

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY
▼ 1.00%	▼ 1.93%	\$1,923.01	\$42.30	▲ 0.21%	▼ 0.26%	▲ 0.77%	▲ 2.64%	BUY TK 83.95	98.17	108.50	12.27
4,809.70	8,259.40	(per ounce)	(per barrel)	40,593.80	23,558.69	2,552.42	3,358.47	SELL TK 84.95	101.97	112.30	12.90

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Job recovery gains momentum

BBS survey finds; experts warn against complacency

REJAU KARIM BYRON and
MD FAZLUR RAHMAN

People are increasingly returning to jobs they had lost to the coronavirus pandemic despite the persisting health risks and the wage growth failing to keep pace with the rebounding economy.

The number of unemployed people had risen by 10 times to 22.23 per cent in July as the impacts of the crisis battered the economy, from 2.3 per cent in March.

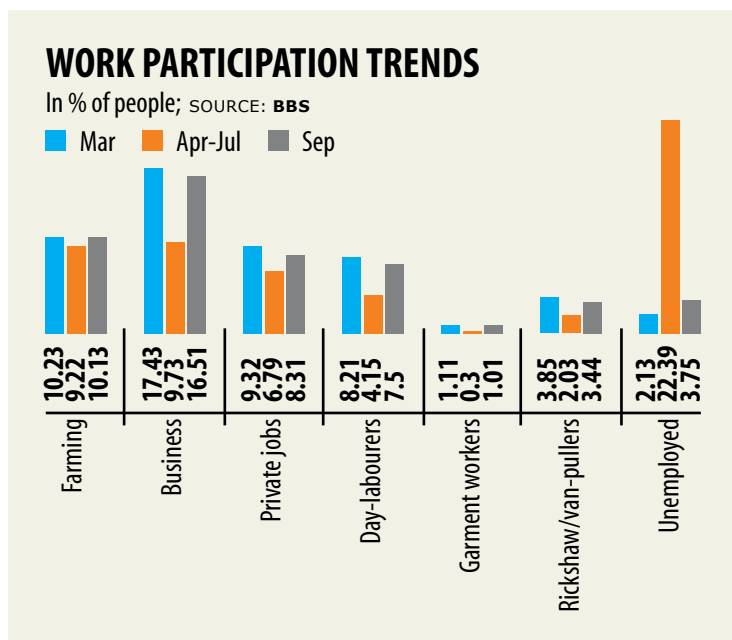
It came down to 4 per cent in September as people have started to take part in economic activities, according to a survey of the Bangladesh Bureau of Statistics (BBS) on the impacts of the pandemic on livelihood.

"The survey has proven that there is a dynamic labour market in Bangladesh, which is a positive sign. We are gradually recovering from the impacts of the Covid-19," the statistical agency said in a report.

The gain in the job sector came after the government eased restrictions from June, ending the two-month-long nationwide lockdown although the deadly virus has not come under control yet.

The number of businesses returned to the pre-pandemic level of 17 per cent last month, recovering from July's 10 per cent.

Similarly, 8 per cent of the workforce was engaged as day-



labourers before the health crisis hit the country on March 8. It halved in July only to improve to 7.5 per cent in September.

Styled the Perception Survey on the Impacts of Livelihood, the BBS chose on a random basis 2,040 mobile phone numbers for the study. Of them, 989 or 48.48 per cent took part in the survey, which ran from September 13 through September 19.

The conversation with the participants lasted 8.31 minutes on an average. This was the first telephone interview-based survey in the history of the state-run

statistical agency.

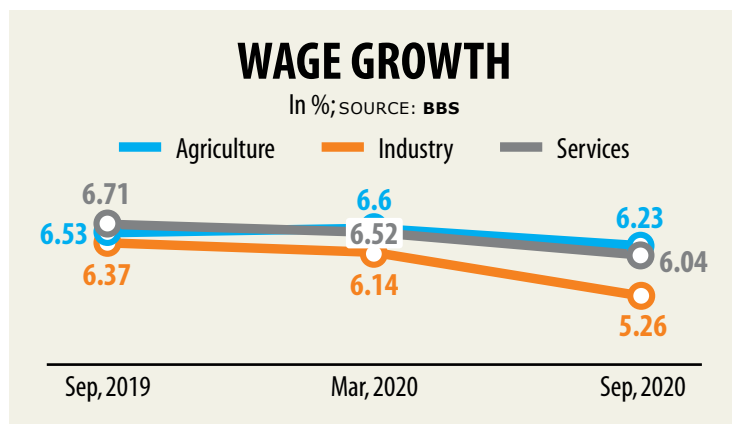
Zahid Hussain, a former lead economist of the World Bank's Dhaka office, said year-on-year wage growth in production and services exceeded the headline inflation rate in September.

