

# **Focus Writing for Bank Job**

## **Day 03**

### **(Economy and technology related topics)**

*Prepared by*  
***M Mostafa Kamal***

#### **(8) Graduation of Bangladesh from LDC**

Unstoppable speed of Bangladesh towards development, prosperity and exposure superseding myriad shortcomings and mounting challenges has astonished the world. Rise in per capita GNI, growth in GDP, development in human resource index, changes in economic and environmental vulnerability index, and the development in other economic indices have opened the door for Bangladesh to graduate from the status of the least developed countries by 2026. This achievement and recognition will surely remain as a milestone in the history of Bangladesh.

#### **Bangladesh's entrance in LDC and graduation from the same**

The category of the least developed countries (LDC) was created by UN in November 1971 with 25 countries in the list. At present there are 46 members in the LDC category accounting for 13 % of world population but only about 1.3 per cent of global GDP and less than 1 per cent of global trade and FDI. Only 20 per cent of the population in the LDCs has access to the internet. Bangladesh joined the LDC group in 1975 following a protracted negotiation since 1973—an exception was made re its population size.

Latest estimates on Bangladesh's performance regarding LDC criteria

	Per capita GNI	Economic and environmental vulnerability index ( EVI)	Human assets index
Bangladesh ( 2018)	1274	25.2	73.2
Bangladesh (2021)	1827	27.0	75.4
Graduation Threshold	1222	32.0	66.0
Difference	(+) 49.5%	(-) 15.6%*	(+) 14.2%

Source: Based on CDP Terminal Review (January 2021) and CDP Terminal Review ( 2018)

\* EVI is a reverse indicator, less is better

Bangladesh, before the advent of Covid-19, was set to exit the group in 2024. But because of the request of the Bangladesh government, the exit is to take place in 2026.

#### **The benefits from LDC graduation**

The benefits of LDC graduation are as follows-

- (i) Acquiring a seal of global approval regarding Bangladesh's development achievements and enhanced confidence of international financial actors regarding the markets of the country
- (ii) Upgrading the country's international credit rating because of the improved perception about the country level market risks
- (iii) Rising in domestic tax collection and higher flow of foreign direct investment (FDI) as experienced by the countries in post graduation
- (iv) Access to foreign aid may not diminish abruptly
- (v) Intake of foreign remittance has remained indifferent in these countries.

## **The impact and loss resulting from LDC graduation**

- (i) Relinquishing a wide variety of preferences and privileges
- (ii) Loss of market access preferences particularly in European and Canadian markets
- (iii) There is possibility to shortfall (8-10 per cent) in gross export revenue due to the loss of duty free and quota free (DFQF) access to provision—amounting to about USD 2.5 billion annually.
- (iv) Bangladesh will continue to enjoy market access preference in the European Union (and the United Kingdom) for an extra three years i.e., till 2031.
- (v) The loss of LDC fund for climate change (LDCF), managed by the Global Environmental Facility (GEF)
- (vi) Bangladesh's pharmaceutical industry will stop enjoying the flexibility seven years before the expiry of the globally stipulated preferential period as a consequence of graduation as it will fail to avail special exemption of Trade Related Aspects of International Property Rights (TRIPS).
- (vii) Loss of access to technology transfer schemes for LDCs
- (viii) Higher fees for global IP registrations such as the Patent Corporation Treaty (PCT).

## **Steps to be taken to tackle the challenges of LDC graduation:**

- (i) To make exports more diversified to minimize the loss resulting from QFDF
- (ii) To raise export destination
- (iii) To emphasize on making free trade agreement with individual countries
- (iv) To take pragmatic steps for raising FDI as well as private investment.
- (v) To focus on developing innovation, mobilizing domestic resources and minimizing technological gap.

In conclusion, it can be said that Bangladesh has met all three LDC criteria for graduation with comfortable margins. The extended preparatory period of five years will enable the country to prepare for smooth transition strategy and planning for a post graduation international trade landscape. We firmly believe that considering priority policy areas to support its development during the preparatory and smooth transition period and beyond, Bangladesh will reach a new height in economy. We will get a new Bangladesh for which millions of martyrs laid down their lives.

## **(9) E-commerce: prospects and challenges**

The introduction of plastic money, online banking and mobile banking has brought about revolutionary change in transacting goods and services through creating a new horizon of business i.e., e-commerce. In Bangladesh, the indomitable desire and thirst of 16.61 crore mobile users, 9.9 crore internet users, more than 3 crore smart phone users (as per economic review 2020) will surely place e-commerce in new height on the days coming ahead.

