

The Daily Star

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A refreshing message of inclusivity

BNP's support for AL's democratic rights is a welcome step

We are heartened by the message given by BNP Secretary General Mirza Fakhrul Islam Alamgir who, in an interview with the UNB news agency, voiced support for Awami League's right to exist as a party and participate in elections. "Why should the Awami League be excluded from the polls if we truly want democracy? If an old political party like the Awami League wants to participate in the polls, people should have the chance to determine their fate," he said. He also suggested that the tendency to ban parties from the political processes comes from a "flawed" understanding that is neither right nor practical, referring to past attempts in Bangladesh and elsewhere.

This is a refreshing gesture that contrasts sharply with the deeply entrenched culture of exclusion and political revenge that has long characterised our politics. One may recall how ruling parties in the past, not excluding BNP, often used state machinery and bellicose rhetoric to undermine opposition voices. In fact, it was Awami League that led a sustained campaign of political subjugation throughout its 15-year rule. It is too early to say if BNP's public support for Awami League's democratic rights means the beginning of a departure from that tradition. But its message of inclusivity and reconciliation is something that the country needs at the moment.

That said, we do hope that BNP will take this positivity beyond public statements. To truly fulfil the democratic aspirations of the people and credibly support the ongoing reform drive by the interim government, it is crucial that political parties embrace internal reforms to help crystallise their visions for the country. Because, without building a political system that is responsive, accountable, and reflective of people's desires, state reforms—no matter how radical—cannot bring about much change. And BNP, as the leading party in the country now, has a major role to play in this.

BNP has yet to share a roadmap for internal party reforms in tune with the spirit of the mass uprising. Since August 5, we have come across multiple reports on how BNP-affiliated leaders, activists and professional groups attempted to take over various establishments, businesses, and sectors formerly occupied by their Awami League counterparts, fuelled by their confidence that the party is returning to power. That is a troubling development, mirroring corrupt and authoritarian tendencies from the past. The challenge for BNP then is to differentiate itself from the regime it helped to topple, which it can do by undertaking internal reforms and building a political consensus for the broader changes necessary to strengthen our democratic institutions.

Ultimately, its ability to embrace and implement political reforms will be the true test of its commitment to a better, more democratic Bangladesh. That goes for all other political parties as well.

No more violence in Khagrachhari

Govt must de-escalate tensions through proper measures

We are gravely concerned by the latest flare-up in tensions between Indigenous and Bangalee communities in Khagrachhari, mere days after some normalcy was restored there. According to media reports, the district's situation escalated again on Tuesday when a teacher was beaten to death for allegedly raping a student, leading to attacks and vandalism. This is the latest incident in a string of violent, often fatal attacks by mobs that has plagued various parts of the country since August 5.

The latest victim, Abul Hasnat Muhammad Sohail Rana, a Bangalee teacher at Khagrachhari Technical School and College who was accused of raping a Tripura student, was beaten severely by a group of 10-15 Indigenous students, and died afterwards. The schoolgirl was admitted to a hospital, where doctors said there were indications of rape. Rana's death led to armed groups chasing and clashing with each other. A Buddhist temple was vandalised while several houses and shops of Chakma and Marma people were looted and torched, violating Section 144. This is reminiscent of what happened less than two weeks ago, when four Indigenous people, including a 17-year-old, were killed in violence that erupted in Khagrachhari and later spilled over to Rangamati.

We condemn these senseless acts from all sides involved. In no way is taking the law into one's own hands acceptable, nor is using it as an excuse to instigate and engage in communal violence. Reportedly, a probe committee has been formed to look into the incident. We urge those in charge to thoroughly investigate the events and identify the perpetrators so that they can be brought to justice. Moreover, the government must take strict actions to put an end to this disturbing trend of mob violence which, in the hilly districts, has the potential to inflame communal tensions at the expense of vulnerable people. We must stop this cycle of criminality anyway possible.

The recent incidents have again highlighted how susceptible to instability the Chittagong Hill Tracts (CHT) remain. Over the decades, tensions between the Indigenous people and Bangalees have been fuelled and sustained by many actors for their own gains. It's high time this division was bridged through a reconciliation process overseen by political and community leaders. A major step in that direction would be the full implementation of the CHT Accord, which the authorities should start on an urgent basis. We must do everything to ensure that Indigenous communities in the CHT region are able to live in peace and stability.

THIS DAY IN HISTORY

Germany reunified

On this day in 1990, after four decades of Cold War division and with pressure from German Chancellor Helmut Kohl, Soviet leader Mikhail Gorbachev agreed to a unified Germany within NATO, leading to Germany's reunification.



Overcoming tax reform challenges



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Bangladesh, a country with a tax-to-GDP ratio as low as 7.5 percent—one of the lowest in the world—is unable to invest adequately in critical social sectors such as health, education, and social protection. Low revenue from taxes hinders economic growth and perpetuates cycles of poverty and inequality. Most of the challenges in addressing tax reforms have become more significant in the context of the changed political landscape in Bangladesh after the July-August mass uprising.

