

Farmers underpaid, shortchanged by traders

Consumers pay through their noses

FRUIT and vegetable growers, given their limited staying power with perishables, are among the hardest-hit in the economy. The blockade and shut-downs over a long period have put the farmers in double jeopardy. In the first place, glut of perishable produces have been left to wither in the fields or just dumped to rot. As it is, the farmers have had to resort to distress sales of whatever they could manage to dispose of locally.

In addition to the blow, the supply chain disruptions have jabbed at the growers and consumers alike; they are now having to deal with a new phenomenon of exploitation. The wholesalers, taking advantage of higher transport costs, are cashing in on the abnormal situation in two ways: they are paying low to the growers and marking up prices for the consumers.

In the process, the traders are skimming profits alright apparently making the most of both worlds: shortchanging farmers on the one hand, and having the consumers pay higher prices.

It is at the level of farmers that the fallout is particularly severe and consequential. For, after deducting input, labour, and transport costs and stockists' commission, a potato producer would get Tk 5.5 per kg which does not even cover his production cost. As a result, the growers face hardship in making both ends meet. As if that is not enough of a misery, they are also left with no money to cultivate the next crop. The disincentive casts a shadow over their future.

Technical skills development

Harness young generation

WHAT is now an established fact is that Bangladesh is a major supplier of labour in international markets. However, the country provides workers in the lower value segment of overseas labour market. Similarly, as the country moves away from agriculture and towards industry, the sheer dearth of skilled manpower has become all too apparent. Going by what has been reported in media, the garments sector alone employs thousands of expatriate 'white collar' employees since our manpower lacks adequate technical expertise. As pointed out in a study conducted recently by Brac University, Bangladesh would have the potential of capturing a greater share of the international labour markets if our workers were better equipped to meet the demands of employers. It would also put Bangladesh in an advantageous position vis-à-vis recipient nations to better bargain for labour rights and conditions.

Setting up vocational and technical schools would open up the possibility of getting financial assistance from non-resident Bangladeshis (NRBs) who could provide the requisite technology and knowhow. The curriculum in graduate and post graduate studies needs to be updated to equip tomorrow's educated young entrants with the right skills demanded by industry and business. Presently, we are unable to take advantage of the large young population, which if trained properly, would take the country forward, both domestically and internationally. These are all food for thought for policymakers. It requires forward thinking and planning and the first steps must come from the government. Only then can the private sector and other stakeholders step in.

LETTERS TO THE EDITOR

letters@thedailystar.net

Killing of Avijit

After the murder of blogger Rajib Haidar, another independent voice was silenced in Dhaka the other day. Liberal blogger Avijit Roy was brutally hacked to death while his wife was critically injured -- all in the presence of police and dozens of onlookers who recorded the murder on their cell phones. A voice of dissent, a voice which may stand for difference in thoughts and ideology/philosophy towards life was muted forever. Whatever the extremists of Ansar Bangla 7 (who have apparently claimed responsibility) have done, contradicts the very values of the religion -- peace and tolerance. They resorted to a distorted interpretation of Islam.

Masood Khan
Saudi Arabia

Column of Shashi Tharoor

I have really enjoyed the article on Nepali politics by Mr. Shashi Tharoor published in your daily on 17th February 2015. His writing is lucid and very clear. His analysis is very convincing. We would like to see his write-ups on Bangladesh politics too.

Bazlur Rahman
Uttara R/A, Dhaka 1230

The Hurt of the Average

KNOT SO TRUE



RUBANA HUQ

WE are objective and neutral in our assessment when it comes to sourcing", announced a brand's moderator in a conference held for the benefit of twenty global manufacturers in Hong Kong forty-eight hours ago. Sitting right by the Harbour with a splendid view of the waves crashing against the rocks, the meeting soothed most of us while we listened to the stories from the other readymade garment suppliers from the other parts of the world, namely Pakistan, India, China and Myanmar. The brand, which had organized the conference was sincere in its attempt to bring all of us together and did actually give us an opportunity to interact and gauge what the others were doing. Sitting almost in a cluster at the front, the six of the manufacturers from Bangladesh "objectively", were possibly the star performers but we certainly did not have the winning edge over the others. We can argue as much as we want to and assure the pace of economy and say that we are growing, or at least sustaining ourselves, but, in reality, we are not growing in the direction we ought to. Having 4422 factories in the country may apparently spell a promising story, but it does not tell one of substance.

