

Why Bangladesh will soon become a middle income nation

ZAHEDUL AMIN

THE Bangladesh economic story exemplifies that of an underdog which had been continuously berated and belittled by the naysayers, as it struggled to maintain its growing population and at the same time, keeping away from myriad obstacles to growth. From being termed a 'bottomless basket' to being earmarked as the most corrupt country, Bangladesh still has to bear the ignominy of the Least Developed Country (LDC) tag.

Backdrop

Post-independence, the country was in tatters, as the nine months war had a significant dent on the country's infrastructure. The situation was exacer-

pace. However, import growth has declined at a relatively higher rate which contributed to positive current account balance.

Why Bangladesh is forging ahead?

Bangladesh economy has undergone rapid changes over the last decade with growing export driven by RMG sector, along with flourishing manpower export, culminating in higher economic growth. These two economic drivers have been inclusive, given that the main economic agents are drawn heavily from the lowest rungs of the country's socio-economic strata. This has resulted in higher disposable income for population at the 'bottom of the pyramid.'

- Booming RMG sector currently employs 4 million workers, mostly women, who are generat-

Achievements so far

According to latest Human Development Index (HDI), prepared by UNDP, Bangladesh has performed exceptionally well with respect to life expectancy, education, and income indices; in some cases, surpassing the achievements of its economically advanced neighbor, India, even. Consequently, Bangladesh has successfully achieved most of the Millennium Development Goals (MDG) set by the UN and is on course for achieving the Sustainable Development Goals (SDG).

Despite fears of losing market share post MFA regime, the RMG sector has performed exceptionally well by steering ahead of its competitors. Export growth trend continued despite global economic downturn and major industrial acci-

A reason to feel patriotic

SYED JAWAD QUADER

YOU may be starting your celebrations in victory or feeling sorrowful in defeat, for your team which either won or lost in the final match of T-20 World Cup 2014. But in doing so, you may be ignoring the real champions of the game.

Real patriotism does not arise on face value, as it so often tends to do in the midst of disillusionment that prevails. It is not a hollow box with a pretty packaging, as it so often appears to present itself nowadays. That box must be filled with substance in order for patriotism to be not just about the packaging. A nation must reassure its citizens of its substance in order to not just merit, but legitimately demand, patriotism. It is not a free commodity, but rather comes at a price, sacrifice and efficiency through achievements.

Sunday night presented me with an opportunity to be patriotic, to lovingly refer to the land I tread as my motherland, and to scream at the whole world in silence in celebration of our achievement. If you failed to notice properly, Bangladesh just successfully, regally and efficiently organised one of the very biggest tournaments in the game of cricket. And we did so with our houses full. Absolutely full. All tickets were sold, all seats were filled, all eyes were on the game and all courtesies were extended to the players. It was no mean feat if you consider the empty seats you saw during the last few ODI and T20 World Cups that you may have been privy enough to witness. We roared with every boundary. We groaned with every missed opportunity. Unless the game was against Bangladesh, we made no side feel any lack of support. Off the pitch, some of us halted in our commute almost every day to make way for the players and officials to commute. We saw Dhaka wear glitters. The government did everything that could possibly be done to ensure that the tournament went on smoothly. And it did. Oh yes it did. And I don't say it out of relief that was pressing to come out at the end, but say it out of pride and humility that comes out of being reassured of the confidence that I had in us that some others around the world lacked.

Spare a thought for us, Bangladesh. It will be utterly unfair to focus just on our hosting of the T20 World Cup. You are reminded that we were simultaneously hosting the women's T20 World Cup in Sylhet too, and though that was not as glitzy as the one of men's final, primarily because of its lack of audience compared to the men's T20 World Cup, it was just as successful in every aspect. I have heard of people travelling to Sylhet to watch the games. The facilities were excellent and the stadium on offer was world-class. Only a week prior to the commencement of the T20 World Cup, we successfully hosted the Asia Cup, which is one of the other biggest tournaments in the international cricketing calendar. If this is not enough, we hosted the Sri Lankan team on a full blown international tour of Bangladesh just before the Asia Cup.

