

Restore normal business conditions

Address the plight of low-income workers, entrepreneurs

A falling tide lowers all ships, so it is natural that the recent disruptions in the country would hit every economic sector, but there are some that have been hit harder than others. These units or groups, comprising low-income workers and entrepreneurs, belong to the lower strata of our economy and, as such, rarely feature in policy decisions even during critical times such as now. According to various reports, the nationwide curfew and internet shutdown, while aimed at restoring order after the unprecedented violence that erupted since July 18, have exacerbated the hardships faced by daily wage earners and small business owners, pushing many to the brink of financial ruin.

A report from our Khulna correspondent highlights the sufferings of low-income workers including hawkers, porters, cobblers, transport and construction workers whose earnings have plummeted. This is not just in one city, but across urban centres in the country. Day labourers, who typically find work at busy intersections, are having to wait for hours with little success. Homeowners are hesitant to resume construction works leading to a slump in employment. Many, as a result, are being forced to borrow to survive. Many are turning to alternative means of livelihood, earning a fraction of their usual daily income. Even the relaxation of curfew hours hasn't helped much, thanks to the climate of fear created by the block raids and mass arrests conducted by security forces which is causing further economic distress.

This dire situation in informal economy is being mirrored in the entrepreneurial sector as well. According to the 2013 economic census by Bangladesh Bureau of Statistics (BBS), there are over 78 lakh entrepreneurs in the cottage, micro, small, and medium enterprises (CMSMEs), a number that must have multiplied by now. The recent disruptions and disturbances have severely impacted production, sales, and marketing activities for most SMEs. Add to that preexisting challenges such as high inflation, rising interest rates, and increased costs for services like gas and electricity. Online-based entrepreneurs and workers have been hit particularly hard, thanks to the internet restrictions, which nearly halted their operations. The e-commerce and f-commerce sectors, including over four lakh businesses, rely heavily on internet to deliver over seven lakh products daily. Against this backdrop, the restoration of mobile internet yesterday, without granting access to key digital mediums like Facebook, TikTok, and WhatsApp, is unlikely to bring much relief.

All this paints a disturbing picture of the struggles of low-income workers, employees and entrepreneurs who are passing their days in hardship and uncertainty. They were already in trouble before the dual assaults of curfew and internet blackout, owing to the impacts of Covid and other external and internal problems, and the government's failure to handle the violent backlash from quota reform protests has only intensified it. It is, therefore, imperative to urgently restore normal business conditions, particularly by fully reopening internet services. Small businesses and low-income workers and employees are the backbone of our economy. The authorities must remove all barriers to their survival.

Ensure FDI inflow isn't badly hampered

Govt has a lot to do to recover business and investor confidence

Violence centring around the quota reform movement, a five-day total internet blackout, and the ongoing curfew have naturally shaken foreign investor's confidence in Bangladesh, which must be addressed. According to a report in this daily, the country needs to attract foreign direct investment (FDI) equal to 1.66 percent of its GDP annually to become an advanced economy by 2041. But in 2022, Bangladesh's FDI inflow amounted to only 0.75 percent of its GDP. Bangladesh Bank data shows that in 2023, net FDI inflow fell to \$3 billion, a decrease of 14 percent from \$3.5 billion in 2022. Against this backdrop, the confidence crisis caused by recent events becomes more concerning.

When it comes to attracting investors, a country's reputation as a reliable investment destination is vital. Investors already had a number of issues with Bangladesh in that regard. Problems like corruption, bureaucracy, anti-competitive procurement system, violation of intellectual property rights, and inconsistent policy shifts have all been previously identified as barriers to Bangladesh attracting higher FDI. With several international rights organisations and foreign countries having identified a number of human rights violations during the government's brutal crackdown on protesters recently, the country's image as an investment hub has surely taken a further hit. And this crisis cannot be quantified, as explained by the president of the Foreign Investors' Chamber of Commerce and Industry (FICCI).

The modern nature of business is such that all business activities around the world have become tremendously dependent on the use of the internet. The five-day total internet shutdown—along with the fact that internet services across the country are yet to be fully restored—has had a massive impact on all businesses. And although the country is slowly recovering with limited online and physical connectivity, full operations are yet to be revived.

On top of that, foreign investors with a stake in the export sector are anticipating losses and increased expenses due to overtime bills. Some of them will now have to go for costly air shipments to make up for lost time and meet their lead times. And the uncertainty that many businesses and investors faced during the internet outage have made them particularly antsy, with many foreign investors raising questions about the country's political stability.

Even though the government has remained confident about the country's ability to attract FDI despite recent turmoil, we believe there is a lot that can, and should, be done to regain investors' trust. First, the government must urgently restore full internet services, and reinstate normalcy by lowering tensions within society at large. It also needs to take all necessary steps to ensure a positive business environment that is conducive to attracting investment, and that can largely mitigate the losses businesses suffered.

