

# It is our 'competitiveness' which is holding us back

## An observation worth taking note of Dia and Rajib's killings revealed the unpleasant truth

ONCE again, the observation of the judge in the case relating to the deaths of two students of Shaheed Ramiz Uddin Cantonment College—Abdul Karim Rajib and Dia Khanam Mim—has brought to the fore the anarchy that exists in our transport sector. Rajib and Dia's deaths had sparked a huge student agitation in the capital for road safety that was unprecedented in its nature. In response to the demonstration by students, politicians and different government bodies had made a series of bold and lofty promises. Yet, till this day, road safety has at best remained elusive. And in the summary of the judgement delivered in the case of Rajib and Dia's killings, the judge commendably mentioned this fact.

In his observation about the transport sector, the judge mentioned that people were getting killed under the wheels due to carelessness of drivers and helpers—drivers are often operating heavy vehicles without having the proper license and killing people while driving recklessly to earn more, as was the case in this instance. However, the problem is much more complex, as it is the system that we have in place which encourages such behaviour. For example, drivers often get involved in deadly races on roads because owners compel them to pay a certain amount, which means they try to outdo other drivers when it comes to picking up the most passengers. Owners also hire unqualified drivers to drive heavy vehicles, and they get away with it because of lax monitoring.

The overall problem is so severe and well-entrenched that it cannot be done away in a day or two. But the authorities, if they are sincere, must nevertheless have short, medium- and long-term plans to address the crisis. They must prioritise the issues that are most critical, while working to solve the others—instead of trying to achieve everything at once, which cannot ultimately bear fruit.

At the end of the day, the situation on the roads is a matter of life and death. The country's economic growth and foreign investment are also tied to this. And the chaos on our roads is costing us in all of those departments, as well as leading to the loss of that which is most precious—i.e. human life.



SELIM RAIHAN

THERE are two contrasting contexts as far as the competitiveness of Bangladesh economy is concerned. On the one hand, the economic growth rate in Bangladesh has been increasing since 2013; it increased from 6 percent in that year to a staggering 7.9 percent in 2018. On the other hand, during the same period, according to the Global Competitiveness Index (GCI), out of 152 countries, the ranking of Bangladesh slipped from 99 to 118 and the GCI value saw a secular decline from 3.91 to 3.65. Does this mean that competitiveness is not an issue as far as accelerating economic growth in Bangladesh is concerned?

According to the World Economic Forum, the GCI is a set of institutions, policies and factors that determine the level of productivity of a country. The GCI 2019 identifies 12 major areas which are used to construct the aggregate GCI. These are Institutions, Infrastructure, Macroeconomic Environment, Health and Education, Higher Education and Training, Goods Market Efficiency, Labour Market Efficiency, Financial Sector Development, Technological Readiness, Market Size, Business Sophistication, and Innovation. In most of these areas, Bangladesh's scores are very poor. In comparison to Bangladesh's major competitors in the global market, like China, India and Vietnam, Bangladesh is significantly lagging behind them in all the GCI areas except the Macroeconomic Environment.

Given the current global and domestic economic scenarios, it is hard to believe that competitiveness is not an issue for further accelerating and sustaining economic growth in Bangladesh. The country is expected to graduate from the Least Developed Country (LDC) status by 2024. This will lead to several challenges for the country's export sector due to the loss of preference in its major export destinations. The country expects to achieve the stringent SDGs by 2030 and also eyes to become an upper

middle-income country by 2031 and a high-income country by 2041. There are also changing global trade scenarios. The ongoing trade war between the USA and China, the Brexit, the collapse of the multilateral trade negotiations under the WTO, growing protectionism in the developed countries, China's Belt and Road Initiative (BRI), and the emergence of mega-trading blocs are examples of the changing global trade scenarios.

On the domestic front, the country's economic growth prospect is closely linked to the growth in exports, remittances, and private-sector

investment. However, there have been a slowdown in growth in exports and remittances over the past few years. Also, sluggish private-sector investment over the past few years remains a big concern. All these have been accompanied by the falling trend in export-GDP, remittance-GDP and FDI-GDP ratios in recent years. Moreover, the export basket of the country persists to be highly concentrated around the RMG, and the diversification efforts over the past few decades have not seen much success.

Even if we look at the RMG exports of Bangladesh, which now occupy around 84 percent of the total exports, the RMG export basket is also highly concentrated. At the 6-digit HS code level, only 10 RMG products account for 68 percent of the total RMG exports. The corresponding figures for China, India and Vietnam are 36 percent, 46 percent and 42 percent, respectively.

