June, the IMF in a country focus report on Bangladesh said that the economic impact of Covid-19 has most notably been felt in three main areas: a fall in remittances; a decline in RMG exports; and a drop in domestic economic activities.

Stories of how Bangladeshi migrant workers have had their lives turned upside down by the pandemic have regularly made the news of late. Thousands have lost their jobs and many have been deported. Yet, defying expectations and in contrast to most other economic indicators that are in free fall, remittance somehow hit an all-time high of USD 18.2 billion in the recently concluded fiscal year.

This was somewhat baffling as there was absolutely no good reason for remittance to suddenly go up in June. The only logical explanation, according to experts, is that people are sending whatever money they had saved up abroad as they are being forced to leave their host countries and return to Bangladesh. Once this rush of money subsides and more and more people return home, remittance, a major pillar of our economy, could suffer severely.

Garment exports fell 18.12 percent year-on-year to USD 27.94 billion in FY2019-20. As it accounts for 84 percent of our total national exports, overall exports also fell 25.99 percent short of its annual target of USD 45.50 billion. This is another example of why we should have diversified our exports basket long ago, as experts suggested for decades. Nevertheless, since we are in the position we are in, it is essential that we support our garments sector to survive this crisis.

There could be one positive in the numbers. Bangladesh's garments exports to its single largest apparel export destination, the US, declined by 12.50 percent year-on-year to USD 2.32 billion between January and May this year, according to the US Office of Textiles and Apparel data—whereas China's declined by 43.87 percent year-on-year to USD 7.66 billion; India's declined by 23.00 percent to USD 2.79 billion; and Mexico's by 31.32 percent to USD 1.26 billion. Outperforming all those countries takes resilience, and it is possible that our RMG sector does have what it takes to recover

quicker compared to other countries. But that is in the long-run.

Western economies are not expected to recover soon and this is the perfect time to be diversifying our foreign markets. Mustafizur Rahman, distinguished fellow at the Centre for Policy Dialogue, suggests Bangladesh should try and increase its share of the Asian market. China has recently allowed duty-free facility for 97 percent of Bangladeshi products. Bangladeshi shipment (led by garments) to India was more than USD 1 billion last year and crossed that mark to Japan in FY2018-19.

Making our trade policies more efficient is another key to recovery. One challenge in that department is the classic case of anti-export bias. Because we have high import tariffs on products

the pandemic, as the richer segment of society has cut back on hiring part-time cooks, maids, etc. to maintain social distancing with the "unwashed masses". According to the Bangladesh Bureau of Statistics (BBS), 85.1 percent of our workforce are employed in the informal sector, that is more than 50 million people. And it is now estimated that the pandemic has left 80 percent of them unemployed. Therefore, on the one hand, domestic consumption has taken a big hit, while on the other, we have mass unemployment lowering the disposable income of poorer people to near zero, which is then deflating domestic consumption further.

Last month, the World Bank projected in a report that across the Asian region, pandemic mitigation measures will



PHOTO: STAR

we could export, domestic producers prefer to sell their products within the country for higher prices in the absence of competition from foreign sources. This is lowering exports and raising domestic prices. Therefore, the government should set its trade policies in such a way that makes exports and domestic sales equally lucrative.

Because most Bangladeshis are still relatively poor, despite GDP per capita rising in recent years—a lot of it being skewed by the rich getting richer—their consumption beyond necessity goods is still rather limited. And in times of crisis, that rings particularly true. On the other hand, a lot of the consumption of the richer segments of society depends on informally hiring the poorer segments for services—as maids, chauffeurs, etc.

The latter has taken a major hit due to

severely hinder consumption and services activity, while high uncertainty about the pandemic will constrain private investment. None of this is good news for increasing domestic consumption anytime soon. The WB also warned that there is a risk that the pandemic will trigger a long-lasting rise in poverty, especially in low-income countries. And Bangladesh has already started experiencing that.

A study conducted in May by Bangladesh Institute of Development Studies (BIDS) found a whopping 16.4 million people sliding below the poverty line due to the pandemic. Around 50 percent of them reported a decline in income, while over 20 percent of people who had monthly earnings of below Tk 15,000 before said that they no longer had any earnings. Among the people

to rely on the domestic economy to a large extent. Agriculture can provide a huge support for bouncing back from economic recession. In the face of corona-led economic struggle, many people are migrating back to their villages so that they can at least survive by being engaged in agriculture or non-farm activities. This reiterates the need for higher investment in agriculture, particularly in commercial agriculture through farm mechanisation and technological adoption. The focus has to be broadened from subsistence agriculture to agricultural trade. Ironically, the allocation for the Ministry of Agriculture remains unutilised, despite there being many areas of investment and innovation.

Indeed, for the agriculture sector, a two-pronged approach should be adopted. On the one hand, technological innovations are necessary to improve productivity and sustainability in the agriculture and rural sectors. On the other hand, food production has to be coupled with policies and strong institutions for procurement, marketing and distribution. The issue of food security and reduction of hunger is not only related to the agriculture sector alone, it is part of broader macroeconomic policy. Broader reforms are needed in case of land policy, pricing policy, subsidy policy and fiscal policy to have a modern agriculture sector.

Food security for the vulnerable people during crisis such as corona pandemic also requires strong social safety net measures. The government of Bangladesh has expanded social safety net programmes in the budget for fiscal year 2020-21. However, since Covid-19 is not going to leave us soon there will be need for further support to the poor so that they do not go hungry.

Internationally, there are calls for not imposing restrictions on food trade. However, past experiences have shown that during economic stress countries resort to protectionism no matter how much we emphasise on international cooperation and mutual responsibility for the global poor. Already, several countries have imposed restrictions on exports of several agricultural products. The spirit of global cooperation gets lost in the urgency of saving their own people. We have experienced such situation in 2008. There is no reason to expect otherwise during the corona pandemic. Therefore, we have to prepare ourselves, both for the short and medium term to ensure food security.

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earning less than Tk 11,000 per month, 57 percent said they had no income, 32 percent experienced a decrease in earnings, and only about 11 percent said their income had remained stable. In the same month, a study done by Brac revealed that about 36 percent city dwellers had lost their jobs and 3 percent did not receive salaries despite having jobs. And there is little doubt that things haven't fared any better since then.

Therefore, all three factors the IMF is concerned about are leading to two things: i) mass unemployment; and ii) increased poverty. While relief packages are important to ensure that many of these people do not starve to death, the government has to start preparing to go further.

Creating employment—besides addressing the pandemic from the healthcare side of it—is the biggest need of the hour; maybe not right now, but soon enough. However, formulations of different strategies that can achieve that must begin immediately.

Much has already been said about the "jobless growth" we had been experiencing before the pandemic hit. And there were serious worries about the fact that Bangladesh was failing to create enough jobs for its people. Likewise, many solutions to the problem of joblessness were presented. And they still apply and should be implemented—even more urgently. And if we look close enough, many of those problems are systematic, and will require government reforms.

Unfortunately, the political will for those reforms was previously absent. But now the situation could get to a point where mass unemployment and poverty—due to previous systemic problems and corruption and issues brought forth by the pandemic—could start endangering our entire social structure. That is something the authorities should recognise.

Throughout history, great social upheavals have occurred time and again when unemployment and poverty reached a critical stage. There is no guarantee that this crisis will not push us over the edge. That is why policymakers need to be careful and gather up the political will to make the necessary changes that were unwilling to make before. As well as make special arrangements for this particular crisis that we are in.

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