In production, it even exceeded the food inflation. Nominal wage growth in construction fell short of both food and non-food inflations.

BBS data showed that incomes of more than 84 per cent of day labourers were adversely affected by the pandemic-induced economic disruptions. While their incomes recovered, they were still worse off as incomes in August were down by more than 20 per cent relative to March.

"This is not entirely consistent with 6.2 per cent nominal wage growth in services, where the vast majority of non-agricultural labourers work, and more than 4.5 per cent nominal wage growth in construction and production."

The problem is likely to be in



wage rather than the survey data," Hussain said.

Speaking on the unemployment data, the economist said one still has to wonder what accounts for the ability of the average household to cope with declining incomes as reported in the survey when nominal wages have generally kept pace with the overall inflation and employment recovered so rapidly.

Public assistance can only partially explain this since 21.3 per cent of households reported receiving some form of assistance whereas 68.4 per cent reported being financially affected by the pandemic in April to July.

"Having said that, it should also be pointed out that it is not uncommon to find impressions from the rapid survey data not matching with the routinely collected price and wage data from all parts of the country."

"The BBS must be commended for the effort and the reduced lag in reporting price and wage data," Hussain said.

Rizwanul Islam, a former special adviser for employment sector at the International Labour Office, Geneva, said: "Rather than being complacent, we need to keep a close eye on the process of economic recovery and continue

to adjust policies to ensure that it does not become jobless."

The number of farm households was unaffected despite the crisis and was unchanged at 10 per cent in July, BBS data showed.

Some 63.42 per cent of households had to cut consumption of quality food during the April to July period. It was unchanged for 32.73 per cent households.

In order to survive, 8.89 per cent had to rely on the social safety nets, 6.52 per cent on open market sales by the government for basic products, 17.93 per cent on private borrowing and 43.11 per cent on handouts from relatives.

Some 46.22 per cent households wiped out savings and 11.26 per cent had either sold properties or kept them as mortgaged.

The wage growth in the agriculture sector fell to 6.6 per cent in March. It stood at 6.23 per cent in September, down from 6.53 per cent a year ago, BBS data showed.

The wage growth in the industrial sector was 5.26 per cent last month, down from 6.14 per cent in March this year and 6.37 per cent in September last year.

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Make sure economic recovery is not jobless



RIZWANUL ISLAM

Use of telephone interview for a survey of income, expenditure and employment is rather ambitious, and I am wondering why a government organisation like the Bangladesh Bureau of Statistics had to resort to this method - even taking into account the difficult environment created by the Covid pandemic.

The response rate in such interviews is usually low, and the present survey is no exception - only 48.48 per cent. The sample size is very small - 989 respondents compared to 46,076 households for the 2016 Household Income and Expenditure Survey. Results from a survey with such a small sample and implemented by telephone should be taken carefully.

The questions on income and expenditure seek the respondents' "stated income". They can provide only an approximate idea about the real situation.

The question on unemployment also asks whether the respondent considers himself/herself as unemployed. Different respondents may interpret the question differently. So, the outcome has to be treated with caution.

If one takes into account the rate of inflation during 2016-2020 (5.5 per cent per year), the average household income for March 2020 turns out to be just about the same as that of 2016 (the latter adjusted for inflation). Does it mean that there was no increase in the real income of households during this period? That would not be consistent with the rate of GDP growth achieved during those years which was around 7.5 per cent on an average.



The labour market has been badly hit by the present economic crisis and the employment situation is quite precarious.

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The rate of unemployment in March 2020 is reported as 2.3 per cent. The labour force surveys during the past two decades (since 2000) never showed the unemployment rate of less than 4 per cent.

What is more interesting is the decline in the unemployment rate from 22.39 per cent during April-July 2020 to 3.75 per cent in September. This sharp decline defies logic because it is quite well-known that economic recovery has just started, and various accounts indicate that the level of economic activities is still way below the pre-pandemic level.

