

What Bangladesh did right and India could not

Ahsan H Mansur is Executive Director of the Policy Research Institute of Bangladesh. In an exclusive interview with Eresh Omar Jamal of The Daily Star, Dr Mansur talks about the recent revelation by the IMF that Bangladesh is set to surpass India in terms of per capita GDP, and other factors relating to Bangladesh's growth.

According to the International Monetary Fund's latest World Economic Outlook report, Bangladesh is set to surpass India in terms of per capita gross domestic product (GDP) in 2020. How significant is this achievement? And what are its major ramifications?

We can take some pride in this because India is a big economy, and even though India has many problems, it has always been ahead of us in terms of GDP. We have somewhat overcome that and reached a parity, which is a big achievement. This has happened because of two opposing developments—while Bangladesh has recorded consistent good economic growth, India's growth performance faltered in recent years.

The two main positive developments for Bangladesh have been: (i) consistently accelerating economic growth over the last 20 years; and (ii) much more stable exchange rate of the Bangladeshi Taka compared with the Indian Rupee, underpinned by much better macroeconomic management by the Bangladesh government.

If we look back at what happened in India, until the Modi government came to power, India was substantially ahead in terms of per capita GDP in dollar current terms. Why India couldn't maintain that differential included the following factors. First, Modi government's mismanagement through demonetisation, which was very costly and not carefully thought through and which turned out to be an economic disaster. Second, the Indian economy and society, driven by politics, has been going through a period of increased social division, induced by religious riots, lynching, and regional communal and other issues like the unilateral move on changing the status of Kashmir. Once a society gets divided and the government's attention remains focused on socially divisive issues, it is proven that the economy suffers—India being a poster-perfect example of that. Finally, the Indian government's Covid-19 management has been very harsh in the sense that they suddenly declared everything to stop on the same day—railways, airlines, road transportation, everything came to a standstill. As a result, more than 60 million migrant workers were economically dislocated thousands of kilometres away from their village homes without work, income and transportation. Working class people, particularly those already close to the borderline of poverty, suddenly found themselves free falling to the bottom.

The damage done to the Indian economy during the Covid-19 outbreak, together with

the other two factors mentioned above which already weakened investment and growth momentum in the economy in many ways, led to the worst contraction in economic activity in the world. This itself was the big contributing factor for India to fall behind Bangladesh. Yes, we have performed better in some sense, but that does not mean we can afford to get complacent. We are still below the USD 2,000 per capita GDP mark. And countries like Vietnam, who started below us in the 1980s, are way ahead. China and South Korea, who were at par with us in the 1950s, are even further ahead. So we have performed well among South Asian countries, but not so much in comparison to the East Asian economies.

Nevertheless, we should take pride from this, and it is particularly interesting because in the recent Indian political narrative, many influential political leaders labelled Bangladeshis as termites and alleged that poor Bangladeshis were invading India by migrating en masse. That is a myth and fearmongering that some politicians have created to make political gains. And this projection by the IMF, an independent global organisation, is definitely going to create a new narrative debunking that myth.

Some Indian writers have suggested that Bangladesh surpassing India in terms of per capita GDP is a result of India underperforming, rather than Bangladesh performing well. What is your take on that?

I fully agree with that assessment. India has really underperformed in the last five years, since it was at least 20 percent ahead of Bangladesh in per capita terms five years ago. The main contributing factors are the ones I have already mentioned. I would also like to underscore and recognise that Bangladesh's performance in terms of exports, remittances and balance of payments stability have been consistent, and that its macro-stability has been stellar in the context of South Asia.

Is there any chance of these figures being skewed by rising inequality, and their calculation being based on nominal GDP rather than on GDP based on purchasing power parity?

Absolutely. That is also a factor. India is still significantly ahead of us (in per capita income) in terms of purchasing power parity. And for ordinary people, it is the PPP based measure that matters—because although our dollar income has been higher, on average, our citizens can buy less than what an Indian citizen can afford. Prices in Bangladesh are higher than in India for most categories of goods and services.



AHSAN H MANSUR

This is another indicator that shows why we shouldn't get complacent. Yes we have outperformed India in some way, but in other ways India is certainly ahead of Bangladesh.

Overall, what have been the major factors behind Bangladesh's growth success, and what have been the major impediments?

Bangladesh's growth success comes down to many reasons. One is the steady performance of our exports and remittances. Even though we are vulnerable due to being overdependent on a single export product, our export growth has been better than most other South Asian countries. Remittance performance is also similarly better.

Secondly, Bangladesh's remittances, because our workers are low-skilled and rural based, are aimed more towards the poor and more towards the rural economy. Inflow of workers' remittances to rural Bangladesh has contributed to a vibrant rural non-farm economic base in the country. The other day, I was telling an Indian journalist that no one ever heard of our farmers committing suicide because of economic hardship, which is very common in India. In part, our farmers are doing quite well despite some problems from time to time. They are getting better prices and access to markets. The rural people are also getting a lot of support from internal remittance (from urban to rural areas) and from external remittance (from other countries to rural areas). That helps the rural economy and creates good demand

in the whole economy. And finally, this has created a situation where non-farm income is more than the farm income in rural areas. Sixty percent of rural income comes from non-farm sources, which is a very different picture compared to most other developing countries. Most of the people, about 65 percent, still live in rural areas, so that has increased general economic wellbeing. And their wellbeing ultimately determines the wellbeing of the country.