The scenario of the inflow of foreign direct investment (FDI) in Bangladesh is frustrating. The FDI share in GDP in 2018 in Bangladesh was even lower than the LDC average. During 2014 and

the development goals. There are two types of competitiveness: price and non-price competitiveness. While price competitiveness is dependent on labour costs, relative inflation and real effective exchange rate (REER), the non-price competitiveness is dependent on a number of issues including product quality and design, business research and development (R&D), strength of "local" brands, effectiveness of marketing in overseas markets, levels of dynamic efficiency of firms, levels of "x" inefficiency (poor management, excessive bureaucracy, government failures), and investment in human capital (for skill development). There is no denying the fact that while in terms of labour costs, Bangladesh has a competitive advantage over many of its competitors, in the case of other components of price competitiveness and most of the components of non-price competitiveness, Bangladesh is seriously lagging behind its major competitors.



FILE PHOTO: STAR

**The RMG sector is one of the key drivers of Bangladesh's economic growth.**

2018, on average, Bangladesh's FDI-GDP ratio was 1.2 percent and Bangladesh attracted USD 2.5 billion FDI annually. By contrast, during the same period, the average FDI-GDP ratio of Vietnam was 6 percent and the annual average FDI inflow was USD 12.6 billion.

The upshot of the above discussion points to the fact that there is a need for significantly enhancing the competitiveness of our economy in the coming years to address the aforementioned challenges and meeting

The economy is now witnessing a gradual appreciation of the real effective exchange rate, which is eroding the competitiveness of Bangladesh's exports. Low average years of schooling and very low public expenditure on both education and health as percentages of GDP are resulting in stagnation in skill development and skill diversification. There is a need to undertake reform in critical economic domains including the financial sector, taxation sector, trade and exchange rate policies, and business environment. Faster and cost-effective implementation of the mega projects and special economic zones, attracting large-scale FDI, addressing institutional challenges in export diversification, substantial spending on research and development, and making "skill development and skill diversification" a national priority are the steps towards enhancing the country's competitiveness. There is no doubt that we also need to come out of the so-called comfort zone created by the glossy picture of an ever-increasing GDP growth rate.

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## Drug manufacturers spending on the doctors!

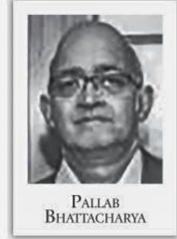
Government must investigate the matter

A recent study by BIDS reveals the reasons why medicine prices are high in our domestic market. The study shows that drug manufacturers have to spend a big amount of money to convince the doctors to prescribe their drugs. According to the study, the pharmaceutical companies even send entire families of doctors abroad to spend holidays or attend seminars. So, clearly, when the manufacturers fix the prices of their medicines, their spending on doctors is considered as the cost of production. The result: high prices of medicines in the domestic market.

It may sound strange but the prices of drugs of the same generic group of different companies vary in Bangladesh and when a doctor prescribes a drug of a particular company, the patients are left with no other option but to buy that drug no matter how high the price is. Thus, it is the patients who are the ultimate victims of this unholy nexus between the doctors and the drug manufacturers.

According to the Centre for Policy Dialogue (CPD), 10 large pharmaceutical companies control over 70 percent of the local drug market. So, there are chances that these big companies can manipulate the drug prices in the market. In order to stop any such manipulations, the government must have a monitoring mechanism in place to see if the prices of drugs are fixed following the required rules. Also, doctors should be mandated to prescribe medicines by their generic and not brand names.

# Bengal's Bypoll Bellwether and BJP's NRC Blues



PALLAB BHATTACHARYA

MAMATA Banerjee-led ruling Trinamool Congress and its principal challenger Bharatiya Janata Party (BJP) may be sworn political rivals in West Bengal but both parties know that the fear about the controversial National Register of Citizens (NRC) among Hindus and Muslims alike was the most important determinant of the outcome of the bypoll held in three assembly constituencies on November 25.

The by-elections were considered a bellwether ahead of the fresh assembly elections in West Bengal in 2021, with the Trinamool Congress and the BJP locked in a fierce race for power and a chance to frame and revise their battle strategies.

Mamata, the chief minister of West Bengal, described her party's clean sweep of the three constituencies—Kaliaganj, Karimpur and Kharagpur Sadar—as a "people's mandate against the NRC" and stated that her government does not want NRC in Bengal.

What brought particularly good news for Trinamool Congress is that it won Kaliaganj and Kharagpur for the first time, wresting them from the BJP and the Congress respectively. Both Kaliaganj and Karimpur in Basirhat district border Bangladesh and the NRC factor played a key role in swaying the voters there.

It may be recalled that in the parliamentary polls held six months ago, the BJP had lost Basirhat Lok Sabha constituency. And now with the loss of Karimpur assembly seat, it is clear that the BJP failed to find any issue to trigger a counter-polarisation among Hindu voters.

On the contrary, the by-election results show that the anti-NRC perception caused a pro-Trinamool Congress consolidation among the electorate cutting religious lines. It is time the BJP introspected about the diminishing returns of a polarising issue and if it needs to be abandoned altogether or re-packaged.

The bypoll results show Mamata has so far successfully tapped into apprehensions among Hindus and Muslims in West Bengal about NRC and their future in the wake of the final NRC in Assam, where an estimated 12 million of the 19.3 million people excluded from the document are Hindus.