### **What e-commerce is**

Unlike traditional business that happens face to face and is limited to a particular geographic location, e-commerce is a process of business and selling of goods and services using an electronic medium such as internet. In a broad sense, e-commerce is a place of service, a place of communication and a place of information. Examples of e-commerce include Amazon, Alibaba, Daraz, BD Jobs, Bikroy, Rokomari, Foodpanda etc. In e-commerce sale happens online, and thus one can potentially sell across the world. It requires limited personal interaction and is available 24/7 and can be done day and night.

## **Types/ models of e-commerce**

Primarily e-commerce is of four types. These are--

**B2C:** Business sells its products directly to customers. Examples include Amazon, Daraz.

**B2B:** Business sells its products to intermediate buyers/ wholesalers/ traders. Examples of this model of e-commerce are Indiamart, Pricekoto etc.

**C2C:** Business, consumers sell anyone of their asset such as land, car, motorcycle etc. by publishing the information on the website for another interested consumer. Examples include OLX.com, bikroy.com.clickb etc.

**C2B:** It stands for Consumer to Business, and is used to describe a business model where consumers have products or services of value that can be consumed by business. Referral programmes, data sharing are examples of C2B.

## **Advantages of e-commerce**

**(i) Available 24/7 :** E-commerce is available 24/7 and can be done day and night.

**(ii) Providing a global reach:** E-commerce technology permits commercial transactions to cross cultural and national boundaries far more conveniently and cost effectively than in traditional commerce.

**(iv ) Cost reduction:** An e-commerce business can reduce labour and other operating costs in many areas including document preparation, reconciliation, mail preparation, telephone calling, data entry, overtime and supervision expenses.

**(v ) Affordable advertising and marketing:** E-commerce businesses can use different social media platforms such as Facebook, WhatsApp etc. Organic social media is free, but sponsored posts are still cost effective avenues to explore and helps one reach highly targeted audience.

**(vi ) Flexibility for customers:** In e-commerce, the customers enjoy flexibility as brands are able to meet customers wherever they may be, across any device or touch-point. Seller can leverage this customer flexibility to build their revenues.

**(vii ) Savings of time:** E-shops are open 24/7/365, so one can shop any time. The time required to choose, buy and pay for an online product is 15 minutes or less.

**(viii ) Easy to search and collect products:** In e-commerce, buyers can easily find out their desired products just typing keywords of a particular product.

**( ix) Easy to compare product and price:** Here the buyers or consumers can easily compare product quality and price as they can find out a number of products of same kind manufactured by different manufacturers.

## **Prospects of e-commerce in Bangladesh**

**(i ) ICT canny young generation:** One of the biggest prospects lying before our country is ICT canny young generation.

**(ii ) Highly growing sector :** According to a German research firm, Bangladesh's e-commerce market stands at \$1.6 billion currently and will be double to \$3 billion by 2023 on a back of digital foundation laid down by the government and a young and tech-savvy population.

**(iii ) ICT friendly government:** As a part of digitalization process, Bangladesh government has set up five thousand Union Information Service centres, turned eight thousand village post offices and approximately five hundred upazila post offices into e-centres which are surely a great boost for e-service delivery, especially for rural arrears. Apart from this, District Information Cells, National Information Cells are also revolutionary additions for e-services for the citizens.

## **Challenges of E-commerce**

**(i ) Lack of strong and dependable delivery channel:** While the rest of the world is exploring sustainable drone technology driven by AI (Artificial Intelligence) to deliver goods and services, we have not a dependable service.

( ii ) **Slow internet speed:** In case of mobile data speed, we are 113<sup>th</sup> out of 138 countries, and in case of broadband, we are 98 out of 175 countries. Moreover, our position is sixth among SAARC countries.

( iii ) **Cheat and deception :** As e-commerce is an unstructured sector, this is a fertile sector for cheat and deception. The fraudulent activities of some e-commerce organizations including Evaly, E-orange, Damaka and so on are greatly affecting the prospects of this sector in our country.

( iv ) **Expensive data rate:** According to cable.co.uk data, each gigabyte of data costs \$0.7 in our country. Meanwhile, the neighbouring country India has the cheapest mobile data worldwide. Each gigabyte of mobile data only costs \$0.09 in India.

