

THE BUSINESS STANDARD

Preparation is the key to face the challenges of Bangladesh

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Salehuddin Ahmed. Illustration: TBS

The goals of Bangladesh's independence achieved in 1971 were to build an independent country as well as to achieve political and economic emancipation and to establish human rights and social equality for all. Bangladesh is now on the path of continuous development after overcoming various obstacles.

As a result, we are able to achieve a steady growth. Due to this continuity, Bangladesh has reached the stage of graduation from category of Least Developed Countries (LDCs) of the United Nations to a Developing Country. The announcement comes as Bangladesh celebrates its golden jubilee of independence this year. However, there is no time to be complacent and we have to face challenges for the progress.

The United Nations has recommended that Bangladesh be included in the list of developing countries by 2024. However, the Bangladesh government has taken time till

2026. This seemed to be a reasonable decision. Because it will take about five years from now to prepare for it and maintain its capacity as a developing country.

Exiting the LDC stage has got some positive aspects. First, Bangladesh is no longer a "test case of development", it stands as a "model case", so our image will improve. The name of Bangladesh comes as an example for other underdeveloped countries. A small territory with a huge population of 170 million. Another positive aspect is that the growth of the country will lead to the increase of FDI (foreign direct investment) and foreign portfolio investment (FPI). This will boost up our economic activities and create more opportunities of employment and income to our people. Another benefit of graduation is that it will have a positive impact on our foreign trade. Our exports will create opportunities for further growth not only in ready-made garments (RMG) but also in other sectors. Such as leather, ceramic, electronic goods, hosiery products, household products. With this comes the international expansion of our cottage industry products.

However, we have to overcome many challenges to make use of these possibilities. The first challenge will be not to suffer from complacency. It would not be right to use this success just for propaganda and to take political advantage. We need to keep in mind that just as the government has a role to play here, so does the private sector and the public. Even our non-governmental organizations (NGOs) and social organizations have roles to play.

The second challenge is the position of the two indicators of graduation namely economic vulnerability and human resource. Economic Vulnerability Index (EVI) indicates the sustainability of economic development and national institutions and the ability to withstand any shocks like Covid-19 or other national or international disasters. This index must be 32 or below and EVI is now 25.2. This index is likely to rise due to the recent pandemic and climate changes. The Human Asset Index (HAI) must be 66 or above, Bangladesh's HAI is now 73.2. Bangladesh has a formidable task of developing its huge population into human resources, and we also lag far behind in the use of technology in business and in knowledge-based economic activities. In third index that is per capita income, the country has done fairly well. Because of rising income inequality, that index too, does not reflect balanced and equitable growth.

The third challenge is our institutional weakness. Most of the regulatory bodies like the central bank, securities exchange commission and development support agencies like export promotion bureau and investment development authority are yet to become efficient and dynamic. There are still many barriers faced by private entrepreneurs in trade and commerce.

The fourth challenge is ensuring good governance, transparency and accountability both in the government and private sectors. Wastage of scarce resources, corruption and money laundering all these irregularities have made the task of rapid and equitable development a difficult task.

If we do not meet these challenges, it will be very difficult for us to cope up with the present Covid-19 pandemic and also to reach our goal in 2026 and sustain that. What do we need to do in this situation? The answer is, there is no alternative to preparation.

We will need some reforms in government and private sectors. The reforms need not be drastic and total destruction of existing institutions and processes, political-social-economic reforms can be built upon the existing system. So, in the metaphorical sense, when we have to climb a mountain, preparation is important. Just waiting idly in front of a mountain, it will not make the mountain smaller, it will remain the same. Challenges will remain, we just have to prepare ourselves.

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