

Downfall of remittance again

Time to rethink our fixed exchange rate policy

In what is undoubtedly a worrying development, remittance has fallen by 21.5 percent in August – the steepest decline since the peak of the pandemic in 2020. According to the Bangladesh Bank, August's receipts are the lowest in six months. The latest development signals yet another blow to the country's dwindling dollar reserves, which stood at \$23.06 billion on August 30 and is projected to slip below the \$23 billion mark this week. For a country so dependent on remittance earnings, the situation is beyond concerning.

The decline in remittances – despite an increasing number of Bangladeshis leaving for jobs abroad – has become a persistent trend in recent times due to the growing use of unofficial channels, i.e. hundi. What is most frustrating is that economists have been endlessly warning about the wide difference between the market exchange rates in the official and kerb channels that continues to sway workers to choose the latter. Last Thursday, the exchange rate in official channels was set at Tk 109.5 per dollar, while the rate at kerb market prevailed around Tk 117-118 per dollar. According to a report by this daily, even private banks who can offer more to remitters have to follow the low rate fixed by the Bangladesh Bank. Now, with the growing number of informal channels online, which easily allows them to transfer money and with higher rates, remitters are increasingly eschewing the cumbersome formal process. Can we even blame them?

Instead of wasting energy on chasing those who make and choose the channel of hundi, the authorities should, first and foremost, acknowledge that the taka's artificial overvaluation is the primary reason that hundi has mushroomed over the years. We urge the Bangladesh Bank to pay heed to the warnings of our economists and urgently rethink its misguided policy of artificially fixing the exchange rate. It goes without saying that, given the current volatility of our economy and our ever-dwindling forex reserves, we can no longer afford to stay complacent about the consistent dip in remittances.

It is widely known that workers also prefer informal channels due to the lack of external fees and higher accessibility compared to banks. The government should therefore give further incentives to exchange houses to alleviate the fees of remittances and let private banks develop their own apps for workers to seamlessly transfer their hard-earned money back to their families.

Have we abandoned the street children?

‘Dandy’ abuse is a symptom of deeper socioeconomic issues

We are deeply concerned about the widespread abuse of “dandy” – an adhesive glue widely available in hardware stores – among street children in Bangladesh. This toxic substance contains toluene, among other harmful chemicals, which causes intoxicating hallucinations, euphoria, and dizziness. A recent report in this daily has highlighted that street children primarily consume it because it helps them forget their hunger and detach themselves from the tough reality they live in. It is tragic that for most of these children, who earn less than Tk 100 a day, this glue is more affordable than food.

Reports show that, despite multiple studies and mitigation initiatives from government and non-government organisations, drug abuse is still prevalent among this extremely marginalised and deprived segment of our population. We find it appalling that most of these children are growing up in absolute neglect, abandoned by society and the state. The mitigation efforts, especially from the government, still heavily rely on persecution of the user, or rehabilitation programmes which are very limited in scope and scale. It is high time our policymakers understood that drug abuse among street children is a socioeconomic problem that cannot be solved through ad hoc and insensitive responses.

Studies show that broken families, lack of parental care, poverty and unemployment pushes these children towards homelessness and drug abuse. Many of these children are victims of physical abuse, forced prostitution, and even harassment from law enforcement personnel. It should come as no surprise that without any hope for a better future, these children feel abandoned by society, which in turn can lead them to abandon social norms and customs. As a result, many of these children tend to become addicted to other hard drugs and get entangled in small-scale criminal activities.

When asked, most of these children express a desire to attend school and get out of drug addiction and poverty. Like every citizen of this country, these children deserve an opportunity to lead a respectful life. We expect more sincerity from the government to address the underlying socioeconomic issues and take a comprehensive approach to safeguard street children from drug addiction and homelessness.

