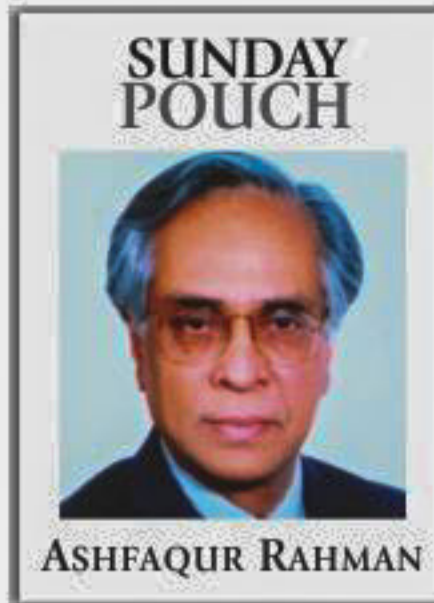


It is still investment, stupid!



ASHFAQUR RAHMAN

BANGLA-DESH is in a quandary. There are two major concerns in the country. The first is of course the need to overcome the present

democracy deficit. Of course, there has been a parliamentary election as scheduled. But close to half of the seats in the body went uncontested as the major opposition party decided to boycott the election at that time. The result has been that the party in power flooded most of the seats occupied earlier by the major opposition party. Legitimately, the power went to the ruling party. Subsequently, the Election Commission organised major city elections, elections to the municipalities of other townships. The next major elections to take place will revolve around the lowest tier of governance - the Union Parishads. Once that takes place, the government need not worry about elections till the end of this parliamentary term which will not take place before 2020.

Now the question remains about the state of the country's economy. Major indicators show that the country is doing well. In spite of the hype surrounding the activities of BNP, the country has now graduated from a least developed economy to a low middle income country. The government has targeted that by 2021, when we will be celebrating 50 years of our country's independence, we shall be a middle income country, brandishing a per capita income of over US \$4,000. The next goal is to become a developed country by 2041, when we will cross the 70 year threshold.

But how much of this is feasible? Undoubtedly, economic indicators in major sectors are positive. But the rocket fuel to spur the economy is still not there. Recently, the Dhaka Metropolitan Chamber of Commerce



and Industries (MCCI), in its latest review (October to December 2015) of the economy pointed out that the investment rate is much less than the target of 35 percent of GDP. Such investments are required to propel the GDP growth to 7 percent per annum. We seem to be 'trapped' in a 6+ percent growth rate over the last decade. It specifically points to three issues that must be resolved in the coming decade. First, there needs to be continued political stability. Second, there should be reasonably priced utilities. The third is the availability of adequate infrastructure facilities. To any economist, the last two conditions presage easy access to bank loans at low interest as a precondition to cut the cost of doing business. Having said this, it is critical to understand that Bangladesh needs to undertake wide ranging reforms to improve the investment climate as well as public infrastructure. In order to do

all of this, the government's priority is to mobilise domestic revenue in order to create fiscal space for increasing public investment in critical infrastructure. It will also need to improve social safety nets. While increasing public investments, the government has to keep an eye on subjecting public investments to strict cost-benefit analysis. It also has to improve the management of state-owned enterprises and revert to a market based fuel price regime. As for private investments - both foreign and domestic - several steps need to be taken. On one hand, foreign investments need to be attracted. Among the major obstacles to FDI growth is poor socio-economic and physical infrastructure, unreliable energy supply, corruption, administrative complexities and non-transparency in bureaucratic decision making, low labour productivity, undeveloped money and capital

markets, political instability and overt disturbances, high cost of doing business, etc. Just providing an incentive package or formulating ample liberalisation measures are not likely to improve the level of FDI. Comprehensive efforts by both government and the private sector can push FDIs to new heights in Bangladesh. The regulatory environment for private business always determines private investment. Complex regulation and bureaucratic hurdles always increase the cost of doing business in the private sector of Bangladesh. There are three areas where state intervention is needed to reduce the cost of doing business. They are inadequate legal framework for contract enforcement, insolvency and the lack of implementation of labour protection law. Recently road congestion, poor conditions of roads as well as internal river ports are also causes of concern. All these three factors lead to

slow investment in the private sector. There are several more areas of concern which also need to be addressed. If these are not tackled then the country will not be able to move up the investment ladder. This will deter investors to pump money into the economy in order to create more money for business and industries.

