The Daily Star

FOUNDER EDITOR: LATE S. M. ALI

India's push-in policy risks straining ties

Established procedures must be followed to manage border crossings

Recent developments along India's border with Bangladesh have become a critical issue with the potential to escalate into a diplomatic crisis. The latest statement by State Minister for Foreign Affairs Shama Obaed that "the BGB has firmly resisted three to four push-in attempts" confirms reports of a surge in efforts by Indian border authorities to push so-called illegal migrants into Bangladesh. Such actions are not only unacceptable but also violate international laws and protocols governing cross-border movement.

Since the Bharatiya Janata Party's (BJP) recent electoral successes in the state legislative elections in West Bengal and Assam, anti-migrant rhetoric has taken on a more aggressive tone. In West Bengal, Chief Minister Suvendu Adhikari announced a policy of "detect, delete, and deport" to deal with alleged "illegal infiltrators" and called for the establishment of so-called "holding centres" across districts. Reports suggest that attempts to deport undocumented individuals have intensified in line with this campaign. Even more concerning are reports indicating that some individuals whose names have been removed from voter rolls on various grounds fear detention in these centres. As a result, some are reportedly attempting to cross into Bangladesh illegally.

Earlier, Assam Chief Minister Himanta Biswa Sarma triggered diplomatic tensions with Bangladesh through a series of controversial remarks on border control and illegal migration. In one instance, Sarma claimed that his government routinely transported alleged illegal migrants to the border and left them inside Bangladeshi territory at night. The statement prompted Bangladesh's Ministry of Foreign Affairs to summon the Acting Indian High Commissioner Pawan Badhe, and lodge a formal protest. Dhaka described Sarma's comments as "disparaging" to bilateral relations.

Whether through forced push-ins or individuals fleeing across borders without valid travel documents, such actions violate established procedures governing migration and border management. These practices also pose risks to our national security. In this context, State Minister Shama Obaed's assertion that the Border Guard Bangladesh (BGB) will continue to resist push-in attempts is both justified and appropriate. She is also correct in emphasising that Bangladesh cannot accept any individual without proper verification of nationality, particularly given past instances in which India's Supreme Court found that the Border Security Force (BSF) had wrongfully pushed Indian nationals into Bangladesh.

It is also worth noting that New Delhi's complaints regarding delays in the nationality verification process often overlook practical constraints such as limited consular access, legal requirements, and discrepancies in identity records. These factors can significantly slow the process and should not be interpreted as unwillingness on Bangladesh's part to cooperate.

The developments unfolding along the border appear inconsistent with New Delhi's recent efforts to improve relations with the new government of Prime Minister Tarique Rahman after bilateral ties suffered considerably following the fall of Sheikh Hasina. It is therefore incumbent upon India's central government and BJP leadership to ensure that state-level authorities refrain from inflammatory rhetoric and adhere to established international norms in addressing undocumented migration. Failure to do so risks transforming an already sensitive issue into a full-blown diplomatic crisis.

Act now to stop irregular migration

Govt must help returnee migrants rebuild their lives

It is deeply distressing that so many young people in our country continue to embark on perilous journeys to Italy, driven by the hope of a better future. While for many, the dream of prosperity abroad ends in exploitation, torture, and financial ruin, others remain missing for years. According to a recent report by this daily, at least 23 young men from Shariatpur and Madaripur have been missing for more than two years after attempting to reach Europe through irregular migration routes via Libya. The continued flow of migrants along these dangerous routes raises serious questions about the government's efforts to dismantle trafficking networks and protect vulnerable people from falling prey to them.

For years, reports of torture, extortion, detention, and deaths along the Libya-Italy route have surfaced with alarming regularity. In many migrant-sending communities, migration to Europe has become synonymous with economic success. Visible signs of prosperity achieved by some overseas workers often overshadow the risks, tragedies, and countless failed journeys experienced by others. Human traffickers and brokers exploit these aspirations, luring young people with false promises of safe passage and lucrative opportunities. Once migrants enter the trafficking pipeline, they often find themselves trapped in a system of abuse that stretches across multiple countries. Reports of ransom demands, torture, forced confinement, overcrowded detention centres, and deadly sea crossings have become disturbingly familiar.

Moreover, the returnees who are trying to rebuild their lives face a different set of challenges. Families often borrow large amounts of money, sometimes at very high interest rates, to fund these journeys. When migrants return empty-handed, the debt remains and increases. Alongside the financial burden, they also have to cope with the trauma of detention, violence and abuse. But their access to mental health support also remains limited.

