

Sustaining our economic growth for a better society

CONTINUED FROM PAGE 26

The disconcerting consequence of this is evident when we find that a substantial chunk of skilled jobs in our industries and other economic enterprises are occupied by professionals from neighbouring countries.

Nutrition, health and economic growth

The interconnections between population health and the economy are well known. Although Bangladesh has made some improvements in many health indicators in the last few decades, still with one in every seven persons suffering from undernourishment, according to the 2019 Global Hunger Index (GHI). In another report prepared by the UN Food and Agriculture Organization (FAO), between 2018 and 2020, the number of people without food security in Bangladesh increased by 2.4 percent to a whopping 52 million.

The nutrition problem is compounded by issues related to healthcare facilities. The pandemic has exposed the cracks in our health system, we have seen how inadequate and incapacitated our health facilities are. Bangladesh's investment in health is one of the world's lowest (less than one percent of GDP). There is a severe shortage of physicians, medical technologists, nurses and clinical equipment. Currently, there is one registered physician per 1,847 people, and one government physician per 6,579 people, according to the Bangladesh Medical and Dental Council (BMDC). Patients, especially the poor and disadvantaged, end up seeking healthcare from non-qualified providers in the informal sector. Every year, a large number of people—including politicians,

businessmen and even ordinary people—go abroad for medical treatment due to a lack of confidence in our healthcare system. The Bangladesh Investment Development Authority (BIDA), using data from Health Bulletin, estimates that

Bangladeshis spend around USD 2.04 billion annually on healthcare abroad.

Income and wealth inequality growing

Rising income and wealth inequality not only undermines the sustainability of growth, it also raises the threat of social and political unrest. According to the World Inequality Report 2022, only one percent of Bangladesh's population held

16.3 percent of national income in 2021, and the bottom half held 17.1 percent. Research suggests that the number of ultra-wealthy people in Bangladesh increased faster than in any other country in the world between 2010 and 2019. Bangladesh was ranked first among the top 10 fastest growing wealth markets in the world during the period, where wealthy people with more than USD 5 million in net worth increased by 14.3 percent a year on average.

Studies show that primary factors that deprive poor and vulnerable people of their most elementary rights and may lead to greater income inequality in Bangladesh include unequal access to education and employment opportunities, exploitation at workplace, low-wage jobs with scant benefits, high rates of youth unemployment, poor healthcare, corruption and lack of access to formal financial services such as credit, savings and insurance that higher income groups may take for granted.

Therefore, for each and every citizen of Bangladesh to live in peace, security, and prosperity, we need to have policies in place that ensure "inclusive growth"—that is the share of economic benefits from growth must reach all citizens. Priority should be given on issues of social protection, good governance and policies of redistribution of wealth—moving money from those with too much of it to those with too little, through the tax and benefit system (i.e. by taxing the upper-income groups at higher rates) and spending the revenue in sectors and areas such as free/subsidised healthcare and education/skill development scheme for lower-income groups, so that they can get access to jobs that are more productive and rewarding, which, in turn, will help to achieve the highest sustainable economic growth and development.

Strengthening the financial sector

Finance is a vital ingredient of economic growth. In Bangladesh, banks remain the main source of financing for companies and it has been playing an important

role in our socioeconomic development. But in recent years, this crucial sector has been facing many challenges, which include among others, a big volume of non-performing loans (NPLs), lack of corporate governance, increasing capital shortfall and slow loan recovery that have raised serious concerns about the efficiency and soundness of this sector. It is an open secret now that the country's banking sector has been mired in a series of scams and irregularities, such as the funneling of loans worth billions of Taka by violating banking rules and procedures to influential people, who have been known to be lax with repayments. As a result, as of September 2021, defaulted loans in the banking

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sector stood at a record Tk 1 trillion. Unfortunately, while the banking sector is passing through such a financially difficult period, government's borrowing from the banking system continues to rise.

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The rise in defaulted loans and government's borrowing from the banking system is another reason behind the declining private-sector credit growth and investment. To boost up private sector investments and for the sustainable economic growth, the country needs more sources of finance and more sources of credit.

CONTINUED ON PAGE 28



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