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FOUNDER EDITOR: LATE S. M. ALI

Abandoned rail track a concern for farmers

Occupied land in Gaibandha must be returned to owners, with compensation

The story of a nine-kilometre rail track in Gaibandha – lying unused and neglected for eight years – is an old one that shows how unconcerned the relevant authorities are about monitoring the viability of infrastructure that they have constructed with public money. More appalling, however, is their disregard for the long years of suffering endured by the former owners of the land, mostly farmers, who have not been given the compensation they were promised.

According to a report in this paper, the railway line was constructed on 145 acres of land – owned by 629 farmers – between 1996 and 1997 so that rail communications could be established along with the ferry services which had changed their route. The agreement was that Bangladesh Railway would compensate the farmers for the time the line was operational, and give back the land if the track became inactive. However, the track became totally inactive in 2015 as the Jamuna Bridge offered a more efficient, quicker route and soon replaced the routes taken by the ferry services.

Unfortunately, the farmers who had given up their lands for the track allege that they have not received compensation for the last 10, 14 or even 19 years. We cannot understand why there has been no action by the government for so many years to remove the rail track, give back the land to the rightful owners, and pay off compensation to them? It is as if the railway authorities have completely forgotten that they had built this rail track on the lands of these farmers.

This is yet another example of the indifference of the relevant authorities towards those who have been affected but do not have the means to fight for their rights. The Bangladesh Railway is obligated to pay the compensation, and the fact that it has not been honouring the agreement should have come to the notice of the higher authorities a long time ago.

One of the BR engineers has said that since the rail line was operational until 2015, compensation would be given till then and that the land would be given back to the owners. No reason has been given as to why these landowners have been kept waiting for all these years. Additionally, it is not fair that they would only be paid compensation till 2015 since the land has been occupied by BR for much longer than that. The farmers should not be deprived because of the BR's inefficiency or reluctance to pay.

We urge the government to hold BR accountable for its negligence and make sure that the farmers get back their lands and are paid the compensation for all the years that they were unable to utilise them.

Relief rice for privileged groups?

Authorities must prevent misallocation of resources meant for the poor

We are quite alarmed by the findings of a recent report that brought out a disturbing reality about the distribution of relief rice in Pabna. According to the report, rice from the government's support programmes for vulnerable and underprivileged communities was diverted to privileged organisations, including officers' clubs, press clubs, and other social clubs. This is a gross violation of the intended purpose of such relief efforts. It also highlights a significant flaw in the management of relief materials that made it possible.

According to the guidelines set forth by the disaster management and relief ministry, relief assistance is specifically designed to aid the poor, ultra-poor, disaster-affected individuals and families, malnourished children, etc. It also extends to government and non-government orphanages. Organisations like these are the ones who are supposed to get relief support. However, in Pabna, many entities that do not fit the above description got tonnes of relief rice (so that they can sell those and use the proceeds for their own purposes). Particularly, the involvement of officers' clubs – populated by public officers who are already well-compensated – is most unfortunate. This not only goes against the spirit of the government guidelines, but also perpetuates a system of inequality and abuse of resources.

The justification provided by some of the recipient organisations is equally troubling. Claiming that they received the rice following "due procedure" and that they had various "needs" does not absolve them of responsibility. The fact remains that the relief rice should have been allocated only to organisations and communities that meet the specified criteria of vulnerability and need. That it didn't happen indicates the lack of proper monitoring and oversight on the part of those in charge of our social support programmes.

Of course, this is not the first time that such incidents have happened. In fact, over the last few years, particularly since the outbreak of the pandemic, we have had multiple reports on how the social support schemes have been compromised by the inclusion of underserving recipients. Many well-off and politically connected individuals who shouldn't have been on the government-prepared lists of beneficiaries were included, while many who deserved the help were either exploited or totally excluded. The latest incident only shows that nothing has been done to rectify this situation.

We urge the government to conduct a thorough investigation into the Pabna incident. Those responsible for misallocating relief rice should be held accountable. Additionally, there should be a comprehensive review of the existing relief distribution process to ensure that it remains fair, efficient, and targeted towards the most vulnerable populations.

Surging government borrowing portrays a grim future

OPEN SKY

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Government borrowing from the banking sector has been rising alarmingly since the end of the pandemic. The government took around Tk 98,000 crore in loans from Bangladesh Bank in the 2022-23 fiscal year – which was 44 percent of the total deficit, suggesting excessive borrowing. Borrowing is used to plug the budget deficit, but enough acumen on economics and finance must be exercised to decide the sources of borrowing since different sources can lead to different repercussions on growth and the economic future. Recent trends seem to care too little about the wise art of deficit financing.

