

## The sick men of our economy

*Resuscitate the loss-making public undertakings*

WHILE it is not difficult to fathom the reasons why nearly half our state run companies are running at a deficit consistently, it is difficult to understand why the administration is allowing this situation to exist year after year. Out of the 18 listed government owned companies seven have been running at a loss while the rest made profits in the last fiscal year. As a report in the paper reveals, the seven loss-incurring companies are producing sugar, motorcycles, hotel services, cables and glass sheets. They are facing stiff competition from the private sector as well as our liberal import policy which accord very little protection to our public sector undertakings (PSU).

It is interesting to note that some of the loss-making PSUs had been running at a profit till such time the private sector took over and edged the PSUs out of the market by making their products available at a cheaper rate than what the PSUs offered. On the contrary, the state-run companies, which enjoy natural monopoly and do business in strictly regulated markets, are in the green. But the saga of the PSUs doesn't end here. There are nearly a hundred more state run un-listed industries that are like white elephants draining the public exchequer. Reportedly, these state-owned enterprises will run up a loss of more than two thousand crore in operating losses in the fiscal year 2020-21.

We understand that that government's priority is on the private sector enterprises. Its guiding philosophy that the private sector is the engine of growth of our economy is manifest in its policies related to it also. However, something immediate should be done to arrest the wastage of public money on the PSUs. We feel some immediate remedial measures regarding the PSUs, which do not require additional financial input, can be employed immediately. For one thing, efficient management, efficiency in production process to obviate system loss and reducing cost of production, providing some kind of protection without affecting the market mechanism may be ensured. But for the long run, the government should decide once and for all whether the vast drain on our economy caused by the investment of public funds in public industries that are running at a loss should be endured any further. It must also answer once and for all whether the government should be in business at all or be merely the facilitator of good business environment?

## Preserve the historic town hall of Cumilla

*Demolishing heritage sites in the name of development must stop*

IT is sad to see how greedy business people and influential politicians of our country have been trying to grab or demolish our century-old heritage sites in the name of development. Already many such sites and buildings have been destroyed for "development". The century-old Birchandra Ganapathagar and Nagar Milonayton (the town hall) of Cumilla town is going to be the latest victim of such mindless demolition attempts. Apparently, the local lawmaker, who is also an adviser to the town hall committee, is one of the initiators of the move to construct a "new and modern" town hall. Although cultural activists, civil society members and residents of the town have been protesting against the decision, it seems, nothing can stop the lawmaker from demolishing it, as he has all the local powerful people and government officials on his side. People have alleged that the lawmaker is trying to demolish the town hall for business purposes.

Reportedly, a public hearing over the acquisition of the town hall was organised on December 19 where people from all walks of life were supposed to express their opinions. However, supporters of the lawmaker thronged the town hall premises in droves, holding banners and shouting slogans in favour of the demolition of this historic establishment, leaving little or no room for others to enter the premises.

Birchandra Ganapathagar was constructed by then Tripura King Birchandra Manikka Bahadur and has been a centre for educational, cultural, intellectual and socio-political activities in Cumilla city for over a hundred years. The town hall stands witness to some of the most important events in our history such as the Language Movement and Liberation War. The local lawmaker and others must understand the value of this heritage site and try to preserve and maintain it, not demolish it. They should consult with architects and engineers on how this site can be best restored. This is what we expect from the lawmaker in question and other government officials who want this historic site demolished.

## LETTERS TO THE EDITOR

letters@thedailystar.net

### Every drop counts

We talk about food wastage, but we do not talk enough about water wastage because water covers over 70 percent of the earth's surface. Despite the fact that there is so much water around, less than one percent is accessible and safe for human consumption. With all of that water constantly flowing, it can be easy to forget just how rare freshwater really is!

The average person wastes up to 30 gallons of water every day. In a world where so much of the population lack access to safe water and sanitation, it's shameful that we still waste so much water, especially in cities like Dhaka.

Iftekhar Ahmed Sakib, Shaheed Suhrawardy Medical College, Dhaka

# Expectations from the Eighth Five Year Plan



FAHMIDA KHATUN

THE Eighth Five Year Plan (8FYP) of Bangladesh is going to be finalised and approved soon. The duration of the Seventh Five Year Plan (7FYP) ended in June 2020. However, due to the Covid-19 pandemic the 8FYP has been delayed. The General Economics Division of the Planning Commission (GED) had to revisit and revise the targets and strategies in view of the pandemic. Once the final 8FYP is approved at the National Economic Council it will be implemented between 2021-25.

