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## Job growth slowest in two decades

Economists expect measures from next budget

**SOHEL PARVEZ**

Bangladesh's job growth is the slowest in two decades although its economy has been registering faster growth for the last several years.

The country could add only 14 lakh jobs between 2013 and fiscal 2015-16, down from 40 lakh jobs it had added between 2010 and 2013, according to Bangladesh Bureau of Statistics' Labour Force Survey data.

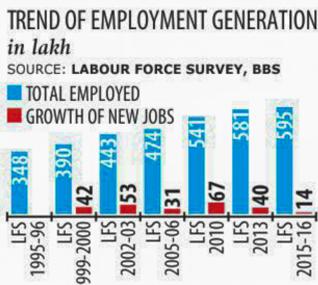
The sluggish job creation has raised questions about the high economic growth figures being recorded, with some economists terming the phenomenon to be 'jobless growth.'

Some others raised questions about the accuracy of official economic growth figures.

Amid this situation, Finance Minister AMA Muhith will announce the budget for fiscal 2017-18 on Thursday. Analysts said creating adequate jobs for the growing young population will be a major challenge for the government in the coming year.

The latest figure on employment generation comes after the state-owned statistical agency estimated GDP growth this fiscal year to be a record 7.24 percent, up from 7.11 percent a year earlier.

This would be the second year in a row in which the country managed to



break out of its decade-long 6 percent growth trap.

"The slowdown in employment expansion is a puzzle," said Zahid Hussain, lead economist of the World Bank's Dhaka office.

The reason it is a puzzle is that the slowdown happened during a period of rising GDP growth led, on average,

by double-digit growth in manufacturing. "So, anomalies in numbers cannot be ruled out."

He, however, said it is not unusual for developing countries going through structural transformation.

A significant development in Bangladesh during the period was reforms to improve safety in the garment industry, the largest single employer in manufacturing, in the aftermath of two major industrial accidents.

This led to closing of many informal or quasi-formal garment factories with consequent shedding of employment, Hussain said.

Also, anecdotal evidence suggests that the recent entrants to the industry are more capital intensive than the older generation of garment units, he added.

"This phenomenon of slower employment growth relative to economic growth suggests the benefits of economic growth are not trickling down," said ATM Nurul Amin, chairman of Brac University's economics and social sciences department.

Along with efforts to increase the pace of economic growth, the government needs to identify the causes of slow job growth in the private and NGO sectors, he added.

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## Excel Dyeing to sell 97 lakh Islami Bank shares

STAR BUSINESS REPORT

Excel Dyeing and Printing, which only last week bought over 3.20 crore shares of Islami Bank worth nearly Tk 105 crore, yesterday announced its intent to sell 96.60 lakh shares out of its total holding of over 6.43 crore shares of the bank.

The shares will be sold at the going market rate through the stock exchange within the next 30 working days, Excel Dyeing said in a posting on the Dhaka Stock Exchange website.

The latest disclosure adds another layer of intrigue surrounding the little-known Chittagong-based company, which emerged out of the blue last year to become one of the corporate directors of the bank by purchasing 3.23 crore shares.

Its six sister companies -- Armada Spinning Mills, ABC Venture, Blue International, Grand Business, Paradise International and Platinum Endeavors -- also purchased shares in bulk last year to secure seats on the Islami Bank board.

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## Exports bear the brunt of anxiety in global politics

Exporters, economists call for policy supports

**REFAJET ULLAH MIRDHA**

The gloomy outlook of the world economy and the internal challenges have eaten into the export earnings this fiscal year -- a development that has prompted the exporters and economists to call for policy supports to fashion a recovery.

In the first ten months of fiscal 2016-17, export earnings stood at \$28.72 billion, missing the ten-month target of \$30 billion. The receipts are only 3.92 percent higher than a year earlier, according to data from the Export Promotion Bureau.

During the July-April period, all major sectors recorded a decline in shipments including apparel, which accounts for 82 percent of the export receipts.

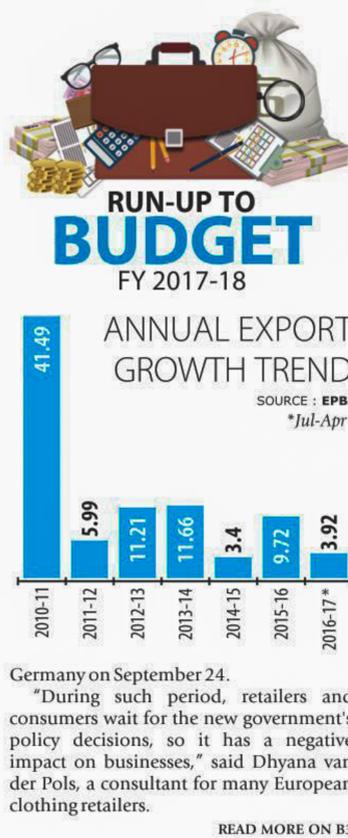
Export earnings from garment shipments grew only 2.21 percent in the first ten months of fiscal 2016-17 -- way below the sector's average of 13 percent in the past ten years, said Siddiqur Rahman, president of the Bangladesh Garment Manufacturers and Exporters Association.

The upcoming budget, to be announced on June 1, should address the problems the exporters are facing, he said.

The export receipts during the period were 6.06 percent lower than the ten-month target of \$24.62 billion.

Apparel exporters said a silent recession is going on in their main export destinations in Europe, brought about by the general elections in four major economies in 2017.

