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FOUNDER EDITOR: LATE S. M. ALI

Remittance is again our saving grace

There is still scope to increase remittance inflow through the official channel

We are pleased to know that remittance inflow into Bangladesh rose to a seven-month high in March. According to data from Bangladesh Bank, remitters sent home \$2.02 billion last month, the highest since September last year when \$1.53 billion came into the country. It is important to remember that remittance usually goes up before Eid-ul-Fitr, which will be celebrated in the fourth week of this month. Therefore, it would be unwise for us to get too carried away by this increase. However, at a time when there is growing pressure on our foreign exchange reserves, the increased flow will provide some much-needed relief for the country.

Another reason which could have encouraged greater remittance inflow is the fact that banks have been offering remitters a higher rate for the dollar than the one set by the Bangladesh Foreign Exchange Dealers Association (Bafeda). Data from Bangladesh Bank shows that remittance inflow through the banking channel rose by 29.29 percent in March compared to the previous month. Still, there is much more that can be done to further increase it by encouraging the use of official channels and reducing demand for sending remittance through unofficial channels like hundi. And we hope the concerned authorities are looking at that from all possible angles.

Given the crucial contribution that migrant workers continue to make to our economy, the government should also do more to help them in terms of sending money back to the country, and to ensure hassle-free migration. Additionally, as instructed by the prime minister on Sunday, the concerned authorities should try and find new destination countries to send our aspiring migrant workers to. Not only can this increase our remittance earnings, but by diversifying destination countries for migrants, it can increase their employment opportunities as well.

At the same time, however, it is disappointing that export earnings have dropped for the first time in five months in March. Last month, exporters brought in \$4.64 billion, down nearly 2.5 percent from a year earlier, according to the Export Promotion Bureau (EPB). However, the bigger picture shows that our overall export earnings have been in the positive territory between July and March of the current fiscal year, with receipts growing 8.07 percent year-on-year to \$41.72 billion. This growth, unsurprisingly, has been primarily driven by the readymade garments sector, which saw a 12.17 percent growth in the same period, according to the EPB. But apart from the garments sector, most other major sectors registered a negative growth year-on-year. The authorities should take a closer look at why that is the case and try to rectify it.

With the global economy continuing to struggle, and our foreign exchange reserves still at a lower-than-adequate level, increasing our remittance and exports earnings is more crucial now than ever before. The government should try to reduce the costs and hassles of migration and travel for our aspiring migrant workers, and make sure they are provided with all the necessary incentives – financial incentives in particular – to send in remittance through the banking channel.

Sutang River demands urgent attention

Its water has become so polluted that it can no longer be used

Yet another river is in grave danger. Sutang, a transboundary river that stretches about 82km into Bangladesh's territory connecting three upazilas of Habiganj, is reportedly in such a pathetic state that it can no longer be classified as a natural source of water. At a time when we have become accustomed to such painful accounts of our rivers on a regular basis, the news of another one meeting the same fate is perhaps not shocking. But this has real consequences for the people who live nearby, and by extension the whole country as it turns from a once-fabled land of rivers into one of dying rivers.

A report by this daily quotes villagers and local community leaders who described how Sutang, which was a source of livelihood for fishing folks and enriched surrounding croplands for centuries, is now little more than a big dump. Over the last decade, several hundred factories have sprung up on the banks of the river, and they discharge their waste there indiscriminately. Among them are tiles, dyeing, chemical and battery factories. Their waste has led to the water turning "blacker and thicker than tar", as per a recent BBC report. The result is, fish can hardly survive there, while crops are being affected when the water is used for irrigation. Humans and cattle are also infected with different diseases if they consume it. And then there is the awful stench. As a former chairman said, "We have to use face masks when we come nearer to the river."

Sutang is one of the three rivers believed to be in the worst state among the 56 that were surveyed by the Rivers and Delta Research Centre (RDRC) as part of a year-long study. Its findings, unveiled in mid-March, showed massive levels of pollution during the lean period when the natural flow of rivers is at its lowest. Key pollutants including microplastics have been found in all of them, with industrial and municipal wastes dumped in rivers near cities and towns flowing into those in far-flung coastal areas. Sutang, according to the RDRC study, has a dissolved oxygen level of 0.4 when the standard is 4.5 to 8 mg per litre. It is feared that the lives of about two lakh people from more than one hundred villages in Habiganj will be endangered if the authorities fail to check its continued decline.