The third factor is that our social indicators have been remarkably good—in part, supported by the strong performance of the rural economy. In social indicators like life expectancy, child and maternal mortality rates, fertility rate of our women, gender parity in education, access to water, better sanitation—Bangladesh is ahead of India, and in some cases ahead of Sri Lanka as well.

Finally, good fiscal management has also contributed to macro-stability and growth performance. Bangladesh's macro-stability has been anchored by good fiscal policy, and that continues to be the case. Despite our unimpressive performance on the revenue side, fiscal deficit and public debt have been contained well below what are considered sustainable.

In terms of impediments, in my opinion, so far what we have achieved are the low-hanging fruits. We have not gone for the fruits which are hanging high. But we must go there. If we want to become an upper-middle income country or a high-income country, which the government and we all aspire to be, we have to undertake fundamental reforms in wide-ranging areas. The tasks ahead will be extremely challenging and multi-dimensional. We have an education system which needs to be completely overhauled and made up-to-date. We have to improve the standards of our public education system and significantly increase the skill level of our workers. Unless we do that, we cannot technologically advance, and without technological advancement and adaptation, we will not succeed. Bangladesh is among the least technologically advanced countries in Asia—in terms of complexity of our products—and we have a long way to go. Technology is becoming ever more important and complex, and unless we combine skills development with technological adaptation and do so without destroying our environment, we cannot even hope to perform well in the future.

Secondly, the country still suffers from significant gaps in infrastructure. We need huge government investment, and for that we need huge revenue to cover the expenses in a

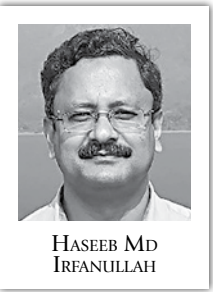
sustainable manner. We need investment in physical infrastructure as well as investment in the social sectors like health, education, poverty reduction. But our public sector does not have domestic resources. Our Tax/GDP ratio is extremely low and falling. It was 11 percent of GDP in 2010 and declined to 8.9 percent by 2019. That is not good at all. And the government is really suffering. It couldn't even spend much during the Covid-19 situation and had to depend almost entirely on a bank-led credit expansion and monetary expansion. We need more public resource mobilisation and fundamental reforms in the tax system—in both direct and indirect taxes. Reforms in tax policy and tax administration, including automation, must be a part of it, without which the government cannot help take this country to the next level. But so far, nothing significant has been done on the tax reform front.

Thirdly, the economy also needs a lot of investment from other sources. To transform Bangladesh into a high-income country, Bangladesh would need to achieve an average GDP growth rate of 9.5 percent between 2020-2040—that's a huge challenge! That will require our Investment-GDP ratio to be in the range of 40-44 percent of GDP. Currently we are at about 30-31 percent of GDP. We have not been able to exceed the 30 percent level for a long time. Private sector investment is even less buoyant, it has been stuck at 22-23 percent of GDP for the last 10 years. Unless we can mobilise significantly higher private domestic investment along with supporting public sector investment, and also bring in foreign direct investment into the country, we will not be able to become an upper-middle income or high income country. The investment climate has to improve very significantly. Our ranking in terms of the indices like the ease of doing business, productivity index, and logistics index are terrible and we have a long way to go.

Finally, we have to diversify our exports. There is huge potential within the garments sector, we have to exploit those. But we must also diversify, otherwise we are just too vulnerable. And that means, we must give exporters of other products the same incentives that we give to the garments sector. Also, domestic protectionism is extremely high in Bangladesh. And that is very counterproductive for export diversification and allocational efficiency, because it makes production for the domestic market much more attractive than production for exports. That really needs to change.

This is an abridged version of the interview. For the full text, visit The Daily Star's website.

We've talked enough about biodiversity. Let's try to save it now



HASEEB MD IRFANULLAH

WE may blame Covid-19 for drawing our attention away from biodiversity conservation. But the truth is, for a long time, we have been talking about biodiversity a lot, rather than saving it.

That is why the World Wildlife Fund International estimates that the earth's wildlife has gone down by almost 70 percent in the last five decades; the United Nations predicts that the world's one million species, out of eight million, would be extinct in the next few decades; and the World Economic Forum ranks biodiversity loss as the third most serious risk for the world, after weapons of mass destruction and climate change.

Through the UN's Convention on Biological Diversity (CBD), countries did set targets to save world biodiversity, first by 2010, then by 2020. But they have failed tremendously. Given the present alarming decline in our biodiversity, we need to transform our conservation approaches altogether.