The conference had six brilliant stories to share. Once again, the stories were neutrally chosen and they represented the global vision and the achievement of the entrepreneurs. One, in Pakistan, was shredding discarded, old jeans and turning them into yarns and then weaving them back into a garment once again. One in Suzhou (China) had a factory of

only 1200 workers, which supported five units and was producing light women's wear for the top brands of the world. For them, value addition was key. The other, once again, in Suzhou, was all about "speed production" with a lead-time of 7 weeks from China to Europe. One from Korea happened to be a top performer in fabric and garments both, who had invested in Indonesia, China, Korea and Myanmar and had a Chinese General Manager to present his case. Another story was from yet another Chinese manufacturer who has chosen Myanmar to manufacture his lightweight garments and Bangladesh as his destination for joint collaboration in ladies' jackets. The last tale of success was from an Indian, which was perhaps the biggest of them all, who had multi-capabilities, manufactured all types of garments and shared with us that boards ought to only look at capex (capital expenditures) and audits while the core job had to be intelligently delegated. The six of us from Bangladesh had nothing to be proud of except our capacities that we have built over the last three decades based on an as-and-when-needed basis. We hardly excelled in technology, good practices, efficiencies or energy conservation. While we exchanged our business cards with them, made contacts and listened to what the successful others had to say, at our end, we remained disillusioned.

We concluded that the only thing that we could really be proud of was how we sent our export trucks to cross our daily battlefields en route to Chittagong and how we still maintained a 96 percent to 98 percent on-time delivery performance. The only thing that we could have possibly shared was our story of helplessness against the burning trucks, damaging properties and killing people. While many say that the ready made garment industry will reach a \$50 billion when Bangladesh turns 50, one would

have to be careful and think about the actual value addition, retention, margins, and the multi faceted challenges that this sector will have to cope with in the next decade in order to simply survive. One ought not to take the success of RMG for granted as the sector remains deeply knotted in political outcomes.

Readymade garment manufacturers, of late, have resorted to human chains and hunger strikes, et al. In the past a few attempts have been taken to initiate dialogues between the two warring political sides. These have all been in vain. Political leaders consider businessmen to fall under the morally suspect category. It is said that politics is best left to politicians and that businessmen, with their apparent pledge of "neutrality," should remain where they ought to be, i.e. in their sectors where they play their roles out. Today, the same neutrality hurts, just because, in spite of being top performers on a global scale of garment manufacturing, two days ago, at the conference, none of the Bangladeshi vendors had a single story of success to share with the other players from the rest of the world, except our single selling point of "resilience", which we play out over and over again when we speak of our political adversities in the country, explaining that in spite of all the bombs being hurled at us, in spite of all the uncertainty that cripples the political climate, we businessmen move on and contribute to the current growth of the country. But for how long can we just speak of our survival mode and when exactly shall we instead be able to speak of excellence in vision and performance?

In a country where there is a deep divide between consensus and conflict, where the cleavage between two sides is at its sharpest, one ought to examine the moral basis of simply periodically announcing economic progress without any promise or a planned pattern. To the

best of my intuition that stems from being in the trade for no less than two decades and I differ and hold that the readymade garment sector will not survive beyond the next decade if, in the name of democracy, violence continues to swell and people continue to be burnt alive.

A rare white elephant, the pink-tinged pachyderm was captured in a forest reserve in the Irrawaddy Delta area in Myanmar on Monday. A white elephant is apparently a sign of "political prosperity" for a former junta-run country. With

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the elections edging, Myanmar is betting all its cards in favour of a functioning democracy. If in spite of Rohingyas remaining a critical issue for the government in Myanmar, and in spite of the recent rebellion of the ethnic Chinese, Myanmar is spotting white elephants, maybe it would be a good idea to import some white elephants to our borders and pray for peace instead? Shall we?

The writer is the Managing Director of Mohammadi Group.

When Politics Stifles Economic Growth

MACRO MIRROR



DR FAHMIDA KHATUN

THE significance of political factors on economic performance is well established in the theoretical and empirical literature. Channels of political impact on the economy are many.

Political instability takes a toll on economic growth through lower investment and subdued economic activities. Higher inflation has also been associated with political flux. On many occasions, political volatility had shortened government tenures which in turn hampered implementation of economic policies. Fragile politics has been a major constraint for economic development in many countries of Sub-Saharan Africa, the Western Europe and the Middle East. The experience of these countries reinforces that political factors be accorded an important place in the discussion of economic progress of countries.

It's been barely a year since we rebooted the engine of economic activities after being hit by political violence for several months in 2014. It seems that the general elections held in January 2014 gave only a temporary breathing space for the country. Hartals and oborodhs are back in full force. The country once again observes venom and vindictiveness of confrontational politics. There is no sign of respite even after so many days. Life has come to a standstill in many respects. Education is disrupted, communication is interrupted, business has shrunk and safety of lives has reduced. Some losses are insurmountable while some are irrecoverable. Leaving aside the bigger picture of socio-political outcome of this stalemate, a mere short term view of economic outlook makes one wary of the future growth prospect.

The pace of economic growth slowed down in FY2014 due to political disturbances. A relatively calm situation following the national elections of January 2014 showed a glimmer of hope for picking up the growth momentum. The national budget targeted a 7.2 percent growth of Gross Domestic Product (GDP) while experts and donors revised their growth projections upward. However, current political turmoil is

going to cast shadow on such expectations.