We therefore urge the government to provide the necessary support for returnee migrants, including access to counselling, rehabilitation services, and livelihood opportunities to help them recover from their ordeal. Affordable credit, debt-restructuring assistance, and skills-development programmes are also essential. At the same time, the government must strengthen its efforts to identify and prosecute the brokers and trafficking syndicates. Public awareness campaigns in migrant-prone areas should also be intensified to counter misinformation and highlight the harsh realities of irregular migration. Most importantly, the government must address the conditions that continue to push young people into the hands of traffickers, while expanding safe and affordable pathways for legal migration.

As the budget nears, a word of caution on money printing

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M KABIR HASSAN

Money-printing, or monetary expansion, is often described in a way that makes it sound as if the government runs a printing press. In practice, most modern money is created electronically: the central bank credits government accounts, buys government securities, or injects liquidity into banks so that they can lend more to the state. The process may look technical, but its consequences are very real for ordinary citizens.

Bangladesh is now facing an uncomfortable mix of high inflation, still-low reserves, rising interest payments, weak revenue collection, and pressure in the banking sector. Between July 2025 and March 2026, the government borrowed Tk 1,26,102 crore from the banking system, exceeding the full-year FY2026 target of Tk 1,04,000 crore by more than Tk 22,000 crore. Revenue collection fell short, net foreign financing declined sharply, and private sector credit growth remained weak, reaching a record low of 4.72 percent in March—a sign that heavy public borrowing is crowding out productive private borrowers.

In such a situation, the temptation to rely on the central bank becomes strong. The usual sequence is straightforward: the government runs a deficit and issues treasury bills or bonds; banks or investors buy them; then the central bank directly or indirectly supports the market by purchasing that debt or providing liquidity to banks. The government gets cash to spend, and the money supply expands.

At first glance, this appears to be an easy solution. Public salaries can be paid, projects can continue, and banks can hold government securities that look safe. But creating money does not create additional rice, fuel, electricity, medicine, housing, or jobs. If the supply of goods and services does not increase along with the new purchasing power, prices rise. This is why central bank financing of government deficits is often called an inflation tax. The government avoids visible taxation, but citizens pay through the reduced purchasing power of their money.

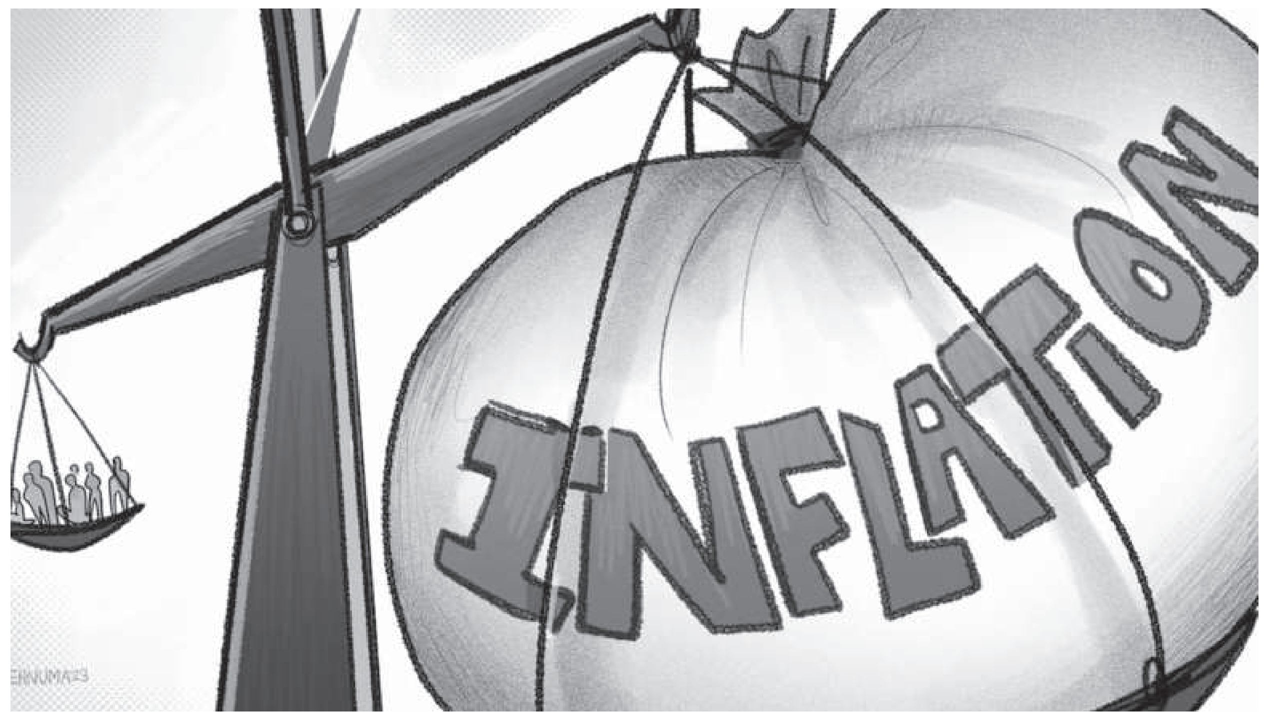
Nominal wages may rise, but real incomes fall when food, rent, transport, and utility costs rise faster. Pensioners and people with fixed incomes are hit especially hard. Low-income families, whose savings are often held in cash or small deposits, lose purchasing power quickly and have few ways to protect themselves.

