

One step closer to 'Digital Bangladesh'

We expect great things from our innovators at BHTC

IT is exciting to note that Bangladesh now has its own centre for high technology and innovation. As reported by this newspaper on March 28, the Bangabandhu Hi-Tech City (BHTC)—a 355-acre industrial park in Gazipur's Kaliakair upazila—has been prepared to offer a developed and ready space with all the necessary amenities for tech-based industries. So far, 70 tech companies have invested millions of dollars in BHTC to produce world-class tech-based products in Bangladesh. Out of these companies, 44 have been allotted plots in the park, and many have also started to construct their factory buildings.

The government has already set up the necessary roads, electricity and gas lines, 48 core fibre optic cable network, lighting, power station, sewerage line, bridges, and culverts in the park. Construction of other sites such as a mosque, shopping centre, several other buildings and a picturesque artificial lake is currently underway. According to the managing director of Bangladesh Hi-Tech Park Authority (BHTPA), the high-tech city will be completed within the next two years. By 2025, all the companies are expected to start their operation with around 50,000 skilled workers, while investment in the city has also been made quite easy and hassle-free.

From these developments, as well as comments made by those involved, it seems that the BHTC has the potential to take Bangladesh to the next level in terms of producing cutting-edge technologies of the future. This is further supplemented by the fact that the authorities are also working with the National Board of Revenue (NBR) to arrange tax exemption for IT devices and raw material needed for industries located at the high-tech city, which could provide them with some competitive advantages. Additionally, the authorities are also working with banks to arrange loans on easy terms for small and medium-sized entrepreneurs at BHTC, as well as arranging trainings and other opportunities.

With the Fourth Industrial Revolution right around the corner, the timing of this project couldn't have been better. We have seen Bangladesh already make great strides in adopting the latest digital technologies over the past decade. And the park will provide an even greater opportunity for the next generation of tech entrepreneurs. We hope our entrepreneurs and innovators will make the best use of it, and ensure that Bangladesh becomes a significant player on the global stage of technologies and reaps all its benefits.

Children belong in schools, not factories

Govt must bring back school dropouts and help their families

AS we build our way to becoming a middle-income country, it is saddening that our children's education is so vulnerable to a pandemic. While, in most countries, schools were often the last to be shuttered in the event of a lockdown during the last two years, quite the opposite has been observed in Bangladesh. Though many children were able to somewhat keep up with online classes and other remote learning materials, most have not been as fortunate. For example, in Dhaka, according to a new study by Educo Bangladesh, 57 percent of child labourers attended schools before the pandemic hit—but 89 percent of them dropped out afterwards.

While the study had a relatively small sample size, its findings are still quite illustrative and show how the pandemic has exacerbated the child labour problem. The global situation has been equally disconcerting. In July 2021, the International Labour Organization and UNICEF reported the first increase in global child labour over the last two decades, with 160 million children engaging in labour. Of them, a staggering 79 million were found to be engaged in categorically hazardous work. The Educo study brings further insight into this reality, unveiling that children are engaged in labour chiefly because of pandemic-induced financial hardships and school closures.

Clearly, at the root of this issue is the fact that children in low-income families had to forgo education to support their families financially, as many had lost their jobs or other sources of income. It is proof, yet again, of the failure of government policies to reach out to the most deserving beneficiaries of its welfare schemes. We wonder why the government couldn't provide these families with necessary funds. Even so, perhaps this high rate of dropouts could have been avoided had schools not remained shut for so long.

If their education is ensured and if skills development trainings are provided to them, these children from low-income families can actually grow up to be self-reliant, escape generational poverty and help their families in the long run. We urge the government to take proper steps to not only get these children back to schools, but also to make sure they never have to go back to working unless they are of age. It is unacceptable that while physical infrastructures worthy of a fast-rising nation are being built, a large number of children are falling through the cracks, never to reach their potential. We must direct children towards education for that, and away from labour for their survival.