( v ) **Bringing rural people under the coverage of e-commerce:** The initiatives of the government in digitalization are surely praiseworthy but are not enough to bring all the rural people under the coverage of e-commerce platform.

( v ) **Security threats :** Key security threats to e-business are Distributed Denial of Service ( DDoS), credit card fraud, malware, bad bots, e-skimming and so on.

( vi ) **Quality of packaging:** Quality of packaging is also another concern, as companies attempt to save costs by using cheaper packaging at the risk of damaging the goods.

In conclusion, it can be said that as a new business model, e-commerce is not free from loop-holes and limitations. If people get engaged in this online retail business without having minimum knowledge, they may fall in the hands of the frauds and cheats. However, fast and effective e-commerce policy, raising ICT literacy among people, introducing effective payment system by the Bangladesh Bank, controlling the greed of the unconscious customers will not only greatly help minimize cheat and deception but also expand total market share on the days coming ahead.

## **(10) Fourth Industrial Revolution: Challenges and Opportunities**

If we live in such a world where everything is connected, everything is equally excellent, where performance is reaching perfection; there is only one space left that is innovation. Fourth industrial revolution has brought about a new world order before us where we are in the central point of transformation fueled by digitalization, mobilization, augmentation, disintermediation and automation. How will we discover new opportunities in one of the most transitional times in human history? Are we driving change, or are we being driven by it? Decision lies in our hands. We all know future does not just happen, rather it gets happened. With embracing technology we can not only live better but also lead the world in the new normal on the days coming ahead.

### **What fourth industrial revolution is**

Fourth Industrial Revolution (Industry 4.0) refers that technological change is a driver of transformation relevant to all industries and parts of society. Industry 4.0 represents a series of significant shifts in the way that economic, political, and social value is being created, exchanged and distributed. These shifts in values are intimately related to the emergence of new technologies that span the digital, physical and biological worlds and they are most powerful when they combine and reinforce one another. Industry 4.0 is based on the concept of smart factory, where the machines are integrated with men through cyber physical system (CPS). In other words, Industry 4.0 is a new level of organization that manages and controls the whole value chain of personalized product to satisfy customer need. Digitalization is the most important element in industry 4.0 because it allows to connect man and technology.

### **Technologies used in fourth industrial revolution**

A number of technologies are used in Industry 4.0. These include Internet of things, (IoT), Big Data, Cloud computing, Cyber security, Automated robots, Additive manufacturing techniques and 3D printing, Augmented reality, Horizontal and vertical integration technology and Simulation system and software.

### **Challenges caused by Fourth Industrial Revolution**

Fourth Industrial Revolution is accompanied by the following challenges--

- (i) A gap in technical skill
- (ii) Data sensitivity
- (iii) Interoperability
- (iv) Security
- (v) Handling data growth
- (vi) The need for funding to start planning at the national or regional level for the implementation of the systems 4.0.
- (vii) Maintaining continuous professional development.
- (viii) Minimizing discrimination in availing the opportunities.

#### **Opportunities accompanied by fourth industrial revolution**

- (i) Increased productivity
- (ii) Reduced waste through efficiency and quality in processes
- (iii) Greater safety for workers
- (iv) Enhanced decision making
- (v) Improved competitiveness
- (vi) Promotion of circular economy
- (vii) Promotion of more sustainable patterns of production and consumption

#### **Response of Bangladesh in meeting the challenges and deriving the opportunities**

It is quite challenging for both the developed and developing nations to keep pace with fourth industrial revolution. The World Economic Forum (WEF) claimed that about 800 million people worldwide could lose their jobs by 2030, while approximately 5.7 million unskilled Bangladeshis would be sacked from their jobs abroad and at home due to lack of technological skills. With an eye to transforming labour based industry to knowledge based one, Bangladesh has given emphasis on the followings--

- (i) Knowledge based sector
- (ii) IT based sector
- (iii) E-commerce
- (iv) Online services
- (v) Microprocessors
- (vi) Software design

To cope with the challenges brought by Industry 4.0, the ministry of industry and the ministry of ICT division of Bangladesh have taken myriad pragmatic steps. As a result, we have already started deriving benefits. However, a lot of things are yet to be done to transform a labour based economy to knowledge based one. If we can identify all the challenges and find out solutions to fix the same, we can save our economy and employments of millions of people from the kickback of the fourth industrial revolution.