In a recent move, Bangladesh Bank announced the reduction of interest rates on repurchase agreement (repo) and reverse repo in its monetary policy for the forthcoming six months. This bringing down of repo and reverse repo rates by 50 basis points to 6.76 and 4.75, respectively, is a welcome sign. Along with this, the interbank call money rate is now 3-4 percent. Other interest rates have also been kept low. This might lead to increased credit flow to the private sector in Bangladesh. But let us wait and see how this will play out to bring down the cost of doing business. This policy calibration may prompt growth in investments without affecting inflation. It is expected that credit flow will also increase, as all banks in the country have large idle funds. The central bank will hope that there will be high investments in the private sector. It will then eat into the 200 billion takas idling in the coffers of private banks.

It is expected that increased investments will lead to the creation of new jobs and an enabling environment for the private sector. Human capital will also be created, strengthening social protection, deepening women empowerment and enabling Bangladesh to start addressing climate change issues. Bangladesh is at a cusp of change this year. If this leads to the creation of a resilient economy, a healthy private sector can take off. Bangladesh can resolutely move forward towards achieving a middle income status by 2021. Isn't that what we all are waiting for?

The writer is a former ambassador and a regular columnist for The Daily Star. E-mail: ashfaqur303@gmail.com

How do we help the youth of Bangladesh?

SHAZIA OMAR

I met a girl last week who came to me looking for work. She was young, perhaps 17 or 18 by the looks of it, so I promptly did my duty, telling her that she should be in school, not working, though I knew very well this was probably not an option for her. She explained that she had a four-year-old son whom she had to support which is why she had come to Dhaka in search of work. Her mother would look after the boy while she laboured in near slave-like conditions to send home some money. She explained that her father had died four years ago, when she was pregnant, and the family had sold off their tiny plot of land, which is all they had left after the river broke, to pay for his treatment, though it did not save him in the end.

I asked what happened to her husband. She explained that since her father died, they could no longer make monthly instalments to pay the due dowry so he left her and remarried. She hastened to add that she didn't like him anyway; he used to beat her incessantly. Her father, she explained, was a day labourer, so he had married her off at the age of 11, in the hopes of reducing the burden on himself of feeding his four children. She said that's when she dropped out of school, and added that her school friend Ishita was still in school, now in grade nine. She added wistfully that she was a better student than Ishita, but Ishita still had her father to look after her expenses.

I asked about her siblings. She explained that they had raised Tk. 3 lakh from neighbours and friends, loans that would have to be repaid over time, to fix her brother a passport and visa for a job in Malaysia. I asked what skills he had. She said none. I warned her that labourers in Malaysia were often abused (and sexually exploited) and suggested that he enroll in a vocational training institute before going abroad; I even agreed to pay,