Untreated industrial waste has been frequently flagged as a major source of river pollution in Bangladesh. Even though factories near rivers are supposed to treat their waste before discharging them, most don't even have effluent treatment plants (ETP), and they can get away with it thanks to lax enforcement of relevant regulations. But the state of rivers like Sutang demands immediate interventions. We urge the concerned authorities to take stern action against those illegally dumping waste in rivers and thus slowly killing them.

When hunger strikes...



Dr Selim Raihan is professor at the Department of Economics of the University of Dhaka, and executive director at the South Asian Network on Economic Modeling (Sanem).

SELIM RAIHAN

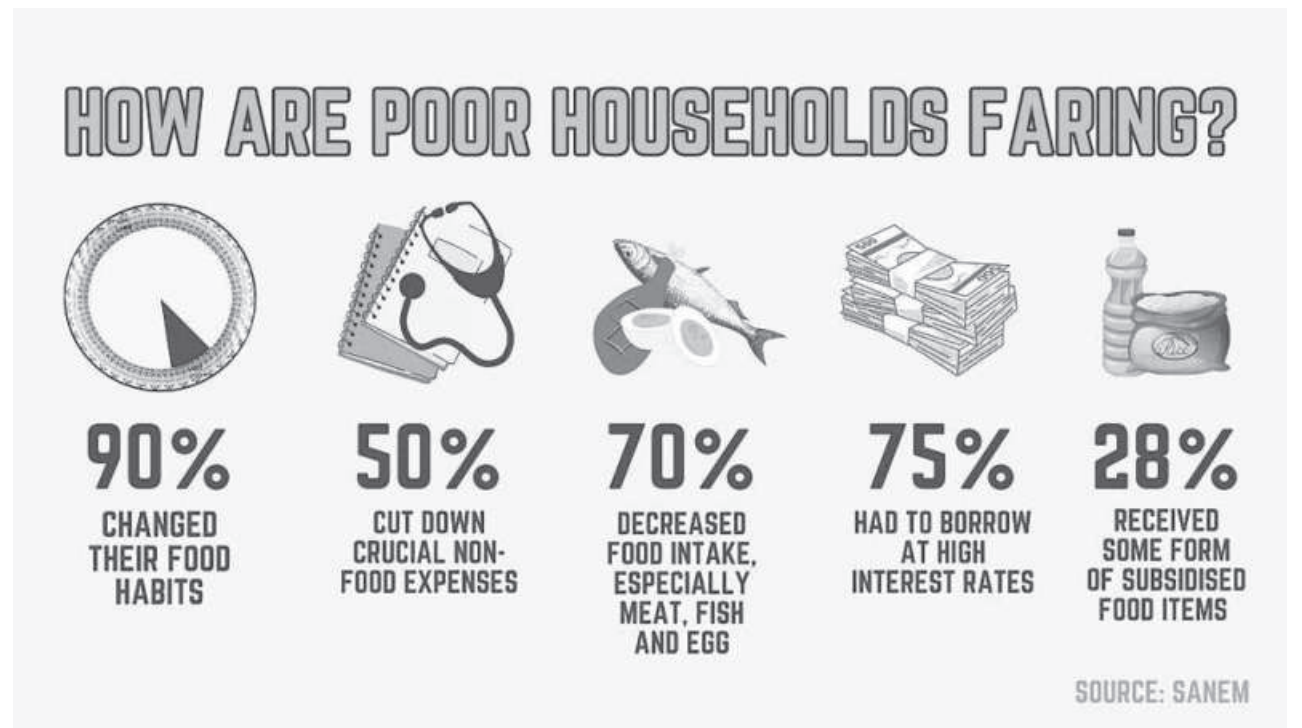
Uncertainty faces the poor people in Bangladesh due to the erratic nature of commodity prices in both the domestic and international markets. The staggering rise in food prices combined with the decline in real income is making it difficult for them to buy the food they need. From February 2022 to February 2023, the country's annual inflation rate (point to point) increased from 6.2 percent to 8.8 percent. In some months during this period, it went well above nine percent.