It can be potentially dangerous if policymakers take the findings on unemployment seriously, because in that case, one may conclude that there is no need to do anything for boosting employment. It is being widely acknowledged that the labour market has been badly hit by the present economic crisis and the employment situation is quite precarious.

We also know from the experience of economic crises in various countries that labour market recovery follows economic recovery with a lag. Hence, rather than being complacent, we need to keep a close eye on the process of economic recovery and continue to adjust policies to ensure that it does not become jobless.

The writer is a former special adviser for employment sector at the International Labour Office, Geneva.

Hand sanitiser standards in the offing

STAR BUSINESS REPORT

The outbreak of the coronavirus pandemic has buoyed demand for hand sanitisers and hand rubs in the country, encouraging a big number of firms to bring out the disinfectants in the market.

A senior official of the Directorate General of Drug Administration (DGDA) said they gave no-objection certificates (NOCs) to 15 firms to make hand sanitisers for a temporary period of six months apart from allowing about 70 pharmaceuticals to make hand rubs.

"We gave permission considering the Covid-19 situation and to ensure increased availability of the disinfectants," said DGDA Director Md Ayub Hossain over the phone.

However, not all firms have got the NOCs from the DGDA to make hand sanitisers, particularly for alcohol-based ones, since there was no clear guideline in the first place, said industry insiders.

Now, the Bangladesh Standards and Testing Institution (BSTI) says it has formulated standards for hand sanitisers and was waiting for the final approval.



"We expect to finalise the standards by the end of this month," said Nilufa Hoque, director for standards at the BSTI.

The BSTI took the initiative to develop

the standards as demand for disinfectants surged and consumers saw the arrival of numerous brands on the shelves of stores.

Industry insiders said hand sanitisers

were one of the least sought items even in January this year and the total size of the market for the product was around Tk 3 crore in 2019.

It became one of the most sought-after items just after the first detection of coronavirus case in the country on March 8.

In tune with the spiralling demand, several local and multinational companies came up with the hand sanitisers and disinfectants in their range of business.

The size of the market for hand sanitisers is expected to reach around Tk 100 crore by the end of the year, said a top official of a leading company.

Hoque said apart from preparing the standards for alcohol-based hand sanitisers, the standards institution would initially offer a type of licence that firms could voluntarily avail to boost the confidence of the customers of hand sanitisers.

Jesmin Zaman, head of marketing of Square Toiletries, which sells the "Sephil" brand of hand sanitisers, said the development of a standard for hand sanitisers would give a guideline to manufacturers and benefit consumers.

Leather turning into a big draw for foreign investors

Industry insiders say

REFAJET ULLAH MIRDHA

The leather sector in Bangladesh is turning into a hotspot for foreign investment due to the country's low manufacturing costs, availability of cheap raw materials and its eligibility for trade benefits on exports, said industry insiders.

New investors from Japan, Taiwan and Vietnam have been contacting local leather goods and footwear manufacturers either to make investments in joint ventures or in companies they could establish themselves.

The export incentive on crust leather is 7.5 per cent while its 15 per cent on leather goods, which is also a major factor drawing foreign direct investment (FDI) to this sector.

Crust leather is the term applied to leather which is dried after tanning but has not yet been dyed.

Foreign investors are also interested in

Bangladesh's domestic markets because of the rising number of middle-income customers and lifestyle changes for rapid urbanisation which have mainly pushed up the use and sale of leather goods and footwear.

Currently, total investment in leather and leather goods and footwear is more than \$1 billion, of which some \$700 million is from domestic investors while the remaining \$300 million is from foreign investors who are engaged in the export of manufactured goods.

"Of the foreign investment, most of the amount came from Germany, Taiwan, China, India and Italy," said Saiful Islam, president of the Leathergoods and Footwear Manufacturers and Exporters Association of Bangladesh.

"I have been receiving a lot of queries from foreign investors as they are interested to invest in Bangladesh," he said.

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KEY POINTS

- Japan, Taiwan and Vietnam want to invest in Bangladesh
- Export incentive for crust leather is 7.5% and for leather goods 15%
- Total investment so far more than \$1b
- Local entrepreneurs invested \$700m
- Foreign companies invested \$300m
- Govt approved 2 private ETBs at Savar leather estate
- Exporters get 40% lower price for absence of LWG certification

EXPORT OF LEATHER, LEATHERGOODS AND FOOTWEAR

(In billions of \$) * target

SOURCE: EPB