Since we are sure that the FY2024 budget is not headed in a good direction – because of its underestimation of inflation and overestimation of growth – let us take the revised budget of FY2023 as an example to visualise the ever-growing fiscal anaemia. Just 10 years ago under the same regime, the FY 2013 budget displayed its deficit as 23 percent of the budget, according to calculations derived from official figures, suggesting that the government managed Tk 77 when the budget was assumed to be Tk 100. The fiscal capacity of that magnitude was not too bad, though the government then vowed to increase its revenue capacity every year ahead. Ten years later, the budget eventually delivered a picture of the dwindling fiscal capacity. A budget of Tk 100 in FY2023 required deficit financing for Tk 34 while it should have been below the 23 percent that was possible a decade ago.

If this trend of chronic fiscal incapacity continues, a 10-year projection from now would land the nation at a budget deficit of around Tk 44 or so out of Tk 100 – which will be disastrous if the government's taxing capacity cannot be rescued from the disease of pampering the super-rich. Not displeasing the oligarchs and tycoons by imposing progressive tax rates on them lies at the root of the gradual collapse in our fiscal capacity, whose pernicious impact has been pushing the banking sector from bad to worse. And the finance sector is heading to an unsustainable state thereby depicting a grim future for the nation.

While borrowing from other commercial banks will create crowding out effects by depriving the private sector from availing loans, borrowing from the central bank is a double-edged sword for stoking inflation and promoting further fiscal incapacity. The stubbornly high inflation at double digits, and the government's increased fiscal borrowing over the post-pandemic years, are bitter testimonies to the claim that a bleak future for the economy looms on the horizon unless the finance ministry pulls the bridle of the fiscal spending and accelerates its capacity to increase the amount and base for tax collection. The government should consider building a separate ministry for the entire revenue collection system since the finance ministry shows no improvements regarding expected tax collection.

The FY2013 budget occupied 18.24 percent of GDP while the government was able to manage 14 percent of GDP as revenue. The FY2023 budget captured an even lower share of GDP, only 14.9 percent, while the government's revenue management reached another low at 9.9 percent. The revenue-to-GDP ratio should naturally step up as an economy moves up on the development ladder. Of course, the economy is developing but the super-rich are not contributing the fair share of their increased capacity to the public coffers simply because the tycoons can make public institutions act in their favour and eschew paying appropriate taxes in order to balloon their fortunes.

This kind of symbiotic relationship between the affluent and the regime is perilous for the future of the economy. And the relationship has recently turned into hyperactive endorsements from both sides as the election bell rings. The FY2024 budget projects to increase the revenue-to-GDP ratio to over 20 percent in the future. No matter how farcical that kind of utterance is, the ministry did not give any timeline, implying the vagueness of the statement. In contrast, take, for example, the growing economy of Vietnam where the average revenue-to-GDP ratio from 2020 to 2022 has remained above 15 percent.

In Bangladesh, 63 percent of the fiscal deficit of the FY2023 budget was financed from domestic sources, and the remaining 37 percent from foreign counterparts. The banking sector alone gave 52 percent of the fiscal deficit while the amount borrowed from the central bank was as high as 44 percent. The "beauty" of borrowing from the central bank is that eventually the government does not pay anything for the interest burden because the central bank's income is ultimately the government's earnings. That is why most emerging governments prevent this damaging practice from happening by imposing a law against this kind of easy debt monetisation. India passed the Fiscal Responsibility and Budget Management Act, 2003 to stop automatic monetisation of the fiscal debt. Bangladesh requires a similar act to check the current trend of fiscal trespassing into the territory of the central bank.

The worst effect of the government's borrowing from the central bank surfaces through the high-octane pressures on inflation – different from that of other modes of financing. The central bank gives high-powered money to the government, and it has higher multiplier effects on money creation. Thus, borrowing from Sonali Bank versus Bangladesh Bank is fundamentally different in fuelling inflation. The magnitude is much higher once the government borrows money directly from the central bank. That is another reason why Bangladesh's inflation even in July 2023 remained over double digits, while the inflation rate for other comparable economies including India has dropped to almost half of ours.