The current inflation rate in Bangladesh is the highest in 11 years. Real income is eroded by inflation, which lowers the poor's purchasing power. Those who have limited employment opportunities and those who work in the informal sector continue to struggle. The great majority of the poor live in uncertain situations since their income or salaries aren't adjusted for excessive inflation. Many poor people are compelled to use their savings or loans to pay for their daily necessities. For many others, such options are also very limited.

While the officially reported inflation rates are still high, there are concerns that the actual inflation rate may be much higher for low-income households. A recent analysis by the South Asian Network for Economic Modeling (Sanem) shows that poor people in Bangladesh face much higher rates of inflation than the official rate. A large part of their income is spent on food products. Another concern is that the inflationary conditions seem unlikely to improve soon.

The reasons behind this soaring inflation in recent months include escalated prices of food, fuel, and other commodities in the global market, shortage of domestic production, supply-side disruptions as well as imperfections and anomalies in the local markets, and depreciation of the taka. Problems in domestic economic and market management are as much to blame as the global issues for this persistent inflationary pressure.

To investigate the effect of inflation on the livelihoods of poor households, Sanem recently surveyed 1,600 low-income households across eight divisions – 800 households in urban



VISUAL: TEENI AND TUNI

and 800 households in rural areas. The survey was conducted between March 9 and 18 this year. Some of the major findings of this survey are striking and alarming.

First, while on average the poor households reported that their monthly income didn't rise over the past six months (in fact, in some cases it declined), their monthly total expenditure rose by 13 percent and food expenditure rose by 17 percent. It is important to note that poor households can't afford to increase monthly expenditures much, as their expenditures are constrained by limited incomes.

Second, the major coping strategies of these poor households included changing food habits, borrowing, cutting down expenditures on health, education, and clothing, and exhausting savings. Ninety percent of the poor households reported having changed their food habits, and more than 50 percent of households cut down important non-food expenditures. Also, 75 percent of poor households had to rely on borrowing from different microcredit and other informal sources at high interest rates, which escalated the risk of

households were not under any social protection programmes, and only 28 percent of them were receiving subsidised food items under the government's OMS programme or TCB cards. The frequency of receiving food items in a month at subsidised prices through OMS/TCB was very low, and most of the poor households had to spend hours receiving such support. This suggests that the coverage of the government's social protection programmes remained largely insufficient during the crisis time.

Fifth, the future outlook of poor households seemed to be bleak. Eighty-five percent of these households were reported to be in danger of falling into a deeper debt trap.

The aforementioned analysis suggests that it has been a challenging time for poor households in the country throughout the enlarged phase of high inflationary pressure. The uncertain global economic situation and domestic economic crisis may prolong the woes of the poor. Under these circumstances, what needs to be done? Addressing the inflationary

import sources. The government's social protection programmes for the underprivileged need to be significantly expanded as well. Food support programmes and the number of TCB cards have to be increased substantially. The amount and frequency of distribution of subsidised food items need to be enhanced. All poor people should be brought under the government's social protection programmes.

In this regard, issues such as underallocation of resources, targeting errors, lack of coordination among ministries, and corruption and institutional weaknesses must be addressed. The domestic market management in terms of market monitoring and enforcing rules and regulation to prevent anti-competitive practices remain very weak in Bangladesh, which often contribute to escalated food prices without any proper reason. Therefore, the market monitoring mechanism needs to be strengthened. At the same time, the capacity and independence of government agencies responsible for preventing anti-competitive practices by large corporations in the market need to be enhanced.

How to make sure women entrepreneurs continue to thrive

Humayra Anjumi Nabila is a research associate at Research and Policy Integration for Development (RAPID).

Lamia Shams is a senior research associate at Research and Policy Integration for Development (RAPID).

HUMAYRA ANJUMI NABILA and LAMIA SHAMS

In Bangladesh, women are taking on a pivotal role in the nation's ambitious drive towards achieving the developed country status by 2041. Over the last decades, Bangladesh has made remarkable strides in reducing infant and child mortality rates, alleviating poverty, promoting women's entrepreneurship, and improving access to education and healthcare. These accomplishments have garnered extensive recognition, with Bangladesh topping the list of South Asian countries in gender equality, as per the World Economic Forum's Gender Gap Index 2022. Bangladesh has demonstrated exceptional regional performance, having effectively bridged over 69 percent of its gender gap, thereby securing the 71st position globally among 146 countries.

