

DHAKA MONDAY NOVEMBER 18, 2013, e-mail:business@thedailystar.net

Economic units up 118pc in past decade

STAR BUSINESS REPORT

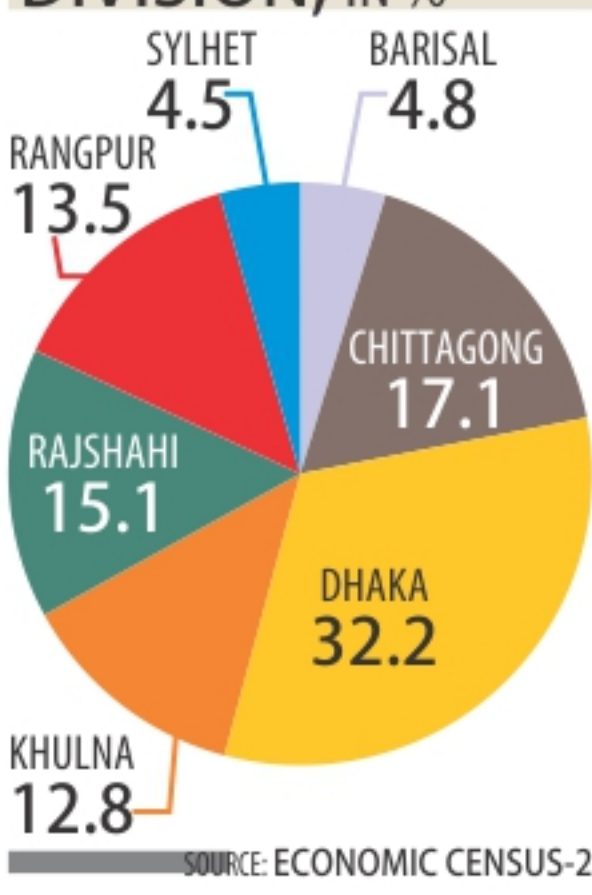
The last ten years saw an accelerated growth of economic units on the back of rapid expansion of the service sector, the preliminary report of Economic Census 2013 revealed yesterday.

An economic unit is any player that contributes to the country's gross domestic product, starting from rickshaw-pullers to large garment factories. Agriculture has been excluded from the survey as the statistical agency conducts a separate census for it.

Conducted by the Bangladesh Bureau of Statistics between March 31 and May 31 this year, the survey found the number of economic units to be 80.75 lakh, up 118 percent from the previous edition of the survey published in 2003.

The total number of economic units in 2003 was 37.08 lakh, an increase of 71 percent from 1986, when the first edition of the survey came out.

ECONOMIC UNITS BY DIVISION, IN %



SOURCE: ECONOMIC CENSUS-2013

The purpose of the study is to investigate the nature of structural change that has occurred in the economy over the last decade and to provide comprehensive statistical information for economic and social development planning as well as policy making.

For the survey, a complete list of all establishments and households of the country was prepared. But only economic units, except agriculture, were separated from the list and enumerated in the census.

The survey covered temporary and permanent establishments and economic households.

The study defined temporary establishment as an economic unit organised in a temporary structure and permanent establishment as having fixed location and permanent structure.

Households with non-agricultural economic activities such as cottage industry, shop or workshop are defined as economic households.

US official Biswal backs trade union in apparel industry

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Nisha Desai Biswal, US assistant secretary for South and Central Asian Affairs, yesterday emphasised the importance of labour rights and safety standards in Bangladesh's garment industry.

She spoke at a luncheon hosted by leaders of Bangladesh Garment Manufacturers and Exporters Association at the Westin Dhaka.

Quoting the US official, a participant in the meeting told The Daily Star that she also stressed that trade unions must be formed in a constructive way.

US Ambassador to Bangladesh Dan W Mozena was also quoted saying that trade union was implemented in some places, but not in the real sense.

The trade unions should not be 'pet associations' of the owners. The trade unions should not be for the owners, but for the workers, Mozena was quoted as saying.

The US officials will think about how to support Bangladesh to arrange training on trade unions.

Mozena also urged the BGMEA leaders to rehabilitate the workers injured in the recent unrest in the apparel industry, the meeting participant said quoting the US envoy.

The BGMEA leaders at the meeting sought duty-free access for garment products to the US market, a positive review of GSP privileges and fair prices from international buyers.

After the meeting, Biswal told journalists that



Nisha Desai Biswal

there is an important opportunity for Bangladesh and its economy. "There is an important opportunity for the industry, labour, the government, civil society and international and Bangladeshi communities to work together to improve the labour situation."

BGMEA President Atiqul Islam told reporters that they have sought duty- and quota-free access for RMG products to the US.

Islam said they informed Biswal about the recent hike in workers' minimum salary and the US official appreciated it. "At the same time, we also requested fair prices of our products [from retailers]."