The first area of concern is the impact on investment situation. Inadequate investment has been a perennial problem in the country due to which economic activities cannot be expanded, productivity cannot be spurred, and growth cannot be augmented. Thus growth is somewhat hamstrung in recent years even after having much applauded macroeconomic stability for quite some time. Bangladesh's growth has been impressive in the past decades and the economy exhibited many promises despite several shortcomings. The country managed to increase its growth by 1

such proclaims. The country is also a forerunner in achieving a number of Millennium Development Goals.

However, growth is now revolving around 6 percent and increasing this growth by another 1 percent in the current decade seems challenging.

Investment thrives in countries having good fiscal policies, improved infrastructure and skilled human resource. In addition to macro-financial variables, stability and predictability play critical role to boost business confidence. In a risky and uncertain situation investors hesitate since it is not about only the net present value, but also the future expected return. It is about future economic decisions and

Slowdown in resource mobilisation leads the government to make bank borrowing for meeting up development and non-development expenditures which increases the interest burden of the government. Non-development expenditures are likely to increase during political disturbances as the government has to deploy more resources for maintaining the law and order situation.

Disruption in the supply chain of agricultural and industrial products affects both producers and consumers. Agricultural products are perishable and cannot be transported to cities safely due to which farmers have to sell their products at a throwaway price. As a result prices have gone up resulting in the possibility of higher inflation. The mean average inflation in January 2015 touched 6.87 percent while the target is to maintain it at 6.5 percent by June of FY2015.

While everyone is a victim of current political strife in one way or the other, some have been the worst casualty. The poorest section such as day labourers, rickshaw pullers and workers of the transport sector, shops and restaurants whose livelihood depends on their daily incomes faces a harsher situation. Unfortunately, they do not receive any assistance to make up for their losses. The government supports the export oriented readymade garments sector through cash subsidy, loan rescheduling and reduction of tax at source. Renewed claims for more incentives have been voiced. Given that resource mobilisation effort is limited and the government has to address competing priorities, such demand needs economic rationalisation through profound scrutiny. Instead of pouring money to those sectors which already enjoy stimulus for several years the government should give more attention towards poor workers, farmers, producers for domestic markets and small businesses with little or no capital to get back to the cycle of economic activities.

Financial incentive is, however, only a temporary and partial solution to a problem which is political in nature. After many turns and twists during the last four decades, the economy is on the cusp of change with so much potential. Political parties have to decide whether they would like to shepherd the economy towards materializing those possibilities or not.

The writer is currently a Visiting Scholar at the Earth Institute, Columbia University, New York.



percent per decade during the last three decades. Good performance of agriculture, industry and service sectors have contributed to the acceleration of growth. Economists termed Bangladesh's progress as 'development surprise' since it advanced notwithstanding various unfavourable circumstances including poor governance and weak infrastructure. Growth has also been less volatile and shown strong resilience during periods of political volatility, natural disasters and global financial crisis. As a result, not only has the per capita income increased, spectacular achievement has been made in social fronts as well. Progress in poverty reduction, lower maternal and child mortality, increased life expectancy and higher enrolment are some of the examples of

policies as well. If future looks murky, nobody would make an investment decision. The Sixth Five Year Plan (FY2011-FY2015) targeted an investment rate at 32.5 percent of GDP by FY2015, but the country could attain only 28.7 percent by FY2014.

Revenue generation is another area that is affected by political turbulence. During July-January FY2015 revenue collection grew at 16.8 percent, much lower than the targeted growth of 24.2 percent. This implies that during February-June FY2015 revenue collection has to grow by 31.5 percent which seems extremely difficult since losses suffered by most businesses will not be recovered by then. Net foreign aid disbursement during July-December FY2015 is also lower than that of the previous year.

"Cops now can search office of Khaleda"
(March 2, 2015)

Rronimoni

The government has the authority to search for anything, anywhere, provided that it has valid ground of suspicion. But it seems to us that this move has been taken just to harass the BNP leader.

"Key suspect arrested" (March 3, 2015)

Barkat

Hope the right accused was arrested and not any scapegoat to shut the case to avoid the failure of security services.

"People defy hartal" (February 26, 2015)

Molla A. Latif

People never observe hartal spontaneously. We don't know how BNP is going to achieve its goal through these hartals.

Masudur Rahman

I hope everyday that normalcy will soon return to our life and people can carry on with their activities peacefully.

Abdul

Peace and stability should be our priority from political and socio-economic contexts. Now where do we stand actually?

"Hartal, blockade caused Tk 1.2 lakh crore loss:PM" (February 26, 2015)

S. M. Iftekhar Ahmed

Dear PM, if you are so concerned about these losses, why don't you call a session in the parliament to ban hartals? Maybe you think what other outdated means you yourself will use when you become the opposition? Quite a conundrum.

M. Ashraf

Please tell us what the government is doing rather than what the opposition is trying to do. All we are getting is unsubstantiated accusations from both ends but no actions. This government clings to power and does nothing to save its citizens. This is a total disgrace.

"Govt wants FBI assistance"
(March 2, 2015)

MMS

I am surprised to know that a police team collected the cc camera footage two days after the incident. It means they have not done anything yet, rather alerting the criminals about what they should do. This is very unprofessional.