EDITORIAL

Bangladesh can stay ahead of global inflation, if it acts now



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INFLATION is as violent as a mugger, as frightening as an armed robber, and as deadly as a hitman”—these were the words of Ronald Reagan during his campaign for the US presidency at the beginning of 1980s. Inflation was a major development challenge at that point in time, and the trade-off between inflation and unemployment was at the centre of policy debates. Later on, inflation was tamed around most of the world (except for extreme cases such as Zimbabwe), and jobless growth dominated the policy arena of a number of countries. In fact, inflation was in hibernation for almost three decades.

But after decades lurking in the shadows, inflation is back globally, and price spirals remain a real fear for people, both in the developed and the developing worlds. Some stylised facts: in the US, the inflation rate reached 7.5 percent in January 2022, a level not seen since the 1980s; in Britain, it was 6.2 percent last month, the highest since 1997; in the eurozone—the 19 countries using the euro—consumer price index hit 5.1 percent in January, the highest levels since records began in 1997. Among developing countries, the inflation rate in Brazil reached 5.03 percent last month—well above the target of 3.0 percent. South Africa experienced an inflation rate of 5.7 percent last month, and the corresponding figure for India was 6.1 percent. And for Bangladesh, it is estimated to be 5.7 percent. The extreme case, however, is Pakistan, as inflation in that country soared to 13 percent two months ago, just as the rupee, the national currency, is devaluing.

The re-emergence of inflation is often blamed on the Ukraine crisis, but it is only partly true. Inflation in many countries has been brewing for quite some time because of production disruptions and supply chain issues related to the Covid-19 pandemic. There is also increased demand globally. Because of Covid, productions and outputs have been lost, putting pressure on the prices of essentials. Covid, by negatively impacting the transport sector and the intra- and inter-country movement of commodities, has disrupted the supply chains, thus contributing to global inflation. Because of increased demand, global oil prices were up by 77 percent in January 2022 compared to its price in December 2021. In emerging markets and developing economies, because of the lower flow of foreign capital, inflation rose for imported goods.

But there is no denying the fact that the ongoing conflict in Ukraine has contributed to the surge of inflation. Disruptions in global oil markets such as sanctions on Russia, a major oil- and natural gas-producing country, and Saudi Arabia's refusal to increase its production have resulted in price hikes in the global market. The war is also affecting food prices. Ukraine contributes to about 12 percent of the world's total food production, while Russia's share is 16 percent. Ukraine also supplies 17 percent of the world's corn