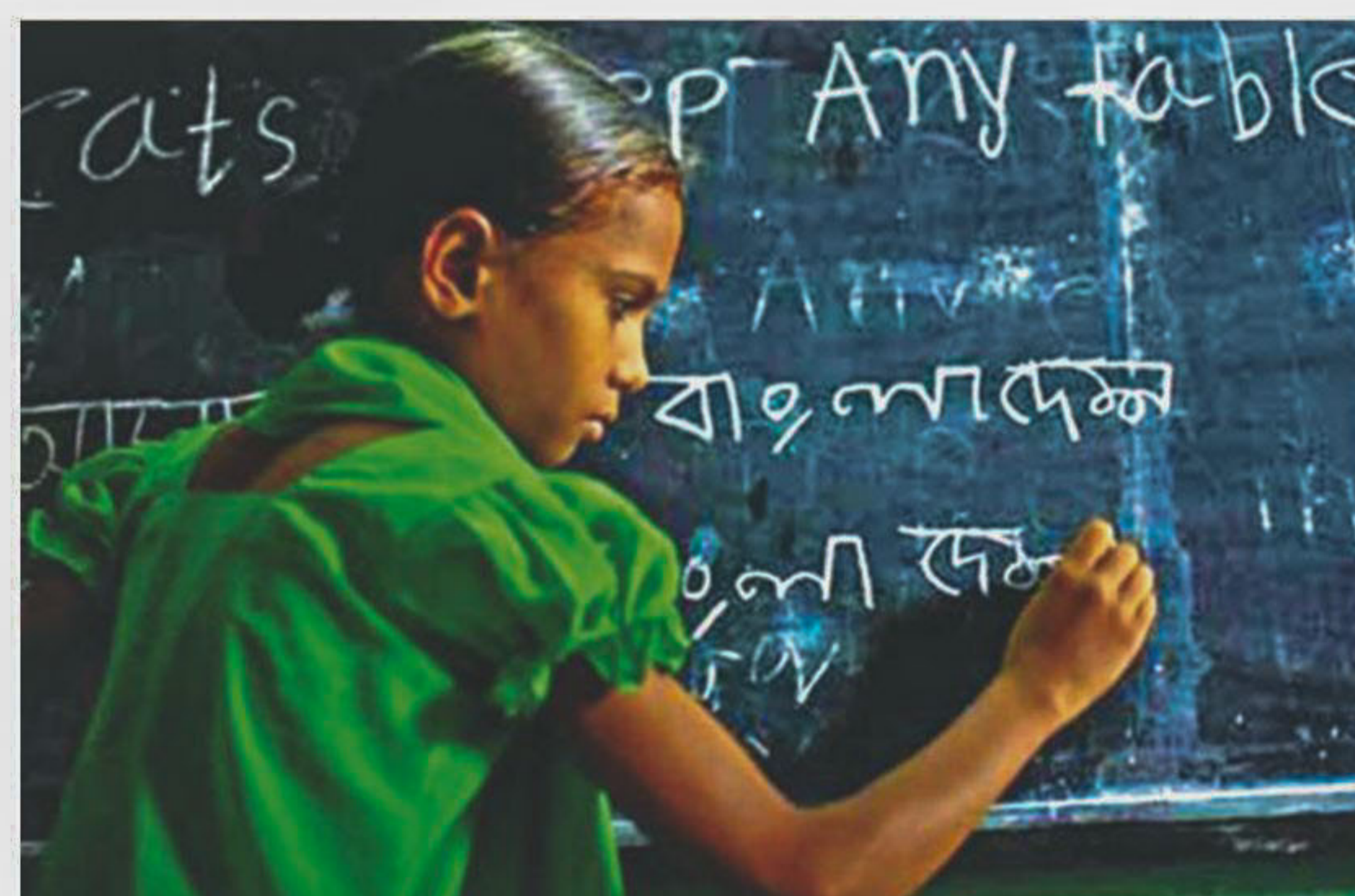


PHOTO: STAR

She shrugged and said, they had already paid the dalal (middle man) and her brother was leaving by the end of the week. She said he was useless anyway, not interested in studying, and it was time that he man up and face his responsibilities, because he ought to take care of their mother, since she had a little baby to care for. I nodded, aware of the indulgent nature of men who have women to take care of them, and said, perhaps it was better that he eke out a living and face his responsibilities. She said it wasn't really his fault, he was a bit of a bolod, by which I understood he probably had some mild mental disability. I made the mistake of asking how old he was. She answered, 13. This broke my heart and I nearly couldn't go on with our conversation for a

moment. She saw my grief and added gently, that there was still hope for her family, because she was supporting her younger sister to go to school. Her sister, 12, would be married off (and raped) if she didn't pay for her school, because her mother could not afford to keep her. I realised then that this brave soul before me had to choose between selling off her brother or her sister - not an easy choice. Within her five-minute introduction, I had already learned that she was a victim of child marriage, she was going to be exploited in illegal child labour if she found a job, and her child would suffer from malnourishment if she didn't, her mother was a widow, her family was driven

deeper into poverty due to lack of access to affordable health care and natural disasters. She was domestically abused, partially due to dowry, and her mother-in-law put her to work after marriage. Poverty had forced her out of school and sent her brother off to face unknown challenges as a migrant worker. These are typical conditions faced by some 30 million people in our country.

Empowering people with skills can pave the way for them to climb out of poverty. The National Skills Development Policy, which has recommended a five percent quota for people with disabilities and a 10 percent quota for women, is a step in the right direction. Numerous donors have also entered the skills space, alongside government technical vocational training institutes, to equip the poorest with skills.

Social protection programmes meant to support poor people should partner up with training institutes to ensure that youth from destitute families, who can no longer afford school, receive technical training so they are able to earn fair wages and resist the pressure to get married or be exploited in dark, dangerous and dirty jobs. Local government representatives and youth volunteers should collect data on the poor families living in their areas to ensure that these young people are identified and supported.

Breaking the intergenerational transfer of poverty is a must if we are to achieve zero extreme poverty by 2021 as the Honourable Prime Minister has envisioned. All members of society could take some part of the responsibility to ensure that our children are given a fair chance to live a good life.