Bangladesh already has an inflationary environment. Food, housing, and transport-related costs allowed inflation to leap from 8.71 percent in March 2026 to 9.04 percent in April 2026. Bangladesh Bank has kept the policy rate at 10 percent for the second half of FY26, describing its stance as contractionary and aimed at anchoring inflation expectations. But if fiscal policy keeps injecting liquidity while monetary policy tries to restrain it, the two arms of macroeconomic management will only work against each other.

This tension has become more visible after Bangladesh Bank's announcement of a Tk 60,000 crore stimulus package for job creation in closed industries. Of this, Tk 41,000 crore is expected to come through refinancing facilities at banks with excess liquidity, while Tk 19,000 crore will come directly from Bangladesh Bank's own resources under a government guarantee. The objective—reviving output and employment—is rational. But in a supply-constrained economy, easier credit can expand nominal spending faster than real production. The result may be more inflation, and not enough new output. The central bank-financed portion is particularly sensitive because it expands high-powered money at a time when inflation is already elevated.

There is also a serious exchange rate risk. Bangladesh depends heavily on imports of fuel, industrial inputs, and consumer goods. When new money raises demand for imports, it also raises demand for foreign exchange. If export earnings, remittances, and reserves cannot meet that demand, the taka comes under pressure. A weaker taka, in turn, makes imports more expensive, feeding yet another round of inflation.

This risk is not theoretical.



FILE VISUAL: **REHNUMA PROSHOON**

Bangladesh's net international reserves stood at about $30.45 billion (gross reserve $35.11 billion) at the end of April 2026, far below the $48.1 billion level reached in August 2021. In early May, credit rating agency Fitch also revised Bangladesh's outlook to negative, citing macroeconomic vulnerability, possible future funding needs, and regional risks that could raise energy prices or affect remittance flows.

For these reasons, Bangladesh has little room for expansive monetary financing. If deficit monetisation weakens the taka or fuels inflation, a self-reinforcing cycle can begin: higher prices lead to higher spending needs, larger deficits require more borrowing, and more borrowing fuels further inflation. Once expectations become unanchored, firms raise prices in advance, importers hoard dollars, and households shift savings into gold, land, or foreign currency. Restoring confidence then becomes much harder.

This does not mean every central bank liquidity operation is reckless. Modern economies need central banks to provide liquidity, especially during crises such as pandemics, wars, banking panics, or sudden financial stress. Temporary support may be justified when inflation is low, idle capacity is high, and the intervention is clearly limited. The danger begins when emergency financing becomes a permanent substitute for tax reform, disciplined spending, honest debt management, and effective banking supervision.

The policy lesson for Bangladesh is clear. The government should not treat Bangladesh Bank as a routine source of budget financing. Deficits must be addressed mainly with stronger revenue collection, review of exemptions and wasteful subsidies, better prioritisation of development spending, and credible control of recurrent expenditures. The banking sector must also be protected so that public borrowing does not squeeze productive private investment.

Bangladesh Bank's credibility is equally important. A central bank cannot control inflation if it is repeatedly required to monetise fiscal obligations. People must be able to trust that the central bank will defend the taka's value and that fiscal authorities will support, rather than undermine, monetary discipline.