Reforming Bangladesh's tax system faces strong political economy challenges. While there is a need to reform policies, laws, and regulations related to taxation, equally important is undertaking organisational reform of the National Board of Revenue (NBR), especially separating its policy formulation and implementation roles. Resistance by vested interests and political patronage of corrupt business people evading taxes have tended to delay much-needed reforms.

In this regard, efforts to digitalise tax administration remains minimal, which constrains revenue collection. Effective digital tools could streamline taxation processes, reduce errors, and increase efficiency. However, due to the absence of a strong digital infrastructure and slow adoption, revenue leakage increases, hindering the optimisation of tax collection mechanisms.

As Bangladesh prepares for LDC graduation, there needs to be a progressive tariff rationalisation by adjusting trade policy in a way that it balances revenue generation and global competitiveness. Revenue losses from reduced tariffs must be compensated through improvement in direct tax measures. A progressive tax system should be adopted to ensure wealthy individuals and businesses pay a fair share of the burden, thereby reducing income inequality and widening the tax base.

The heavy reliance on indirect taxes, such as VAT and customs duty, for instance, makes the current tax structure regressive and less effective

in drawing income from higher-income individuals and businesses. Tax structure reform should increase reliance on progressive direct taxes, which would make the system not only fairer but also more efficient. A well-balanced tax structure would better capture income and wealth, with less reliance on regressive taxes that disproportionately impact lower-income individuals.



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Addressing income inequality calls for a reform of direct taxes. Revision of wealth tax, institution of inheritance tax, and a widening of the tax net to bring higher-income groups within its ambit are required. In this way, direct tax reforms can create a fairer system where a greater share of income from wealthier sections of society falls within the revenue net.

Current tax exemption practices are neither evidence-based nor time-bound, leading to revenue leakages. Rationalising such exemptions based on effectiveness analysis and consistency with overall fiscal objectives would simplify the tax code and reduce distortions, enhancing transparency—a realistic way to improve revenue collection.

Tax compliance is relatively low

in Bangladesh, while tax evasion and avoidance are high. These issues partly result from weak enforcement and limited audit capacity. Therefore, strengthening audit capabilities and implementing stringent measures against evasion are needed to ensure greater compliance with taxpayers' obligations.

The lack of confidence among taxpayers erodes voluntary compliance. And so, services provided to taxpayers need to be improved by adopting better digital infrastructure and increasing transparency. Indeed, effective taxpayer services, clear communication, and support can help foster trust. Moreover, inefficiency and corruption in tax administration must also be eliminated to improve voluntary compliance.

Governance issues in tax

administration and corruption undermine efforts to improve revenue collection. The prevalence of bribery and inefficiency lead to a loss of confidence in the tax system and, consequently, compliance. Addressing these issues requires serious anti-corruption measures supported by transparent practices and a commitment to good governance.

The presence of a large informal sector has kept the tax base narrow in Bangladesh. What is needed is a gradual formalisation of the informal sector to bring more entities into the tax net. Simplifying compliance procedures for SMEs and informal businesses can increase their participation in the formal economy.

The gig economy and digital workplaces are fast-growing sectors that make an important contribution

to employment and earnings of foreign exchange. Specialised tax strategies are needed to ensure fair taxation without discouraging growth. Policies should incorporate these emerging sectors into the tax system while providing incentives for their development.

Market-based land prices at the time of registration ensure that the revenues from local government sources are higher. Accurate valuation in line with market conditions will improve revenue collection and strengthen local government finances. Transparency in land pricing and equity will help prevent corruption and ensure people-oriented development.

Bangladesh's tax administration faces inefficiencies due to limited resources, outdated technology, and insufficient training. Modernising technology, increasing resources, and enhancing the training of tax officials are essential to streamline tax collection and enforcement. A well-resourced and technologically advanced tax administration will face fewer challenges in dealing with complex taxation issues and ensuring compliance.

Tax policy and administration are heavily influenced by political factors. The main reason for potential resistance to reforms, such as increasing tax rates or expanding the base, is the belief that these measures would be unpopular with key business interests. Overcoming political opposition requires finding a balance between reform objectives and political realities to effect necessary changes with minimal adverse reactions.

Outdated or unclear tax laws and regulations create uncertainty and inefficiencies. Regularly updating tax laws to reflect current economic conditions and international best practices can enhance clarity and effectiveness. Clear and up-to-date regulations will reduce uncertainty for taxpayers and improve overall tax administration.