Let us take our current approach to saving wild species in danger. First, we need to measure the overall conditions. There are some important issues that ensure the survival and existence of a plant or animal species in nature: for example, the number of mature individuals, if the number is increasing or decreasing over the years, if they are widely distributed or confined to a small area, etc. Based on these criteria, the International Union for Conservation of Nature (IUCN) developed an assessment system 56 years ago to prepare the Red Lists of threatened species.

If an assessed species' condition is good, it is classified as "Not Threatened" on a Red List, which is good news. But if the condition is bad, the species is put in one of three threatened categories: Critically Endangered, Endangered, and Vulnerable, corresponding to the severity of the condition. Based on the conservation status of a species, we take measures to save it from extinction.

Plants have always been slow in entering the Red Lists. IUCN, for example, has so far assessed about 120,400 species of the world, of which 36 percent are plants.

The year 2001 saw Bangladesh's first attempt to prepare a plant Red List, a year

after IUCN published the first animal Red List of Bangladesh. The Bangladesh National Herbarium (BNH)—an agency of the Ministry of Environment, Forest and Climate Change (MoEFCC)—under the leadership of renowned botanist Professor M Salar Khan, assessed 106 plant species and found four as threatened. Twelve years later, following IUCN's Red List methodology, BNH listed 120 species in the second volume of the plant Red List.

Recently, BNH and IUCN have initiated

for that decision to materialise.

A Red List preparation is a time-consuming academic endeavour, which demands large groups of experts to conduct and review the species assessments. The interest of funders in such an exercise has always been limited. Institutions supposed to lead such initiatives often show low enthusiasm. Nevertheless, the new BNH-IUCN project is a good step forward towards the long-pending plant Red List of Bangladesh.



The elusive Bengal tiger spotted in the Sundarbans.

a new project under the World Bank-Bangladesh Forest Department (BFD)'s Sustainable Forests And Livelihoods (SUFAL) programme (2018–2023), to assess 1,000 plant species out of a total of about 4,000 and to prepare an updated plant Red List of Bangladesh. This new initiative was first discussed in a meeting of the National Committee for Updating Species Red List of Bangladesh, held in May 2015 and chaired by the secretary of the MoEFCC. It took a while

In the wake of this development, it would be useful to explore the impact of IUCN's last animal Red List of Bangladesh (2015), also funded by the World Bank. In that exercise, 160 biologists rigourously assessed 1,619 species of mammal, bird, reptile, amphibian, freshwater fish, crustacea and butterflies. Alarmingly, about 24 percent of these species were found to be threatened. But what was the use of that knowledge, captured in almost 2,400 pages in seven volumes?

That Red List also furthered research on biodiversity in Bangladesh. On October 20, 2020, I searched on Google Scholar—an online search engine for finding academic research publications—and found around 230 items published in the last five years citing the "Red List of Bangladesh".

Since the publication of 2015's animal Red List, several conservation projects targeting threatened species were initiated or completed. The ongoing UNHCR-IUCN's

PHOTO: RAKESH NARALA

Asian Elephant conservation activities around the Rohingya refugee camps are essentially a legacy of IUCN's elephant conservation work initiated back in 2001 with the US Fish and Wildlife Service's support, which was later strengthened under the BFD's Strengthening Regional Cooperation for Wildlife Protection (SRCWP) programme. Similarly, the USAID-Wild Team's Bengal Tiger (2014–2018) and UNDP-BFD's Ganges River Dolphin (2015–2020) conservation projects were results of earlier initiatives by other conservation organisations.

The animal Red List of Bangladesh (2015), therefore, was an excellent academic exercise and is being used as reference in new research, but has not helped much to stimulate significant conservation action on the ground.

The 1,000 plant species' Red List will indeed improve our knowledge on Bangladesh's biodiversity and will be an excellent reference point. But knowing the conservation status of species is meaningless, unless we take action to improve the situation. We, therefore, should use the new Red List project to advocate for a paradigm shift in Bangladesh's conventional biodiversity conservation in two important areas.

Project-based, donor-funded approaches have not been good for meaningful, long-term conservation. We need uninterrupted funds for our conservation work. We have 10 years of experience in managing the Bangladesh Climate Change Trust Fund (BCCTF). We should use that experience to establish the Biodiversity Conservation Fund—as described in Article 36 of the Bangladesh Biodiversity Act, 2017—to support our conservation activities.

The assessment of 1,000 or 25 percent of plant species of Bangladesh will help us to map the areas where the threatened species are now found. Combining this location data with that of 1,619 animal species can build an outstanding knowledge base for us—the prioritised ecosystems to be conserved. We can then prepare comprehensive investment plans to spend resources to conserve these ecosystems, instead of focusing on a few individual species.

Now the question is—are we ready to go beyond biodiversity research and focus more on conservation action?

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Dr Haseeb Md Irfanullah is an independent consultant working on environment, climate change, and research systems. His Twitter handle is @hmirfanullah