Public debate should also be precise. Not every increase in money supply is reckless printing, and not every bond issue signals instability. But when deficits are financed by central bank-created liquidity in an economy already facing inflation, reserve pressure, and external shocks, the risks are substantial.

Money creation can help a government pay its bills today. But it cannot replace real production, responsible revenue generation, prudent spending, or institutional credibility. Bangladesh's challenge is not simply how to finance deficits, but how to do so without imposing an inflation tax on low-income families or further weakening the taka. Printing money may delay accountability, but only reform will deliver sustainable growth.

WORLD BICYCLE DAY

An ode to the humble bicycle

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DEBRA EFROYMSON

On this World Bicycle Day, it is worth reflecting on the incredible technology that is the bicycle. I love walking, but I cannot help but admire the efficiency of the humble bicycle. For trips of more than a kilometre or two and for carrying groceries, the bicycle offers tremendous advantages.

First of all, bicycles do not pollute the environment. When we consider how many people live in Dhaka and how many daily trips they generate, the benefit of travelling without polluting cannot be overstated. Want cleaner air? Support the creation of better bicycle infrastructure.

Bicycles also occupy less space, as several bicycles can be stored in the space occupied by a single car. Bicycles are light and easily manoeuvrable; they can be packed closely together or in multi-level bicycle parking. Bicycles occupy minimal road space compared to cars too, and in crowded city conditions, they often move faster than cars.

Bicycles are also inexpensive to buy and maintain. Even high-quality bicycle infrastructure is vastly cheaper to build than roads for cars. Every trip made with a motorised vehicle costs the government money for road-building and repair, provision of parking, and the social costs related to pollution, congestion, and crashes. On the other hand, every trip by bicycle saves the government money and improves quality of life. In the UK, for instance, every mile driven instead of walked or cycled costs approximately $2.91; and in the US, it costs $8.25. Additionally, the costs of purchase, operations and maintenance, fuel, and insurance for a bicycle total approximately $3.00 per 100km travelled, while a private car is six times more expensive, costing approximately $18.00 per 100km.

Bicycles also promote better health, both because they do not create pollution and also because they provide an excellent source of daily exercise, helping prevent non-communicable diseases.

Bicycles are comparatively safer than cars, and the danger with bicycles exists mostly due to motorised vehicles on the roads. But if more people used bicycles, drivers would become more aware of their presence, and traffic collisions could decline. Meanwhile, more cars on the road mean more pollution, congestion, and crashes.

Bicycles can help one to build community. When travelling in cars, people are isolated. On a bicycle, other people become more accessible and visible. Conversations can arise while pedalling through the streets. Ever joined a mass bike ride? They are joyous events. Many years ago, my colleagues organised a twice-weekly bicycle training for children on a residential street in Dhanmondi. They successfully transformed a street of isolated individuals into a community gathering spot where neighbours came together and friendships formed.

In different cities around the world, I have witnessed how the bicycle improves people's lives. The bicycle (like the rickshaw and rickshaw van) can be an almost free means of reaching one's employment, or even a form of employment itself. It enables independent mobility for the young and old. People carry groceries, babies, and other items on their bicycles. People can attach a small wheeled trailer and use it to move bulkier and heavier items. Bicycle couriers whiz through cities, delivering items far faster than is possible by a car that can stay stuck in traffic for hours. Classes where volunteers teach people how to repair bicycles can be community gatherings that lead to sources of income or to saving money and gaining confidence among those learning the new skill.

Not everyone can or wishes to cycle. But the more trips we shift from motorised vehicles, especially cars and motorcycles, to bicycles, the better our cities become. There are many people, not just men or the youth, in Bangladeshi cities who would love the freedom, speed, and fun of travelling by bicycle if it were made safer and more convenient to do so. A policy to dedicate a fixed percentage of the transport budget to providing high-quality bicycle infrastructure (separate paths, protected lanes, intersection treatment, and protected bicycle parking) would make a huge difference in alleviating congestion and pollution in our cities.

Depending on foreign countries to supply fuel at low prices is clearly not a sustainable strategy. Nor is allowing air pollution rates to reach among the highest in the world. We can fantasise about high-tech solutions (or magic wands) that make cars clean and space-efficient. In the meantime, we have a solution readily available, if only our policymakers would take it seriously and invest in it properly. And for that to happen, we need to raise our voices in praise of the bicycle and all the ways it could make our cities and lives vastly better.

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