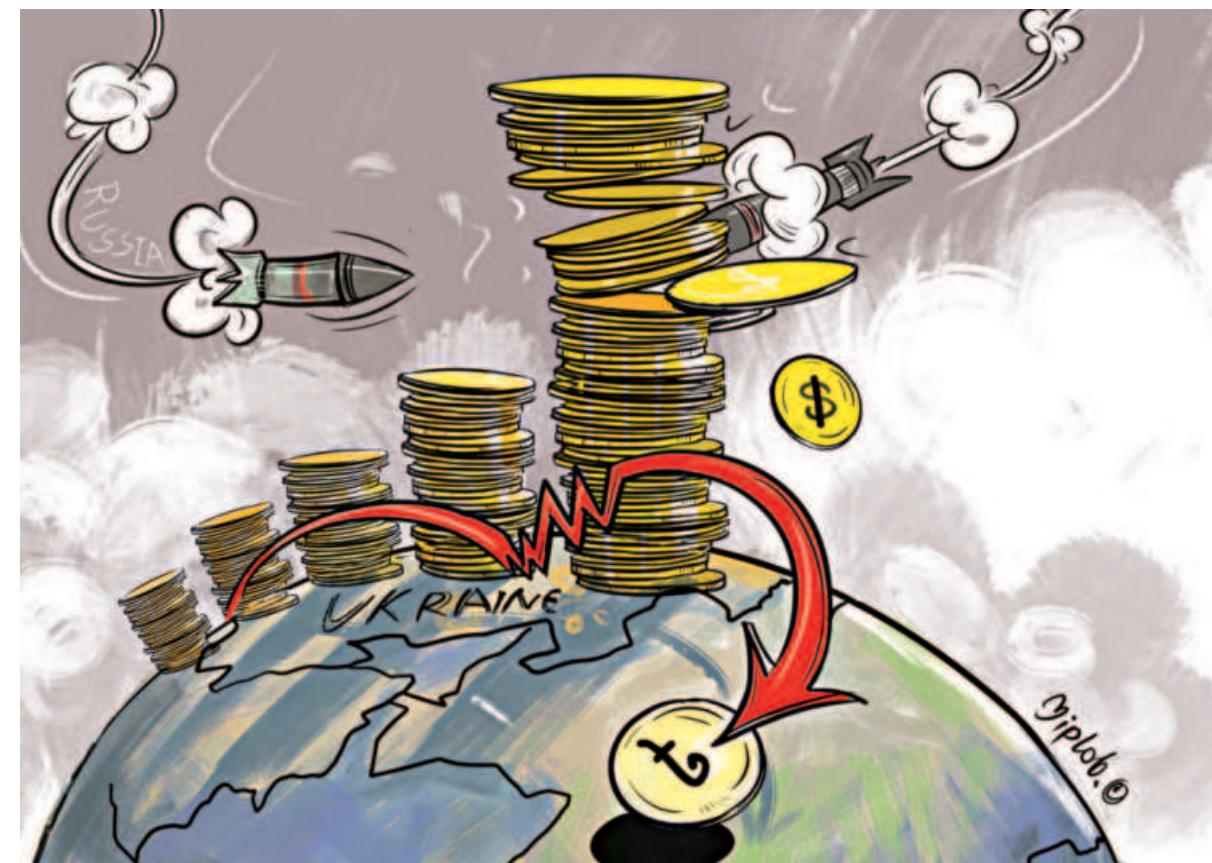


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export. With disruptions in production and global supply chains of wheat and corn due to this war, prices of bread and corn may go up sharply in the coming months.

In this broader global context, the critical question is: How would these developments impact Bangladesh's economy?

First, global inflation has adversely impacted mostly food and energy prices,

children's education or healthcare services.

Third, if domestic inflation rises to a certain level, Bangladesh's competitiveness in the world may suffer. Our exportable commodities may become costlier in international markets, reducing export volumes. This will reduce our export earnings, shrinking our foreign exchange.

Fourth, because of Covid, a number of

and Bangladesh is not immune to that. The Bangladesh Bureau of Statistics (BBS) has estimated the food inflation to be 4.9 percent in the urban areas of the country and 6.0 percent in its rural areas. Experts, however, opine that the actual inflation rates are much higher. Since the average food consumption constitutes more than 60 percent of the total consumption expenditure of marginal households, increased food inflation in Bangladesh would affect the poor and vulnerable households more. As Bangladesh is a petroleum-importing country, the increased prices of petrol in the global market have already been reflected in domestic prices. Diesel and kerosene prices were raised from Tk 65 to Tk 80 per litre last year. As a result, sectors like transport and agriculture have been adversely affected, and it is the common people who have to bear the brunt of it.

Second, as poor and marginalised groups would be disproportionately affected by inflation, inequalities and disparities between the rich and the poor will increase, not only in terms of outcomes (for example, incomes and nutrition), but also in terms of opportunities. Because of inflation, the real income and wage of poor people would erode more sharply compared to the rich, and the income inequality between the rich and the poor will diverge. Furthermore, because of the rising prices of food, energy, and other essentials, poorer and vulnerable households will have to spend even more on food and energy, which would, in many cases, impede their ability to afford their

small businesses have already suffered losses in terms of jobs and income. Inflation would be an added injury as small businesses would experience increases in input prices, higher costs of loans (with interest rates going up), and even decreased demand. The viability of such businesses, particularly informal sector activities, may be at stake.

Finally, inflation will adversely affect women. With a tight budget, they may face more difficulties in managing household expenditures, especially in choosing consumption commodities while ensuring proper nutrition for their children. Difficulties in making the ends meet may cause frictions and tensions within the family, giving rise to domestic violence.

