

ENTREPRENEURSHIP AS A KEY TO YOUTH EMPLOYMENT

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The vicious impact of bureaucracy in business

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Bureaucracy believes in replacing one rule by another which may be thornier than before, making the overall progress of business almost impossible.

As a result, the growth of a purely professional business community has been discouraged in Bangladesh's context. Rather, profitable for businesspersons is the art of achieving political clout before learning the ABCs of business. Now top business magnates occupy more than 60 percent seats in parliament. The corresponding figure for legal practitioners is around 10 percent, and that for academics is as awfully low as 2 percent, telling at least partly why the country does so poorly in the knowledge economy index. Our

institutions hardly see academics at their leading positions.

Simply, the businesspersons prefer to earn more political power to circumvent bureaucratic tangles. Those who fail to do so mainly resort to bribing the government apparatus. That says why the level of corruption is so high in a country where red tapism eclipses all walks of business. Bribes and power feed each other, making a healthy growth of business almost impossible. A high growth country may experience a high level of corruption if bureaucratic impediments are conserved purposefully by retired bureaucrats who administrate the key financial institutions.

This mania generates a vicious circle which has three manifestations: i)

parliament is being gradually occupied by businesspersons; ii) both bank defaults and illicit financial transfers are on the rise without any sign of abating; and finally, iii) growth in the ratio of private investment to GDP moves at a snail's pace.

The reforms that are intended to improve Bangladesh's ranking in the ease of doing business index should include a bunch of non-typical and courageous steps such as: i) appointing knowledgeable and innovative experts at the policymaking positions of all institutions instead of just obedient, retired bureaucrats; ii) appointing a dynamic minister at the helm of BIDA and make him or her submit annual investment report to parliament; iii)

Assign a minister to run the board of revenue since a poor fiscal capacity can't help businesses grow; iv) select the central bank governor from a pool of renowned economists—as is the practice of most developed and emerging nations—and empower him or her with reasonable independence in policymaking; v) make the capital market transparent and powerful so that culprits can be punished in an exemplary way; vi) encourage small and medium businesses rather than oiling the oily heads; and vii) the monitoring of the government over all financial institutions must be impartial and communicative to the public.

In summary, red tapism is contributing to concentration of wealth, income

inequality, bank defaults and moral hazards for otherwise honest entrepreneurs, slow growth of employment and social frustrations, debility in FDI, and a growth performance of the economy lower than its potential mark which is close to 10 percent. A structural change in the leadership of all financial institutions by engaging expertise and knowledge is the precondition to ensuring massive reforms that can foster faster growth and rapid development for the economy.

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