The responsibility lies squarely with the government



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Over the last few days, we went through an unexpected, uncertain, and cruel experience. It felt as though we were living in very disturbing times—the students and citizens on the one end and the government on the other. The problem that fuelled the frustration among people was avoidable. The government showed us how to take a solvable problem and make it complicated—how to increase people's anger and frustration.

The resistance was increasing on par with the viciousness of the attacks. We saw a multitude of student sections join in later as the attacks increased. First we saw it begin at public universities and public colleges. When these students came under attack, we saw the private universities join in. Then we saw the colleges and even many school students join in. As the attacks became more and more violent, the courage of the protesters continued to increase as well.

This level of bloodshed prompted the government to announce quota reforms, albeit belatedly. If they had acted a week earlier, this bloodshed and financial losses could have been avoided, and lives could have been saved. Our country's informal sector is vast, and everyone in it has been harmed either physically or financially.

The first action taken to stop the protests was vacating the student residential halls at the universities. Law enforcement members, along with Chhatra League and Jubo League, ran the operation to forcibly remove students from their halls and campuses. There is a good number of students in Bangladesh who live in rented homes near their educational institutions. Chhatra League and Jubo



FILE PHOTO: AMRAN HOSSAIN

A member of police is seen opening fire during the unrest centring the quota reform movement in Dhanmondi, Dhaka on July 19, 2024.

League activists even went to their homes and forced them to leave. Some students that I know, who study in Chattogram, were made to leave like this and when they tried to go back to their homes, the curfew had already started. So they were stranded on the roads with nowhere to go. These kinds of stories are abundant.

I taught at Jahangirnagar University for 40 years. The university campus is filled with lakes and trees. I am used to seeing students roaming around on their beautiful campus surrounded by nature. But on TV, I had to see the same campus streets filled with big police cars and armoured vehicles. I saw law enforcers firing tear shells and sound grenades. They were firing guns on that campus. The students were trying to hide in bushes! The teachers were also trying to save themselves from the attacks. The sound of birds chirping and students' conversations and laughter were replaced with the sounds of gunshots and sound grenades. This was painful for me to see as a teacher.

The closest we have witnessed to this event was 41 years ago. In 1983, at one point, the army cracked down on students, torturing them and forcing them out of the residential halls to sit

the numbers of those injured and dead increased, even more people joined the protests.

Such indiscriminate violent attacks on students and civilians are unprecedented in Bangladesh's history. We have never seen such a high death toll in any protest in Bangladesh, even during the Pakistan regime, apart from the Liberation War. Conservative estimates suggest the death toll may exceed 200, with thousands injured. Those who survived with injuries are suffering silently; their plight is often overlooked. Simply being alive is not enough—they should be acknowledged and supported.

The way in which the situation deteriorated since July 16 was unimaginable. We saw students getting attacked in multiple ways. First we saw the ruling party's student body attack general students. News reports say the police joined in, then Rab, and then the BGB. And finally, the army and curfew were added to the mix, indicating the seriousness of the situation.

My study has a window where I find solace. While working, I look at the open sky to break the monotony. I had a horrifying experience these last few days, watching helicopters come and go, firing from the sky. I saw

smoke emanating from the helicopters with deafening noise. Later, I learnt that they were firing sound grenades, tear gas, and possibly bullets, despite officials denying that. I witnessed these events with my own eyes. I read reports stating the victims ranged from three-year-olds to 70-year-olds.

This level of bloodshed prompted the government to announce quota reforms, albeit belatedly. If they had acted a week earlier, this bloodshed and financial losses could have been avoided, and lives could have been saved. Our country's informal sector is vast, and everyone in it has been harmed either physically or financially. Those who have been injured are burdened with the additional expense of their medical treatment. Their traumatic experiences will haunt them for life. None of this would have happened if the government had shown responsibility and heeded the legitimate demands of the protesters, rather than rigidly sticking to its ways.

Even the quota reforms announced by the government lack transparency. They did not consult the stakeholders and protesters. Decisions were made unilaterally, neglecting those deserving the quotas. The movement aimed not to deny the minority groups their quotas, but to ensure fair and sustainable distribution.

The government's failure to seek sustainable solutions in 2018 and its recent unilateral decision reflect insensitivity and exclusion, causing dissent among various groups. Despite claiming to have agreed to all demands, the government has failed to address the deaths and damages incurred over the past two weeks. It has not taken adequate steps to ensure justice or hold those responsible for the injustice accountable. There is no indication that it will take action in the future. The government's aggressive stance is evident even now with indiscriminate harassment and arrests of the people.

I believe the responsibility lies squarely with the government, which must stop harassing the youth and people in general. It should come out with the list of killed and injured people along with credible investigations to identify the list of responsible groups behind the loss of lives and damage to properties.