The exclusion of so many Hindus in Assam has spawned fears among Hindus and Muslims in West Bengal and put the BJP on the defensive. The BJP was aware

of the problem created by the exclusion of so many Hindus from the NRC in Assam, and that is the reason the party repeatedly spoke about the need for giving citizenship to religious minorities from Bangladesh, Pakistan and Afghanistan.

Mamata said the federal Indian government cannot bypass an elected state government and impose NRC in West Bengal. "For 72 years, people have reposed their faith in democratic institutions. There are individual rights like property rights, democratic rights and social and economic rights, but one fine morning they cannot be asked to leave because some people want it," she said.

The BJP's defeated candidate Kamal Chandra Sarkar in Kaliaganj, which is part of Uttar Dinajpur district, admitted that the NRC "landed a big blow to us. It was our weakness. The people were frightened by NRC and we failed to make them

immigrants from across the border.

That the NRC issue got the same traction among Hindus and Muslims was reflected in the voting pattern in Karimpur constituency, with no significant change in that pattern in Karimpur block I, with a Hindu majority, and Karimpur block II, dominated by Muslims. The same phenomenon was witnessed in Kaliaganj.

The bypoll outcome also indicates that Trinamool Congress is slowly recovering the ground it lost in the Lok Sabha elections held in April-May this year when its tally of seats came down from 34 in 2014 to 22, while the BJP's kitty went up from just two to 18 during the same period. And that should be good news for Mamata and a big worry for the BJP ahead of the next assembly elections.

What should concern the saffron party is that the bypoll results demonstrate that its big victory margins in parliamentary

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## LETTERS TO THE EDITOR

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### Do we really need another NBFi?

An editorial published by *The Daily Star* on December 2, on the proposed opening of a new non-banking financial institution (NBFi), has been on point.

First of all, our banking sector is already under a lot of strain due to the bad loan situation. Secondly, the performance of the existing NBFis is not very encouraging either. Except for a handful of NBFis, the remaining are struggling to pay their creditors. In fact, Bangladesh Bank had to start the liquidation process of a prominent NBFi earlier this year due its poor performance.

One wonders why would the central bank consider issuing license to a new NBFi under such circumstances? The central bank should revisit its licensing policy and, unless absolutely necessary, it should not issue license to any new NBFi, no matter who the sponsors are. We do not need more NBFis, we need the existing ones to perform properly, for the benefit of the people and the economy.

Ramisa Rahman  
 Niketan, by email



West Bengal Chief Minister Mamata Banerjee. PHOTO: REUTERS

understand the issue properly."

The Trinamool Congress nominee Tapan Deb Singha, who defeated Sarkar in Kaliaganj, too said the NRC was a big factor in the by-election in his constituency which the ruling party won for the first time since 1997.

The Uttar Dinajpur district bordering Bangladesh had been a Congress party bastion for long before the BJP won the Uttar Dinajpur parliamentary constituency in the national elections this year. The Kaliaganj assembly constituency has an estimated 70 percent Hindu population, almost all of them

elections just six months ago have begun shrinking. The by-elections also provide a fresh proof—if any was required—that the political landscape in West Bengal has become a bipolar one between Trinamool Congress and the BJP, with further marginalisation of the Left front and the Congress.

It is estimated that Muslims constitute a sizable chunk of voters in around 90 assembly seats out of the total of 294 seats in West Bengal assembly. If BJP raises the pitch over NRC, it may trigger a consolidation of these votes in favour of Trinamool Congress by

taking away whatever little portion of the votes that still go to the Left parties and the Congress. The assessment in the Trinamool Congress is that since the NRC is a livelihood issue, Muslims would not waste their votes for the Left-Congress, which in any case remains marginalised. On the other hand, Mamata, in a bid to bolster its anti-NRC campaign, recently announced giving land rights to refugees living on state government land.

In order to blunt the Trinamool Congress, the BJP is talking about the Citizenship Amendment Bill (CAB) to give citizenship to non-Muslim refugees. In fact, the BJP general secretary in charge of West Bengal, Kailash Vijayvargiya was quoted as saying that the waiting period for non-Muslim immigrants to get Indian citizenship could be cut by six years from 12. As of now, the CAB is an unknown commodity and details are yet to hit the public domain. So, it remains to be seen how much the CAB can appeal to the immigrants and whether it can counter the NRC fear.

The Congress finished a distant third in Kaliaganj, Karimpur and Kharagpur. The Congress had never lost the Kharagpur assembly seat, which has a sizable non-Bangla-speaking population, till 2016 when the state BJP chief, Dilip Ghosh, was elected.

The combined vote share of the Left and the Congress in Kharagpur was just about ten percent and less than ten percent in Karimpur and Kaliaganj constituencies, reflecting the steep decline in the fortunes of once major political players in West Bengal.

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