He said there were no discussions on the current political issues. "But we raised our concern about export activities amid political instability."

BGMEA leaders raised concerns over the lack of coherence between European and North American retailers on factory inspection, building and fire safety.

The Accord on Fire and Building Safety in Bangladesh, a grouping of mostly European retailers, and the Alliance for Bangladesh Worker Safety, a group of mostly North American retailers, are yet to take initiatives to increase prices, the BGMEA leaders told the US official.

On the latest wage structure, they said it may not be difficult for large and medium factories to implement the new salary structure, but the small factories would be affected by the wage hike.

In addition, many factories are facing difficulties relocating their units from existing locations to safer places, while the bank interest rate is very high.

The BGMEA at the meeting also proposed the US official to allow Bangladeshi garment owners to visit large industrial units in the US to acquire an understanding on the relationship between workers, owners and labour leaders.

Biswal appreciated BGMEA's proposal and said they will work on it. They will also try to get the American NGOs more involved in the

GIZ, German chamber to set up school for garment workers, managers

STAR BUSINESS REPORT

German development agency GIZ and Bangladesh German Chamber of Commerce and Industry (BGCCI) will set up a training school to produce skilled workers and mid-level managers for the garment sector.

A memorandum of understanding signed at the office of the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) in the capital yesterday aims to address the shortage of skilled workers and mid-level managers in the sector.

A pilot school for technical vocational and educational training (TVET) will be set up under the deal, said Olaf Handloegten, country director of GIZ.

He said lack of qualified workers and mid-level managers is a key constraint to the growth and diversification of the garment industry.

"A shortage of skills holds back productivity and consequently workers' incomes and needs to be urgently addressed," Handloegten said.

Developing the capacity of individuals and factories has long-term impact for the sustainability of the key export sector, he added.

"Establishment of the training school will have fruitful results and positive impact on the lives of the workers."



BGCCI

From left, Daniel Seidl, executive director of BGCCI, Olaf Handloegten, country director of GIZ, Sakhawat Abu Khair, president of BGCCI, and Magnus Schmid, programme coordinator of the GIZ-run Promotion of Social and Environmental Standards in the Industry project, hold documents after signing an agreement in Dhaka yesterday.

Among other areas covered in the agreement are development of demand-driven curricula, the job placement, social compliance and fire safety Industry (PSES), a joint project of the government, development of staff expertise and acquisition.

The agreement is part of the Promotion of Social and Environmental Standards in the Industry (PSES), a joint project of the government, development of staff expertise and acquisition.

LABOUR UNREST

Gazipur turns into battlefield

25 injured in clashes; workers set fire to 30 shops and 60 rental rooms

STAR BUSINESS REPORT

Clashes broke out between police and workers of around 20 apparel factories in Gazipur yesterday, injuring at least 25 people, which prompted the government to deploy paramilitary troops in the industrial zone from today.

Around 2,000 workers of Standard Group took to the streets at about 8:30am demanding the factory be reopened and the pay for production per piece hiked, wit-

nesses said.

They also placed a 10-point demand, including a daily payment of Tk 200 during off-seasons, when the owners keep factories closed, our Gazipur correspondent said.

Later, around 8,000 workers of 20 factories, including Green Land, Meditek and MM Knit Composite, joined them and ransacked some vehicles, set fire to tree logs, burned tyres and blocked the Kashimpur-Konabari road.

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Borrowing costs rise on higher spread

SAJJADUR RAHMAN

Borrowing costs have gone up for entrepreneurs thanks to an increase in interest rate spread (IRS), which is the difference between lending and deposit rates, for foreign and private banks, much to the detriment of the economy.

Bangladesh Bank has set an IRS ceiling of 5 percent, but some banks' IRS has shot well past the figure in September.

For instance, Prime Bank's IRS increased to 6.67 percent in September from 6.19 percent a year ago. Similarly, One Bank and Premier Bank's IRS jumped to 6.16 percent and 6.21 percent respectively from 5.64 percent and 5.67 percent.

Standard Chartered Bank and Citibank, two leading foreign commercial banks, also experienced significant increases in their IRS: Standard Chartered's climbed to 10.18 percent from 9.94 percent and Citibank's to 9.47 percent from 8.2 percent, according to central bank data.

This edging of IRS has now become a source of worry for the central bank, as it will get in the way of enterprise and in turn, economic growth.

A high IRS acts as an impediment to the expansion of financial intermediation necessary for growth and development of an economy, Mustafa K Mujeri, director general of Bangladesh Institute of Development Studies, said.

"It is often argued that the higher the IRS, the higher would be the cost of credit to the borrowers for any given deposit rate," he added.

To address the issue, the central bank has formed a committee led by its chief economist to look into the matter, Mahfuzur Rahman, executive director of BB, told The Daily Star yesterday.

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