Given the overall situation, early policy interventions are a must-do now; pre-emptive actions and strengthening the central bank's independence are some such actions. Furthermore, a dual target of inflation reduction and employment expansion should be the central bank's priority. Monetary instruments must be used to reduce inflation, to manage the value of taka in order to ensure export competitiveness of the economy. Fiscal policies may help ensure employment, continue economic activities and protect the vulnerable. A combined set of relevant monetary and fiscal policies would help combat the inflation as well as ensure non-shrinkage of the economy. Pursuing a pro-poor growth policy would also help—the social protection programmes and structures must be strengthened. But the time to act is now.

Learning to Love Dhaka



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THE other day, a Dutch friend of mine and I were having lunch when I mentioned how chaotic I'd heard the Dhaka airport was now. "Frankly," she said, "I never notice the airport. I'm always so sad to be leaving the country." We continued chatting over our lunch, but my mind lingered on what she'd said.

This is a friend who has visited Bangladesh for work a few times over the last several years, staying for a few months at a time. She moves around Dhaka by bus, laguna, rickshaw and boat. She has spent the night in a *bosti* and fails to understand why others are surprised at that. She finds the simplest hole-in-the-wall places to eat and appreciates the quality of their *daal*. She suffers, of course, from the traffic and the heat, but the other impressions—the vibrant colours, the flavours of the food, the friendliness of the locals, the lush beauty of the countryside—all seem to make a greater impact.

We recently attended a wedding together. She had hoped to go to a beauty salon so that experts would wrap her saree for her, but the salon in

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question was closed. She then found an instructional video on YouTube and spent the next 45 minutes cursing the slippery georgette saree and the saree instructor, particularly when the instructor cheerfully commented that fixing the pleats was easy.

Of course, as a six-foot tall blonde woman wearing a beautiful saree, most people were not concerned about whether she had gotten the pleats right. At the venue, she greatly enjoyed the *biryani* and *borhani* as well as conversations with bright young locals.

I watch her in admiration, but also can't help reflecting on how it can be easier for a foreigner to love this city than for the locals. I just finished Orhan Pamuk's *Istanbul*, where he writes about how the locals simultaneously wish to become more Western/modernised and long for something that makes them uniquely Turkish, and how the prevailing dirt and poverty depress people. Something similar seems to operate here, where people are too busy feeling embarrassed about the traffic, the dust, the filthy air and the chaos even to notice the many charms that Dhaka has to offer. For so many people, modern means Western. Out with the rickshaw, in with the private car. Ban the street vendors and promote supermarkets. But the final achievement will never be a faithful copy of a Western city, but in the attempts to achieve it, much that is valuable will get destroyed.

On our way to the restaurant where we had lunch, we had to take several detours

due to the overflow of worshippers at Friday services. We ended up leaving our rickshaw and having to walk farther than if we had just done the whole trip on foot. Then again, we got to wander down unknown lanes and alleys and enjoy asking people for directions. We savoured their visible pleasure at directing two *bideshi*. The sun didn't reach the back streets; it was midday on Friday, so traffic was still light. So both being pedalled on the rickshaw and wandering the lanes on foot was actually pleasant. I commented on how hard it was to agree with the common assessment that Dhaka is one of the world's least liveable cities.

"I guess it depends which part of Dhaka," my friend suggested.

Partly that, yes, but it also depends on our perspective. Are we dreaming of another place and constantly holding Dhaka up in comparison and cataloguing its shortcomings? Or are we actually paying attention to what makes the city pleasant and distinctive—its own place rather than another imitation of a tired model that brings its own costs and downsides?

Strolling at a lake, riding on quiet streets on a rickshaw, watching small groups gather at a tea stall, enjoying savoury street food, hearing the excited shouts of children playing outside—all those moments bring home to me how lovable Dhaka—and Bangladesh—can be.

But sometimes it takes an outsider to remind us.