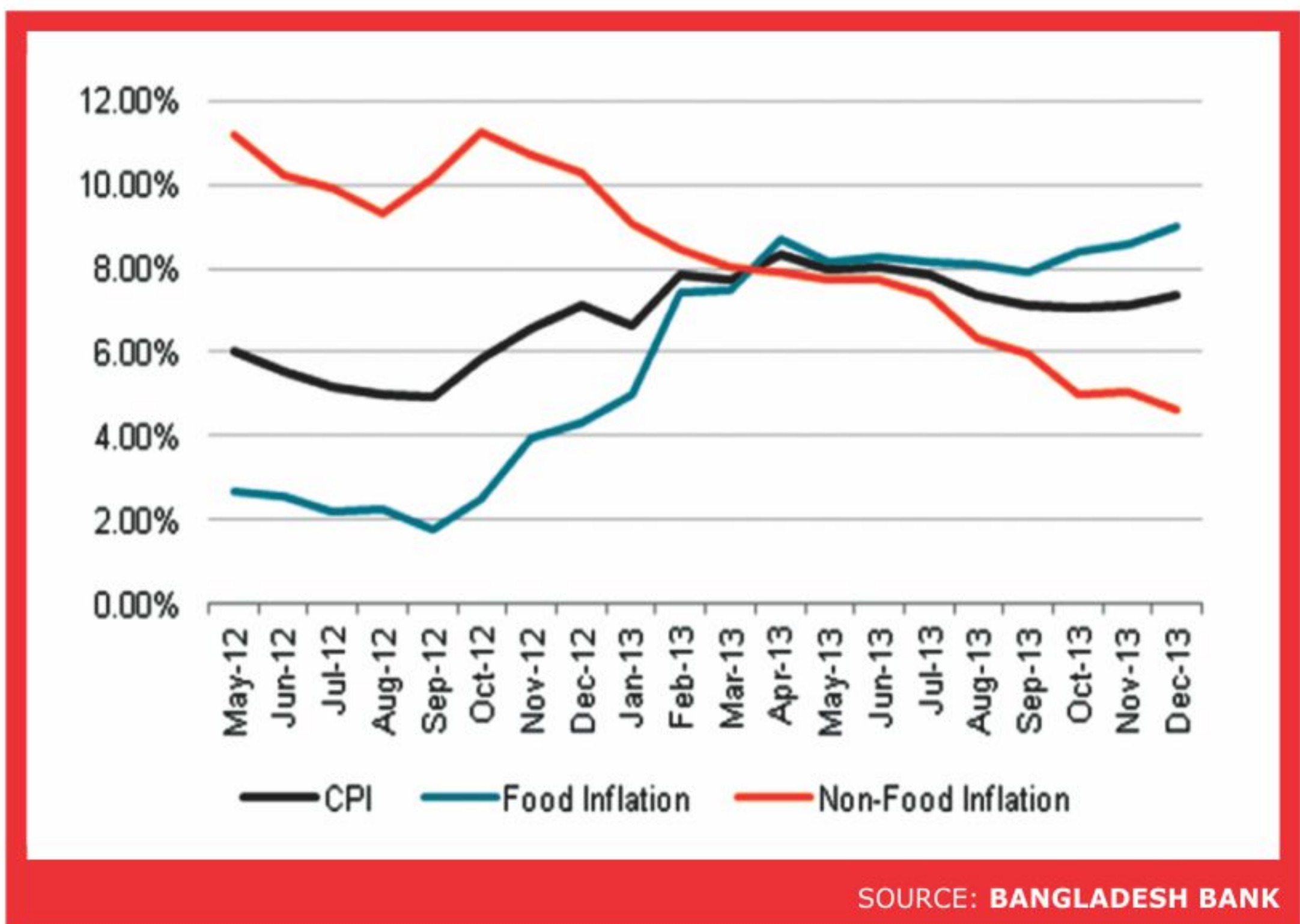
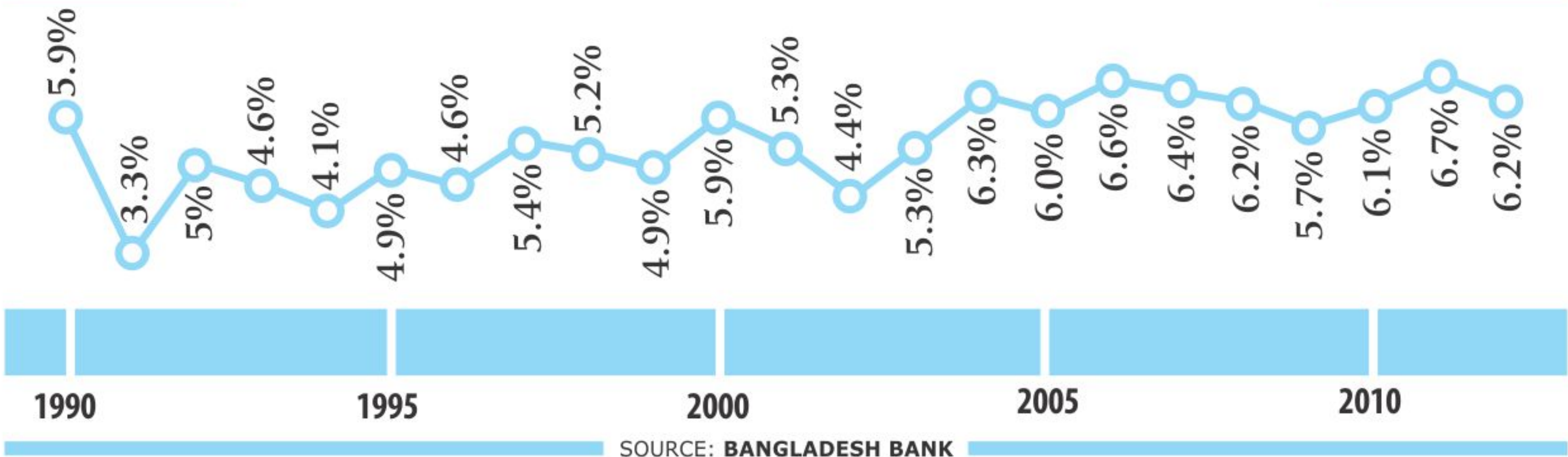
A handful my friends. A handful. Not many nations will be able to pull these off back-to-back, and fewer yet will agree to do so. Bold Bangladesh. Brave Bangladesh. A long salute to those who run cricket in our country today, for they jumped in cold and painstakingly convinced the cricketing world that we will be able to do it, and then topped it off by actually doing it. All for us, you and me, and all for this country and cricket the world over.