New Message

To

Subject

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Demystifying BRICS and the stakes for Bangladesh



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SELIM RAIHAN

The BRICS bloc, when formed, created the hope to serve the common interests of Global South – the developing countries and the emerging market economies. The world economy has witnessed an unprecedented growth of emerging market economies and developing countries, with their share in global GDP rising from less than 40 percent in 1990 to almost 60 percent in 2022. Also, between 1990 and 2022, the combined share of developing countries in global export trade reached close to 40 percent from just about 20 percent. Trade between developing countries increased by an average annual rate of 10 percent since 2000, hitting \$5.3 trillion in 2021. During the same period, world trade grew at a slower 5.5 percent. Although impressive growth performance has characterised many developing countries, the rise of BRICS economies has widely been recognised as the defining features of the advanced south, paving the way for a world economy with an increasingly multi-polar character.

The era following the 2008 global economic crisis marks the relative decline of the West, the end of the post-Cold War unipolar moment, and the rise of China and other major economies, all of which are challenging the current world order. The world is now fragmented due to escalated protectionism, explicit and implicit trade wars, and the emergence of regional mega blocs like RCEP, CPTPP, TTIP, etc. While the current centres of gravity for global politics and economics are Asia and the Western Pacific, geopolitics is now taking new turns due to the growing gap between the distribution of economic and military powers, which is driving further division. These trends are likely to shape the future of the world order.

Despite the much-created hype, there are doubts whether BRICS, as a bloc, is capable of creating a new world order. In my view, BRICS can't become a powerful economic and trade bloc in the near future for a variety of reasons.

First, BRICS is an investment cooperation, not a trade forum. One notable achievement of the BRICS bloc is that in 2014, at the 6th BRICS Summit, the BRICS states signed the agreement on the New Development Bank (NDB). The NDB is a multilateral development bank aiming to support public or private projects through loans, guarantees, equity participation and other financial instruments. However, without comprehensive agreements in the areas of trade in goods and services, trade facilitation, intellectual property rights, and non-tariff measures, mere investment cooperation would not be meaningful. The prospect of such comprehensive trade agreements among BRICS countries seems bleak.



BRICS is still an investment cooperation, not a trade forum.

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Also, there are allegations that BRICS countries impose various restrictions on investment from each other. In July 2023, India rejected Chinese automaker BYD's \$1 billion investment proposal to build electric cars and batteries in India in partnership with a local company. Allegedly, security concerns with respect to Chinese investments in India have been flagged by the Indian authorities. Certainly, such concerns are not helpful for BRICS to emerge as a powerful platform for investment cooperation.

Second, the bilateral political relations among some of the BRICS countries are not smooth and favourable. Also, the bilateral political animosity between the US and China and between the US and Russia affect the internal political relations within the BRICS countries. On top of these, the bilateral political relation between China and India, the two largest economies in BRICS, is tense and, in recent years, has been dwindling. In contrast, currently, India and the US maintain close relations, common interests, and collaboration on issues such as counterterrorism and countering Chinese influence in the Indo-Pacific region. India is a member of the QUAD, which was allegedly formed to contain the rising influence of China in the Indo-Pacific region. While India was part of the initial Regional Comprehensive Economic Partnership (RCEP) negotiations; allegedly, due to the growing political tension between India and China and

with each other, the prospect of BRICS emerging as a powerful entity will remain bleak.

Third, the much-hyped BRICS currency is not feasible. As long as the economic differences between the member countries remain considerable, and an inherently strong mood of non-cooperation continues between India and China, the common currency is unrealistic. However, bilateral currency swaps (as it is happening on some scales between China and Russia, and between India and Russia) may continue to reduce dependency on the US Dollar.

Fourth, the recent inclusion of the six new members – Argentina, Ethiopia, Saudi Arabia, Iran, UAE and Egypt – in BRICS doesn't provide a clear and solid roadmap for the BRICS to consolidate power and redefine global governance into a “multipolar” world order that prioritises the voice of Global South. The inclusion of Saudi Arabia, Iran, UAE and Egypt seems very Middle East-centric, which has more oil-centric, socioeconomic, geopolitical and geopolitical implications, rather than representing the interests of the Global South. To emerge as the voice of Global South, BRICS needs to work out its expansion plan carefully.

What are Bangladesh's stakes in BRICS?