The writer is the Head of mTracker.co, the livelihood tracking wing of mPower Social. She may be reached at: shaziaomar@gmail.com

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QUOTABLE Quote

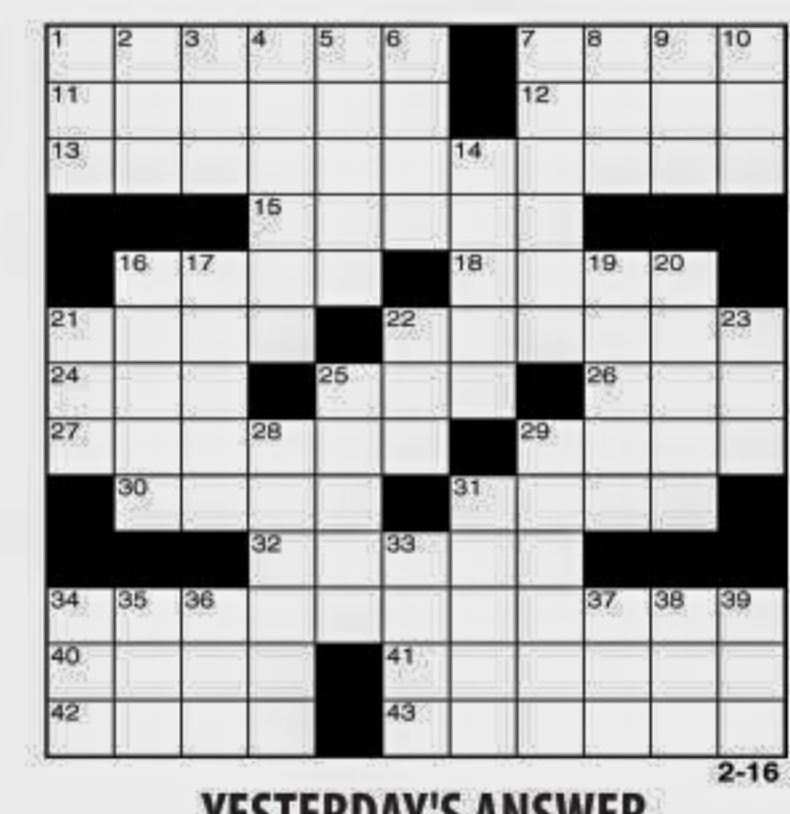


MARGARET SANGER Educator, writer and birth control activist

A free race cannot be born of slave mothers.

CROSSWORD BY THOMAS JOSEPH

- ACROSS**
- 1 Feels sorry for
 - 7 Hat part
 - 11 Like some mushrooms
 - 12 Traveled by horse
 - 13 "Charmed" co-star
 - 15 Stylishly quaint
 - 16 Uncloody
 - 18 Freshener target
 - 21 Mountain lion
 - 22 It's removed for a fill-up
 - 24 Strike caller
 - 25 Merriment
 - 26 Even score
 - 27 Hip locale
 - 28 Even score
 - 29 Departed
 - 30 Colors
 - 31 Hardens
 - 32 Form
 - 34 "The Force Awakens" co-star
 - 40 Not active
 - 41 Bayou cooking style
 - 42 Survey
 - 43 Virus fighters
- DOWN**
- 1 For each
 - 2 Wedding words
 - 3 "-- the season..."
 - 4 Portugal's place
 - 5 Fudd of cartoons
 - 6 Splinter group
 - 7 Worries
 - 8 Join the crew
 - 9 Writer Tarbell
 - 10 Fellows
 - 14 Pun response
 - 16 Was furious
 - 17 In a generous style
 - 19 Quartet doubled
 - 20 Monsoon weather
 - 21 Baby beagle
 - 22 Astronaut Grissom
 - 23 Fido or Fluffy
 - 25 Questionable
 - 28 Boat
 - 29 Gardener, at times
 - 31 Chapel topper
 - 33 Curving paths
 - 34 party staple
 - 35 Hubbub
 - 36 Suffering
 - 37 Singer Reed
 - 38 Shade tree
 - 39 Agreeable answer



YESTERDAY'S ANSWER

A D A P T F E T C H
 B U R R O A L O H A
 C O M E T C I G A R
 S E N T A P E
 D I V I D E U P
 U S E D T A R T A R
 F L I E S L O O S E
 F E N N E L V A I N
 T R I N I D A D
 H I D M E A D
 I D A H O M E A N S
 L E M O N E N D U P
 T A P E S S T O N Y

BEETLE BAILEY by Mort Walker



BABY BLUES by Kirkman & Scott