The increase in the number of young female students has been substantial. At present, girls account for 49.5 percent of students in primary schools, indicating a marked departure from numbers of previous years. Meanwhile, in terms of net enrolment, female students come out on top with 97.44 percent in the primary and 79.09 percent in the secondary level in 2021. The introduction of different incentive packages (including stipend programmes for girls, provision of separate toilets, and midday meals) have encouraged female students to attend school. Additionally,

Bangladesh is on track to achieve gender parity in tertiary education, which has increased from 0.37 in 1991 to 0.80 in 2021. The increased enrolment of women in educational institutions has facilitated a surge in their participation within the labour market, signifying momentous development for Bangladesh. The expansion of educational opportunities has empowered women to perform more significant roles within the workforce.

Bangladeshi women have made notable progress in terms of their participation in the labour force over the last decade. The country's flagship export sector, the readymade garments (RMG) industry, has been a driving force for women's employment in the mainstream economy. Since the 1990s, women's labour force participation has more than doubled. However, it is currently stagnant at a low level of 36 percent. Though this is still higher than in other South Asian countries such as India (22 percent), Pakistan (22 percent), and Sri Lanka (35 percent), our share of women's labour force participation is much lower than Southeast Asian countries such as Cambodia (76 percent), Indonesia (53 percent), the Philippines (43 percent), Thailand (59 percent), and Vietnam (63 percent).

Despite the increased participation of women in different sectors, there remains a lack of dynamism in their employment. More women

entrepreneurs have initiated their own businesses and created employment opportunities for other women, but they are encountering several challenges. Meanwhile, due to the pandemic, 41 percent of women-led businesses had to completely shut down their operation. Those who continued had to either reduce in size or relocate to smaller/cheaper premises. About 17 percent of the women-led Micro, Small, and Medium Enterprises (MSMEs) had to completely close down and one-third of women entrepreneurs had to reduce business operations.

To cushion the fallout of the Covid-19 pandemic, the government rolled out stimulus packages for businesses. But, of the total loan disbursement, only 2.65 percent was received by 4,913 women entrepreneurs.

Women's access to financial services is constrained by their limited asset ownership, lack of awareness regarding credit facilities, and general social exclusion. Cumbersome documentation procedures, distance from bank branches, unsuitable financial products, and negative attitudes of staff towards women are also factors that limit women from accessing necessary capital and credit facilities required for running a business. Additionally, women's mobility constraints, socio-cultural factors, and travel safety are important considerations in work-related decisions. The poor physical infrastructure in most semi-urban, urban, and rural areas pose challenges to women's mobility outside their home. Due to this, women often struggle to access the marketplace to purchase the required resources. Moreover, while women in Bangladesh can legally sign a contract, open a

bank account, register a business, and apply for loans without the consent of husbands, there are banks and programmes that continue to require consent from male relatives or husbands. Women even face significant legal barriers to running businesses, particularly those that are deemed to be physically arduous or "dangerous" for them.

The government of Bangladesh, along with other government agencies, has implemented multiple policies and strategies aimed at addressing the difficulties confronted by women entrepreneurs to ensure a supportive environment for female-led businesses. In light of the various obstacles encountered by women entrepreneurs, a gender-sensitive approach must be taken to lessen the challenges. Meanwhile, burdensome documentation requirements need to be streamlined through automation and simpler procedural requirements.

Given the multifarious challenges of women's access to finance for their businesses, one potential solution could be to offer collateral-free loans through close collaboration with district women chambers. To facilitate such lending practices, the experience of SME Foundation in credit wholesaling could be explored, particularly for easing the financial constraints experienced by exporters. Despite policy support provided by national plans and the central bank, many women entrepreneurs are unable to access loans due to procedural barriers. In order to address this, loan application procedures could be simplified and more lenient payment terms could be offered. In addition, a dedicated business promotion and capacity building intervention should be undertaken to promote women's participation in businesses.