Bangladesh has strong economic aspirations to become part of a forum like BRICS. Both China and India are Bangladesh's major trading partners, growing sources of external

US. While Bangladesh needs effective and enlarged trade and investment cooperation with all three, it is becoming increasingly difficult to maintain a reasonable balance due to the pressure coming from these countries out of their geostrategy and geopolitical interests, and for Bangladesh to handle this pressure in the contexts of conflicting domestic politics, weak institutions and governance.

Finally, graduation from the LDC status by 2026 will bring new challenges for Bangladesh. Among the BRICS nations, China and India are Bangladesh's two largest import sources. Bangladesh, as an LDC, gets duty-free facilities for the export of all products to India, except for 25 liquor and tobacco goods. In China, Bangladesh's exports receive duty-free treatment in 98 percent of tariff lines. In the post-LDC era, unless Bangladesh signs free trade agreements (FTAs) with India and China, it will lose its preference in these markets. Our country hasn't signed any bilateral FTA so far - the only success is a preferential trade agreement with Bhutan for some products. With this very limited experience, no doubt, Bangladesh needs to do proper homework while negotiating FTAs with India and China in the coming days. Even if the country is able to join BRICS in the future, how effectively it manages its trade, investment, and strategic relationships with India and China will also be critical factors for realising its own benefits out of BRICS.

READERS' POV

Why are our passport services so insufferable?



Abdullah Iftekhar Chisty is an entrepreneur who splits his time between Bangladesh and the UK.

ABDULLAH IFTEKHAR CHISTY

Recently, I walked out of, or rather escaped, a passport office in Chattogram after failing to complete the biometric enrolment for myself and my two sons. At that time, I was filled with rage, frustration and shame just thinking about what the citizens of Bangladesh have to suffer to avail such a basic but crucial service. Really, why do we have to run a gauntlet for something so necessary as a passport?

My children reside abroad, and we are dual citizens of that country and Bangladesh. When I compare the due processes to get a passport of these two countries, it's just depressing to see what goes on at Bangladesh's passport offices. The neverending queues, the unbearable heat, the lack of customer service, and the ensuing chaos – I don't even know how I should

start my traumatising story. It's mind-boggling to think that an office is probably contributing towards making its service worse!

A new Bangladeshi passport cost between Tk 4,025 and Tk 13,800, depending on the type, size, length of validity and urgency. Since it's not a free service, we are all customers who are entitled to a facility that is simple, comfortable and swift. But our passport offices are the complete antithesis of this. It's evident that the government is generating heaps of revenue from the thousands of customers availing passport-related services every day. So, we have the right to ask why this dismal condition of service still persists, and point our fingers at those responsible.

Applying for a passport in the

other country is a simple online or postal process. We don't even need to send a passport-size photo; it's as simple as taking a photo in front of a white background – that, too, with your phone – and uploading it to the site. Now, I don't expect the process to be so simple in Bangladesh, and acknowledge that implementing this will take time. But considering the importance of such a service and the substantial revenue the country rakes in, Bangladesh shouldn't be this abysmally behind the curve.

Why don't the authorities open more service centres to prevent overcrowding, and the chaos that accompanies it? We have a well-established National ID database, which contains biometric data of a large part of the population. Surely this database can be used to streamline the process to get a passport? Why must children spend an entire day (missing out on classes and recreation) amid the horrendous office environment when the authorities can just set automated appointments? While we're at it, why are the service centres so understaffed, and why does the staff misbehave with paying customers? Why is there no proper system in place to set a time

for the customer to arrive, queue up, go through the various processes and exit, being satisfied by the fact that they got their money's worth? There are so many more questions I could ask, but I would run out of space.

As we are all aware, our country is going through a difficult financial situation amid rising inflation and depleting foreign exchange reserves. We are very quick to highlight the garment industry and its crucial role in our economy. However, millions of hard-working people make equal (if not more) contributions by going abroad and toiling in unforgiving conditions, with the goal to send their earnings back to Bangladesh. The most important services these expats probably avail within Bangladesh are those related to the passport office. I leave it up to the readers to work out the significance of passport services when considering this situation.

As for me and my kids, we did not complete the application process and have no plans to go back and try again. It's a shame because the Bangladeshi passport reflects our identity, which we like to keep updated and in hand. But I'm not going to put my children through hell and back for it!