France and the Netherlands have already had their elections, while the UK is due to go to the polls on June 8 and



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## Banks' capital base expands slightly

STAR BUSINESS REPORT

The banking sector's capital base expanded 0.80 percent in the first quarter of 2017 compared to the last quarter, but nine banks failed to maintain the minimum capital.

At the end of March, the total capital in the banking system stood at Tk 84,424 crore, according to data from Bangladesh Bank.

The sector's capital surplus shrank 20.88 percent to Tk 2,330 crore in the three months to March 31 due to increase in capital requirement in line with Basel III standards, a international capital framework that was introduced in January last year by Bangladesh Bank.

As per the Basel III framework, the state banks Agrani, BASIC, Janata, Rupali, Sonali, Bangladesh Krishi Bank (BKB) and Rajshahi Krishi Unnayan Bank (Rakub) faced a capital shortfall of Tk 13,977 crore because of high loan defaults.

BKB has shortfall of Tk 7,252 crore, Rakub Tk 778 crore, BASIC Tk 2,961 crore, Sonali Tk 2,557 crore and Rupali Tk 637 crore.

To shore up their capital base, the government is expected to keep an allocation in the budget for fiscal 2017-18, which will be announced on June 1.

All private banks save for Bangladesh Commerce Bank and Investment Corporation of Bangladesh succeeded in fulfilling the Basel III capital requirement.

The central bank last year took steps to improve banks' financial health by increasing their capital to risk-weighted assets ratio (CRAR) in line with Basel III standards.

CRAR is a measure of a bank's capital and is used to protect depositors and promote the stability and efficiency of financial systems around the world.

Basel III is a comprehensive set of reform measures developed by the Basel Committee on Banking Supervision to strengthen regulation and supervision and reduce risks of the banking sector globally.

In March, the banks' average CRAR was 10.68 percent, down from 10.80 percent three months earlier.

Last year, the central bank decided to implement the Basel III framework and conducted a quantitative impact study.

On the basis of the study, they also sent a roadmap to banks on how they would implement the framework.

In four quarters from January 2016, the BB evaluated the banks' capital adequacy as per the Basel III standards.

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MA Mannan, state minister for finance, and AB Mirza Azizul Islam, former caretaker government adviser, attend a roundtable on the financial sector, growth and budget, organised by the Financial Alumni Association of Dhaka University, at The Daily Star Centre in Dhaka yesterday.

## Better policies to boost bond market

State minister for finance says at a roundtable

**STAR BUSINESS REPORT**

A specific policy framework should be put in place for a thriving bond market in Bangladesh, said MA Mannan, state minister for finance, yesterday.

With the help of professionals and experts on bond market, the government will be able to take proper initiative to form an effective policy framework, he said.

The state minister spoke at a roundtable on "Financial sector, growth and budget" at The Daily Star

Centre in Dhaka.

The Finance Alumni Association, a forum of the graduates of the finance department of the University of Dhaka, organised the discussion.

Md Minhaz Zia, chairman of Asian Tiger Capital Partners Investments Ltd, said a thriving bond market is a key to increasing infrastructure investment.

"If we want to position our country among the developed nations, we should take proper steps to augment infrastructure investment."

Mannan said everyone fears to finance start-ups and young entrepreneurs as there is uncertainty whether they will get their money back.

Despite the risk, banks and financial institutions should come forward and finance true entrepreneurs after proper evaluation, he said.

The minister said the government has set up Karmasangsthan Bank which finances entrepreneurs and start-ups. "They are doing pretty well as we keep them under supervision."

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## ADB gives \$616m to help upgrade power system

STAR BUSINESS REPORT

The Asian Development Bank and the government yesterday signed agreements for \$616 million in loans to enhance the coverage and reliability of Bangladesh's power systems and improve the efficiency of the distribution network.

The deals are aimed at bringing reliable power supply to 950,000 households and commercial users, including 875,000 households in rural areas.

Kazi Shofiqul Azam, secretary of the Economic Relations Division, and Kazuhiko Higuchi, country director of the Manila-based donor, signed the loan agreements in Dhaka.

The Power System Enhancement and Efficiency Improvement Project will contribute to the goal of the government of providing people with 100 percent access to electricity by 2021.

The total cost of the project is \$1.059 billion. The ADB is providing a market-based loan of \$600 million and a concessional loan of \$16 million, with the government contributing \$441 million.

"Nearly one million households, majority in rural areas, will be newly connected through this project," Higuchi said in a statement.

The project will also help in distributing more power to the Dhaka region to meet the rising demand for electricity in the largest and rapidly expanding growth centre in the country, he said.

The project includes rehabilitation and expansion of over 50,000km of rural distribution network, construction of a 174km 400 kV transmission link, and installation of automated control systems for the distribution network in Dhaka.

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## Satellite services from June 2018: Tarana

STAR BUSINESS REPORT

The Bangabandhu-1 satellite will be ready to provide commercial service from the middle of next year, said Tarana Halim, state minister for telecom, yesterday.

"We hope to launch the Bangabandhu-1 Satellite commercially by June next year," she told reporters at her office.

The state minister recently visited Thales Alenia Space, the French aerospace firm which is manufacturing Bangladesh's first communications satellite.

Before starting to provide the commercial services, the satellite will be sent into orbit in December or January, if weather permits, she added. "We can fix the launch date by July."

The authorities will have to complete some procedures before the commercial launch, Tarana added.

Earlier, the government had targeted December 16 this year as the launch date, to coincide the occasion with the celebration of the Victory Day.

However, after a meeting with Prime Minister's ICT Affairs Adviser Sajeb Wazed Joy, the division changed the date as the government wants to celebrate the milestone through a countrywide weeklong programme.

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