The government's borrowing from the banking sector over FY2024 will be even higher, as predicted. The default loans will go up as the trend suggests. Businessmen will prepare excuses, citing political disruptions in the lead-up to the upcoming national election. The pressure from both the government and the habitual defaulters will squeeze the lending space for banks, making the cost of funds more expensive for small and medium-sized enterprises (SMEs). This will discourage investment, which will in turn impede GDP growth and growth in employment. The only rescue plan from this conundrum is to drastically enhance tax collection from business groups, noted tycoons, habitual defaulters, and doubted money launderers. There is no Plan B in this respect.

VISUAL: SALMAN SAKIB SHAHRYAR

Lost childhood, wasted potential: We must put an end to child labour

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RABIUL ALAM

Child labour remains a persistent issue in Bangladesh, as evidenced by the recent National Child Labour Survey-2022, which reveals a concerning rise of 4.5 percent in child labour over the past decade. Many children have dreams and aspirations of what they want to become in the future. However, child labour drastically limits their possibilities and crushes these dreams, as they are forced to accept their current circumstances instead of working towards a brighter future.

The harsh reality is that, over 17.76 lakh children (or approximately 8.90 percent) aged 5-17 years are victims of child labour in the country, according to the survey conducted by Bangladesh Bureau of Statistics (BBS). This alarming increase calls for immediate action and a united effort, particularly from the government, NGOs, INGOs, and private companies which have corporate social responsibility funds.

Bangladesh has taken legislative measures to combat child labour through key laws such as the Bangladesh Labour Act 2006 and the Bangladesh National Child Labour Elimination Policy 2010. The latter policy aimed to eradicate hazardous child labour from the country by 2015, aligning with the Millennium Development Goal. However, the aforementioned survey's outcomes have exposed the dire reality of our current situation, revealing how far we have fallen behind in achieving our objectives. The enforcement of these laws must be strengthened. For one, the government should allocate sufficient resources to ensure that child labour is strictly prohibited and that violators are brought to justice.

It is commendable that some NGOs and INGOs like Unicef, Caritas Bangladesh's Alokito Shishu Project, and Plan International are wholeheartedly dedicating their work to improving the lives of underprivileged children. But it is imperative that the government take a leading role in coordinating and strategising efforts. By creating a comprehensive plan that aligns with the objectives of all child-focused organisations, the government can ensure that resources are optimally utilised, duplication of efforts is minimised, and a unified approach is adopted in tackling the issue of child labour.

According to the BBS survey, income inequality, economic injustice, and discriminatory social structures are among the root causes driving children into the workforce. These factors deny children the opportunity to receive education, exposing them to exploitation and hazardous work environments. To tackle this crisis comprehensively, all stakeholders must come together to address certain key issues.

The government should provide adequate funding, technical support, and monitoring mechanisms to empower organisations to carry out their crucial work efficiently and sustainably. Together, through strong partnerships and a shared vision, these entities can work towards eradicating child labour and creating a safer, healthier, and more promising future for the country's children.

Education is a fundamental right and a powerful tool to break the cycle of poverty and child labour. The government should invest more in the education sector, making quality education accessible to all children, regardless of their socio-economic background. NGOs and INGOs can contribute to this effort by establishing schools in vulnerable areas and providing educational opportunities for underprivileged children.

Many lower-income families resort to child labour due to financial hardships. To address this, the government and private companies should focus on creating employment opportunities and promoting fair wages for adults. Skill development programmes can also empower parents to secure stable jobs and provide better for their families.

Public awareness campaigns can be a powerful tool in highlighting the detrimental effects of child labour on children's physical and mental well-being. By fostering a collective sense of responsibility, society can advocate for the eradication of child labour and create a more supportive environment for children. Private companies with corporate social responsibility funds can use those to invest in community development initiatives, support education programmes, and implement responsible supply chain practices to ensure that their products are free from child labour.

Authorities must improve child protection mechanisms, ensuring that child welfare is a top priority. This involves identifying and rescuing children from hazardous work situations, providing them with rehabilitative services, and monitoring their well-being.

The issue of child labour in Bangladesh is complex and deeply entrenched, but it is not insurmountable. With concerted efforts and a firm commitment to the welfare of children, progress can be made. It is crucial that all entities with the required means and resources step forward and play their part in securing a brighter future for the children of Bangladesh. Let us unite in our resolve to end child labour and ensure that every child can enjoy their childhood, pursue an education, and fulfil the dream of a more promising future.

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