Bangladesh's tax system is at a pivotal point, with significant challenges and opportunities for reform. Addressing the low tax-to-GDP ratio, overcoming political and administrative hurdles, and implementing strategic reforms are essential for enhancing revenue generation and supporting sustainable development. By focusing on direct tax reforms, rationalising exemptions, improving taxpayer services, and modernising tax administration, Bangladesh can build a more equitable and efficient tax system. These efforts will support economic growth and ensure that essential social sectors receive the investment needed to drive long-term prosperity.

resources and expertise. The shortage of skilled researchers can be tackled by incorporating research-focused training into their universities' academic programmes to emphasise critical thinking, problem-solving, and innovation. Concurrently, the provision of competitive scholarships and research grants may serve to attract and retain talented individuals within the nation. Partnerships with international universities and research institutions can also enhance opportunities for knowledge exchange and capacity development.

Moreover, to effectively connect research with practical applications, the ties between academia and industry should be strengthened. This can be accomplished by establishing technology transfer offices, collaborative research initiatives, and innovation incubators within academic institutions. The government can also contribute by implementing policies that promote collaboration, such as tax incentives for businesses that invest in university-led research and innovation. The creation of a centralised research and innovation authority could facilitate the coordination of these initiatives. Apart from these, implementing structural and policy reforms is essential to cultivate a culture of innovation. This entails promoting creativity and embracing calculated risks, recognising research achievements, and embedding innovation throughout all tiers of education and professional growth.

Research and innovation serve as fundamental catalysts for sustainable development and economic advancement. For Bangladesh, realising its full potential in these domains necessitates a holistic strategy that confronts current challenges while capitalising on the nation's inherent strengths. These initiatives will not only aid in national progress but also establish Bangladesh as a formidable participant in the global knowledge economy.

Research and innovation need a boost



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Bangladesh, characterised by its swift economic advancement and increasing population, finds itself at a pivotal moment in its pursuit of sustainable development. Although the nation has achieved significant progress across multiple sectors such as agriculture, healthcare, and education, the research and innovation landscape has not yet reached its full capacity. When assessed against global benchmarks, the research output and its impact in Bangladesh are still relatively modest. The Global Innovation Index (GII) 2023 places Bangladesh at 105 among 132 economies. Furthermore, a comparative analysis of the percentage of GDP dedicated to Research and Development (R&D) among South Korea, Singapore, China, India, and Bangladesh reveals considerable differences. South Korea stands out with one of the highest R&D investments globally, exceeding four percent of its GDP. Singapore allocates approximately 2.3 percent of its GDP, while China invests around two percent, and India commits about 0.7 percent of its GDP to R&D. In stark contrast, Bangladesh invests less than 0.03 percent of its GDP in R&D, indicating significant potential for enhancement.

A primary obstacle to research and innovation in the country is insufficient funding. This funding shortfall restricts both the scope and quality of research initiatives, hinders the acquisition of advanced technologies, and deters talented individuals from pursuing careers in research. Besides, the research infrastructure in Bangladesh, encompassing laboratories, libraries, and data centres, is mostly outdated and inadequate. Numerous universities and research institutions lack access to modern equipment and resources essential for conducting cutting-edge research. This inadequacy also impedes collaboration with international research communities that depend on advanced technologies and infrastructure.

Moreover, there is a considerable shortage of skilled researchers and scientists in Bangladesh. This issue is partly attributed to brain drain, where talented individuals relocate to developed nations in search of better opportunities. Importantly, while the education system is expanding, it does not yet sufficiently prioritise research-oriented training, resulting in a skills gap necessary for high-quality research. Furthermore, the link between academic research and industry requirements is weak in Bangladesh. The lack of collaboration between universities and industries prevents innovations from being effectively transformed into commercial products or services, thereby limiting the potential economic benefits of research.

It is essential to examine global insights prior to implementing any strategic initiatives. For example, South Korea's research and innovation ecosystem is frequently recognised as one of the most effective worldwide. The country's five-year economic development plans have concentrated on heavy industries and technology, paving the way for swift industrial growth and innovation.

Additionally, the government has established technology clusters like Pango Techno Valley, which promote collaboration among academia, industry, and research institutions, thereby enhancing innovation. In Singapore, robust intellectual property protection and favourable business environment positioned the country as a prime location for companies that focus on innovation and research. In a similar vein, the Chinese government has played a pivotal role in driving innovation through initiatives such as "Made in China 2025" and actively sought to attract talent through its Thousand Talents Plan. The emergence of technology leaders such as Alibaba, Tencent, and Huawei has further invigorated China's innovation landscape. To summarise, these nations have primarily concentrated on enhancing R&D investment, developing skills, and promoting industry-led innovation.

Drawing from global insights and the current research and innovation framework, several key strategies can be identified. First, Bangladesh must substantially boost its R&D investment by designating a larger portion of the national budget for research and innovation, incentivising private sector contributions through tax benefits, and pursuing international partnerships and funding opportunities. A national research fund, akin to those in India and South Korea, should be established to facilitate resource allocation to key research domains. Additionally, it is essential to modernise and expand research infrastructure to support high-calibre research endeavours. This includes investments in cutting-edge laboratories, high-performance computing resources, and access to international research databases. In addition, the creation of specialised research hubs and centres of excellence in critical fields such as biotechnology, information technology, and renewable energy could facilitate the concentration of