In fact, steps towards democratic transition and establishing people's authority should be brought to discussion. We don't want to live in a long-term state of civil unrest in Bangladesh, which is already showing dangerous signs. Indeed, democratic transformation in the real spirit of the Liberation War is the only viable path forward.

FIRST BUDGET OF MODI GOVT 3.0

Political exigencies and beyond



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India's annual budget is always as much an economic statement as it is political. And the first fully fledged annual budget of Prime Minister Narendra Modi's third successive term clearly reflected the changed political realities after the recent national elections saw the Bharatiya Janata Party (BJP) posting a below-par performance, missing the majority mark in the Lok Sabha and being forced to depend on the support of its allies for survival.

When Modi retained almost all the members of his second cabinet with the same portfolios in his third tenure, many analysts were tempted to wonder if he would be a changed man in his third term without a clear majority. But the July 23 budget proposal indicates change has begun to set in, taking a cue from the recent national election results.

Statistics don't always reveal the full reality. But they don't hide the reality either. The budget clearly reflects three major political realities that Modi-led BJP has come to terms with post-parliamentary elections. First, it lacks a majority on its own after having enjoyed the same for a decade since 2014. Secondly, as a logical consequence of the first, Modi is critically dependent on the support

of his major allies, Telugu Desam Party (TDP) ruling Andhra Pradesh having 16 lawmakers and Janata Dal (United) governing Bihar with a dozen MPs. Thirdly, the budget has acknowledged what Modi and BJP are loath to accept in public: that unemployment, an issue forcefully brought up during the electioneering, is among the crucial factors responsible for pulling down the saffron party's numbers.

There is little doubt the FY2024-25 budget has kept in mind the reality of changed numbers in the 18th Lok Sabha. It is, therefore, no surprise that Finance Minister Nirmala Sitharaman loosened the purse strings for TDP and JDU with a surfeit of development schemes for Bihar and Andhra Pradesh. She announced funds for early completion of a key irrigation project, industrial development of Andhra Pradesh, infrastructure like water, power, railways and roads, and additional allocation towards capital investment for economic growth of the state and grants for backward regions. Bihar got support for capital investments in the development of road connectivity projects in the state at a cost of 26,000 crore rupees. Expressway over the Ganges River, a new 2,400MW power plant,

new airports, medical colleges and sports infrastructure in the state are among the other promises made in the budget, reflecting BJP's political exigency. By keeping the two parties in good humour, Modi has underlined his intent for ensuring political and macroeconomic stability.

Implicit in the budgetary promise to pump in \$24 billion to be spent in the next five years to create jobs is that the problem of joblessness has been staring at the economy. India's official unemployment rate in urban areas is 6.7 percent, but the Centre For Monitoring Indian Economy (CMIE) pegs it at 8.4 percent. The government's economic survey, presented in parliament a day before the budget, says the Indian economy needs to generate an average of nearly 78.5 lakh jobs annually until 2030 in the non-farm sector to cater to the rising workforce. The budget has sought to engineer a fine balance between supporting job creation and skilling, envisaging \$32 billion for rural development this year alone and promoting agriculture, along with continued focus on infrastructure spending without sacrificing fiscal prudence.

Sitharaman announced three schemes for "employment linked incentive" as part of the prime minister's package. These will be based on enrolment in the provident fund with focus on recognition of first-time employees and support to employees and employers. The other budgetary measures aimed at boosting employment include incentives for companies to train staff as well as cheaper loans for higher education. There is also a substantial amount of welfare to be spent on women-

led development and the agriculture sector covering a large part of the electorate. The government has ample resources to increase spending without jeopardising its fiscal deficit plans due to a significant windfall of \$25.3 billion from the Reserve Bank of India and a surge in tax revenues powered by the economy's expected growth of over seven percent this fiscal year.

The budget is also providing for the MSME sector with the help of a credit guarantee scheme to help the manufacturing sector obtain loans to finance their purchases of machinery and equipment without collateral or a third-party guarantee. In doing this, the government is apparently mindful of a perception, right or wrong, that it is pro-big corporate houses. It is not coincidental that the economic survey points out that the corporate sector has not done its bit to help job creation despite the union government cutting taxes in September 2019 to facilitate capital formation. According to the survey, "... Between FY20 and FY23, the profit before taxes of the Indian corporate sector nearly quadrupled... hiring and compensation growth hardly kept up with it."

The opposition Congress has dubbed the budget as a "kursi bachao" exercise, an unstated reference to the budget pandering to the wish lists of TDP and JDU. But there is another important messaging in the Modi government's outreach to its two regional allies: that of signalling to other powerful regional parties which are outside the BJP-led alliance that they, too, can have a share in the federal government's much bigger power pie.