Available documents indicate that the 8FYP titled "Promoting Prosperity and Fostering Inclusiveness", focuses on a pro-poor growth strategy. This strategy includes seven themes. These are labour-intensive, export-oriented manufacturing-led growth, agricultural diversification, dynamism in cottage, small and medium enterprises, modern services sector, ICT based entrepreneurship, and overseas employment.

Priorities, themes and strategies of the 8FYP are well-recognised. However, in the end, the implementation of the plan is what matters. During the sixth five-year plan (6FYP) the actual average growth rate of gross domestic product

of the 8FYP, the government will face a number of challenges. The four specific ones are the following: Covid-19 pandemic, graduation from the least developed country (LDC) category, the implementation of the Sustainable Development Goals (SDGs) and climate change vulnerability. The development approach of the proposed 8FYP which has highlighted six core themes also include these four. The achievement of the 8FYP targets will hinge on how effectively these challenges are confronted.

First, Covid-19 has deteriorated economic and social conditions. The pandemic has put pressure on the economy which has resulted in a rise in poverty and inequality. Informal workers, the urban poor, migrant workers, small businesses and women are among the most affected segments. Before the outbreak of the pandemic in Bangladesh some of the macroeconomic indicators were under pressure. The economy experienced a further dip following the lockdown between May and April. Fortunately, Bangladesh has managed to improve from that critical situation in recent times. Exports and remittances have improved and foreign exchange reserve is at a comfortable situation. Inflation is also relatively low. However, the economy is still not out of the woods since the pandemic is ongoing and vaccination has not yet started here.

Therefore, while working towards achieving the economic indicators,

In case of economic recovery from the Covid-19 pandemic, government measures will have to be further strengthened. The government has taken monetary policy measures to support affected sectors. The liquidity support under the stimulus packages provided by the government has been very useful for the industries and businesses. However, the support has not reached the affected micro, small and medium enterprises (MSMEs). Women MSMEs

Third, at the end of the 8FYP, only five more years will be left for the implementation of the SDGs. Bangladesh's achievement in many areas including poverty reduction, gender parity in primary education and reduction in maternal mortality have come under threat due to the pandemic. Taking these improvements back up to the pre-pandemic situation and then improving them further will be a humongous task. This will not only



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(GDP) was 6.3 percent. This increased to 7.1 percent during the 7FYP (2016-2020). As a result, per capita GDP grew by 4.9 percent between 2011-15 (6FYP) and by 5.7 percent (provisional estimate) during the 7FYP. Besides, progress has also been made in case of poverty reduction. However, a number of objectives on macroeconomic management could not be achieved.

The 8FYP aims to have 8.5 percent GDP growth by 2025. There are also targets for many indicators including inflation, public and private investment, employment, poverty reduction, revenue mobilisation, allocation for Annual Development Plan (ADP), and sectoral performances including education and health.

During the implementation period

during the first phase of the 8FYP, policymakers will also have to work towards controlling the pandemic and ensure health safety of the people. Without reducing the health risks, economic objectives cannot be fulfilled since people are behind the wheels of the economy. We do not know whether and when vaccines will be available to the entire population of the country. Even if adequate vaccines are obtained, vaccination of the whole nation will take a long time. Therefore, those who will remain outside the coverage of vaccination should be under strict health protocol till they are vaccinated. Dedicated resources for both vaccination and strengthening medical facilities such as test and treatment will be needed for this.

have faced more difficulties to access the support. Fund related problems faced by the MSMEs are not unique to pandemic related support. Banks are less interested to provide loans to them due to risk factors and high operational costs. Constraints for accessing funds by them should be removed through proactive policies since the MSMEs are the engine of growth and sources of employment.

Bringing the economy back to the pre-pandemic level will also require much greater fiscal interventions. In order to bring people out of poverty—both the pandemic-induced new poor and the pre-existing ones—there should be more public expenditures. Fiscal stimulus provided in the form of various social safety nets including cash support is not adequate. Large investment is required in areas such as health, education and technology. This is the time to introduce bold steps such as universal health insurance and universal pension schemes.

Second, Bangladesh will graduate from the LDC category in 2024. Therefore, Bangladesh will have to prepare for a smooth graduation and minimise the impact of the removal of various trade benefits and international support measures. In order to compete in the global market, the country has to improve on social, environmental and labour related compliances.

require strong commitment and resources but also policy reforms in areas such as education, labour market, gender, tax system, public expenditure, investment, international trade, and accountability of the institutions.

Fourth, despite Bangladesh's resilience to various shocks including natural disasters, dealing with the impact of climate change will be beyond its capacity given the nature and scale of the impact. The Intergovernmental Panel on Climate Change (IPCC) has provided scientific evidence on this. Bangladesh will have to negotiate at the global level to receive funds for climate change adaptation. During the 8FYP period Bangladesh needs to invest in green energy, green building, green transportation and green agriculture.