We can now host the biggest tournaments. Because we have what it takes. And we generate money. A lot of money. Enough to satisfy the pockets of the Big 3, the ICC and the rest of the cricketing world. We have a case. Not just a business case, but that too. We have made our submission before the world community with our efforts the last few months, and Sunday night, we laid a claim to such accomplishment.

In my loving eyes, the champion of the night was Bangladesh. And I felt patriotic.

The writer is an Advocate, Supreme Court of Bangladesh.

GDP GROWTH RATE- BANGLADESH



Two international rating agencies, Moody's and S&P, have been conducting Bangladesh's sovereign rating for the last four years. In all the years, Moody's has rated Bangladesh BB - better than all neighboring countries, except India. Similarly S&P has also given favorable rating of Ba3, which is higher than all other neighboring countries, except India.

bated by instances of famine in mid 70s and political instability didn't help either. With liberalization of business in 1980s, many entrepreneurs entered the fray starting new ventures. Steady industrialization followed and the formidable RMG sector took root during this period. In 1980s, the economy slowly transitioned from an agro-based economy to the one dominated by secondary sector.

The early 90s saw further liberalization as RMG export expanded on the back of RMG export growth along with growing manpower export market. Several other industries also came up including: Pharmaceutical, Leather, Frozen food etc. Export driven growth was propelled by the availability of inexpensive labor along with favorable tax regime.

Status Quo

Over the last 10 years, the economy has maintained growth within 5-6% range despite spate of natural calamities and political instabilities. In the recent past, the global financial crisis in 2008 also had minimal impact on the country's progress, despite recessionary phases in US and EU, major markets for Bangladesh products.

Over the last one year, Inflation has remained stable at 7% despite frequent supply chain disruption due to political unrest. Reining of inflation is attributed to declining growth of non-food inflation e.g. Rent, which has contributed to lower inflationary pressure. Bangladesh Bank has also adopted a tight monetary policy which has further led to lower inflation.

Exports have been riding on the blossoming RMG sector which has clocked USD 23 billion over 2013. Remittance revenues have grown to the tune of USD 12 Billion, albeit at a slower

ing almost 80% of the country's export. McKinsey in its recent study on Bangladesh's RMG sector has predicted export earning nearing USD 40 billion mark within 2021. Sector growth is precipitating due to increasing labor costs in China and other competitors, leading them to move up the value chain. Bangladesh, providing the most inexpensive labor, has been the natural beneficiary of some shifting export orders. Despite rising minimum wage of c.77% this January, Bangladesh has managed to retain their least cost status.