The 8FYP has a lot of significance compared to the previous plans since this is going to be initiated at a time when Bangladesh will be celebrating its golden jubilee of independence. We expect that this plan will achieve its targets much better than the previous plans.

Let this plan also change the yardstick of achievement from GDP growth to inclusivity and distributive justice.

Dr Fahmida Khatun is the Executive Director at the Centre for Policy Dialogue. Views expressed in this article are those of the author and do not necessarily reflect the position of her organisation.

# Sustainability marketing needs to up its game



MOSTAFIZ UDDIN

HOW do we as consumers make the right purchasing decisions? Most of us these days wish to buy products and services with a reduced environmental footprint. Everybody I talk to

wants to do the right thing when it comes to purchasing, but many people simply do not know how. Which products are "green" and which are pretending to be green? And where does greenwash fit into all of this?

The issue here is one of marketing and communications. It is a question of how retailers communicate the issue of sustainability to their end consumers.

In the apparel industry, which is so important to the fortunes of the Bangladesh economy, there is—I believe—a real issue with regards to sustainability marketing information. We have been talking about sustainability for more than two decades, yet fashion brands and retailers are still sending out mixed messages on this.

With this in mind, I have developed five tactics for effective sustainability communication.

*There are now hundreds of eco-labels covering all sorts of environmental and social challenges relating to fashion. How do we know which ones to choose or which ones to trust?*

The first of these is clarity. The marketing message on any product must be clear and this certainly goes for sustainability messages. Is the language clear and easy to understand? Does the product do exactly as it says on the tin? Too many sustainable products these days seem to be described in a way that is not so easy to understand. An example: if a garment is said to be using sustainable cotton, what do we mean by that? This

be jargon but what does it really mean to your average consumer? We need better explanations for these terms. For instance, we need to understand what carbon neutral means in a practical level and why it is good for the environment. Too many sustainability teams assume a high level of understanding among consumers, which is not always the case.

The third issue relates to honesty. It goes without saying that any



is, after all, quite a broad term. Where was the cotton grown and what makes it more sustainable? How are we defining sustainable in the context of cotton? All of these things are important. If a brand is telling us a product is sustainable it needs to include clear and concise language to explain exactly why.

The second issue relates to the use of jargon and imprecise language. In the apparel space, we hear so many different phrases used on products but also on the websites of brands and retailers selling those products. One example is a brand might talk about climate goals and becoming carbon neutral. This might not

sustainability communication needs to be honest. Greenwashing and exaggerated marketing claims are a real blight on our industry. They erode trust in consumers, they cause confusion and they potentially lead to a misallocation of economic resources. One example is when brands use "vegan leather" which they say is a better sustainability bet than real leather. Is this really the case? Remember, most vegan leather is essentially plastic—or certainly uses plastic—and is therefore petroleum-derived. Can we really say this is more sustainable? Or should we simply say that it does not involve the use of animal skins? We need to stick

to the truth, to be honest, and that way consumers can make informed decisions.

Fourthly, the whole industry needs to be consistent. I constantly hear mixed messages from the fashion industry on what are essentially the same issues. There does not seem to be one common set of standards, towards which the whole industry is working, and that is a real problem. One only needs to look at the rise of eco-labelling in the textile and apparel space to see the extent of this problem. There are now hundreds of eco-labels covering all sorts of environmental and social challenges relating to fashion. How do we know which ones to choose or which ones to trust? The simple answer to this question is: we don't. Decisions are taken on a hunch, on a wing and a prayer. I'm not sure what the solution is to this other than to hope that the eco-labelling market rationalise on some points and that the cream may rise to the top. Better government regulations in the west might also be required to make sure sustainability claims are consistent and truthful.

The final issue relates to accountability. If anybody in any walk of life is making a claim, they need to be able to back it up. At the denim factory I operate, everything we say we can do we can support with documentary evidence. The same needs to go for brands talking about sustainability. I see too many lazy claims being made and I am not convinced a lot of the time that these can be supported by evidence. To this end, I think there is a strong argument for larger brands having an in-house sustainability expert whose sole job is to answer questions from consumers on sustainability issues within a brand. This issue is rising up the agenda so rapidly and more and more consumers are taking an interest in how their clothing was made and in what conditions. Brands should be ready to answer their questions with clarity and purpose.

Mostafiz Uddin is the Managing Director of Denim Expert Limited. He is also the Founder and CEO of Bangladesh Apparel Exchange (BAE).