- Many international investors have expressed strong interest in setting up factories in Bangladesh. Government is in talks with Chinese investors for setting up another special economic zone specifically for Chinese companies. Other companies also have expressed interest in investing in Bangladesh, especially considering country's large consumer base of 160 million and close proximity to China and India.
- The incumbent government has been investing heavily in infrastructure developments, especially in the field of power generation, as frequent power outages have historically been a major hindrance for economic activities. Government has tackled the demand-supply gap by directly involving the private sector. Entrepreneurs have established quick rental power generation plants which have been regularly supplying to the national grid, contributing to lower electricity shortage.

- There also are long term plans of establishing a deep sea port in Sonadia and Chinese and Indian investors have expressed interest in developing the sea port. Establishment of seaport, expected to be completed in 10 years, can significantly reduce export lead time and earn steady flow of revenue for the government.

dents (Rana plaza & Tazreen Fashion). Currently, Bangladesh has maintained the position of the second biggest exporter, after China, in the global apparel market.

Bangladesh has been receiving attention from international domain over the years due to steady performance despite global economic upheaval. Goldman Sachs has included Bangladesh as part of the Next Eleven countries, which have potential for continuing growth in the coming years. JP Morgan has identified Bangladesh as part of Frontier Five countries having the potential of achieving phenomenal growth.

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Upcoming Challenges

- Political instability looms large in the horizon considering the context of the Jan 5 election, which was boycotted by major political parties. Political unrest may flare up any time, severely hampering economic activities.

- RMG sector generates almost 83% of country's export. A sudden structural sectoral shift may spell danger for overall macroeconomic stability. Given BGMEA's current impasse with international apparel buyers on compliance issues, it may not be surprising if buyers shift at least some export orders to competing countries.

- Natural gas is the main source for electricity generation in Bangladesh. With depleting natural gas reserves, the country is headed for cataclysm unless some concrete strategic plans are undertaken. New gas fields need to be identified and a comprehensive coal policy must be devised for reducing dependence on natural gas.

- Change in India's ruling authority may bring some unexpected roadblocks in regards to international relations. Bangladesh's foreign policy makers must steer clear from confrontations while at the same time, look to meet their demands.

- Given burgeoning population, Bangladesh must find ways to feed them. With declining cultivable land propagated by population growth, focus should be more on catalyzing another green revolution. In addition, government should spearhead efforts encouraging private sector to lease cultivable land internationally, especially in Africa and South East Asia.

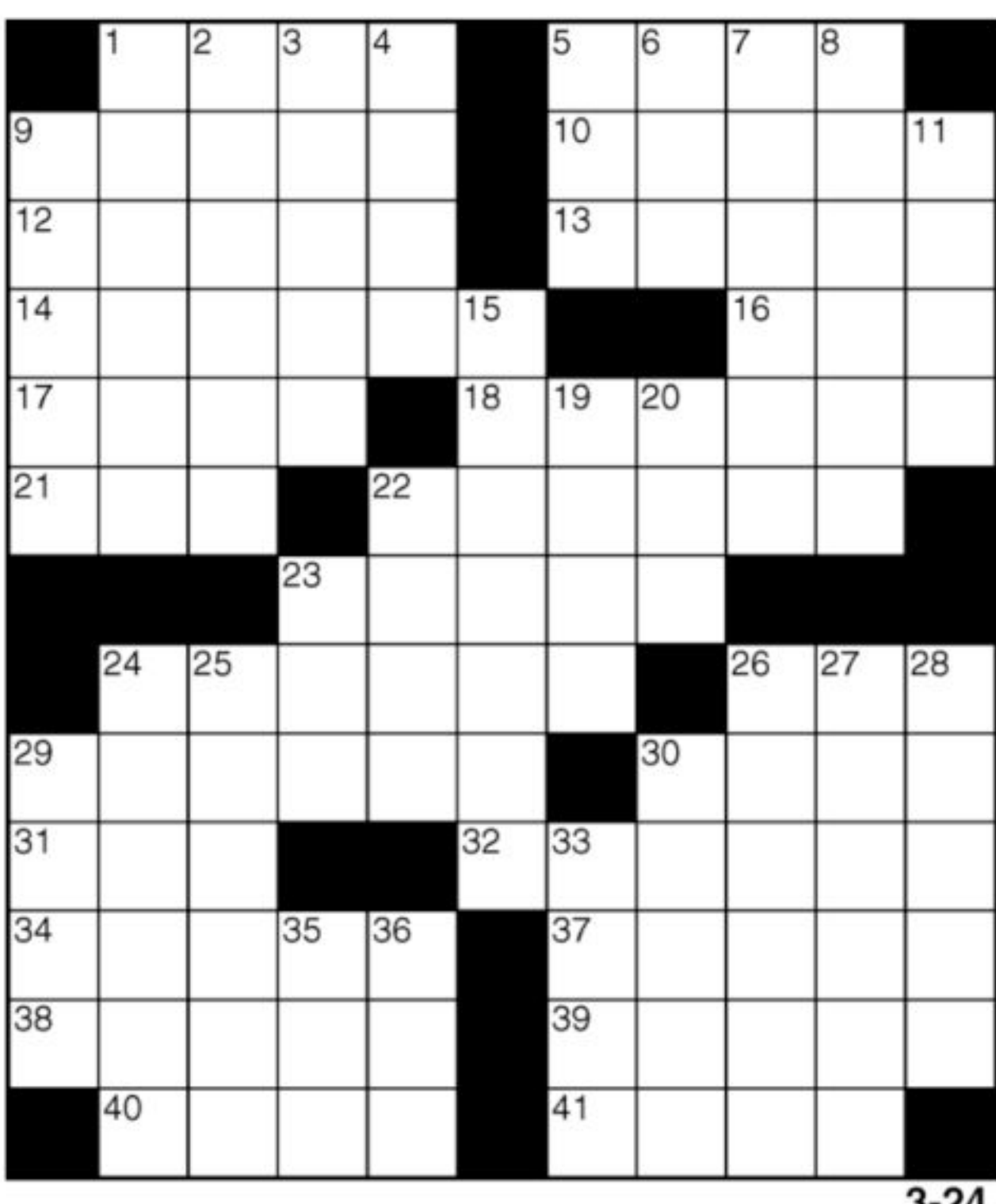
Concluding Remarks

Bangladesh has long operated under the wings of major regional players. It's about time they come out of their shell and exert themselves economically. The conditions are ripe for catapulting the country as a middle-income nation.

The writer is the co-founder & Director, Finance at LightCastle Partners.

CROSSWORD by Thomas Joseph

- ACROSS**
- 1 Cotton variety
 - 5 Brooklyn basketball
 - 9 Stately home
 - 10 Obstruct
 - 12 Make a speech
 - 13 First Greek letter
 - 14 Formal headwear
 - 16 Belly
 - 17 Yale students
 - 18 None to bright
 - 21 Director Spike
 - 22 Some silverware
 - 23 River through Alaska
 - 24 Laundry problems
 - 26 Nourished
 - 29 Became fond of
 - 30 Rescue
 - 31 Femur's upper end
 - 32 Hot spot
 - 33 For songs
 - 34 Knight wear
 - 37 Palette stuff
 - 38 Kingdom
 - 39 High points
 - 40 Finishes
 - 41 Pencil part
- DOWN**
- 1 Convict's hope
 - 2 Site for nursery rhyme blackbirds
 - 3 Flutter insects
 - 4 Region
 - 5 Celtics' org.
 - 6 Building wing
 - 7 Tom Cruise movie
 - 8 Ski downhill
 - 9 Tourist stop
 - 11 Winslet of "Divergent"
 - 15 Bun
 - 19 Derivative calls
 - 20 Great weight
 - 22 Hearts or clubs
 - 23 Shaggy ox
 - 24 Evening party
 - 25 Honcho
 - 26 Muhammad's daughter
 - 27 Made flat
 - 28 Car's scars
 - 29 "--- she blows!"
 - 30 Comet's place
 - 33 October birthstone
 - 35 Advanced in years
 - 36 Apt. units



Yesterday's answer

DEAL CRISP
RUNES OUNCE
ARISE PEARL
MOM EKE RAT
APACHE CUPS
ALLEYCATS
ORGAN
UNDERDOGS
BRAS IGNITE
USS APE OAR
RUSTS RETRO
PLAIT SATED
SAUNA RODE



The only thing that saves us from the bureaucracy is inefficiency. An efficient bureaucracy is the greatest threat to liberty.

Eugene McCarthy

CRYPTOQUOTE

ZJISCTZ QU ZWCNJ OQ CQL NUUEEFQQL
OT TU KUKCWWL XJEUNICKON CT KSJ
KUGQ WOPICIL. KSJ UQWL JQKICQNJ
IJHFOIJEJK OT OQKIJTK.
- WCXL POIX DUSQTUQ

Yesterday's Cryptoquote:

When people have no other tyrant, their own public opinion becomes one.

- Edward Bulwer-Lytton

A XYDLBAAXR is LONGFELLOW

One letter stands for another. In this sample, A is used for the three L's, X for the two O's, etc. Single letters, apostrophes, the length and formation of the words are all hints. Each day the code letters are different.