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DHAKA MONDAY DECEMBER 23, 2019, POUSH 8, 1426 BS starbusiness@thedailystar.net

Real wages in fishery, construction falling despite faster GDP growth

SOHEL PARVEZ

Last fiscal year, Bangladesh's GDP grew at a record 8.15 percent, so it is natural to assume the real income of all would see some degree of increase with such a high level of economic expansion. And yet, fishermen and construction workers saw their real wages fall.

These two groups of labourers have continued to see their real wages fall owing to inflation rate exceeding the rise in their nominal wages for nearly one and a half years, according to data from the Bangladesh Bureau of Statistics (BBS).

Inflation, a measure of changes in prices of a basket of necessary goods and services, was at 5.48 percent in fiscal 2018-19 -- well above the growth rate of nominal wages for fishing (5.22 percent) and construction (5.19 percent) workers that year.

The two sectors accounted for one-tenth of the GDP in fiscal 2018-19.

In other words, the purchasing capacity of the workers in the two sectors, who tend to be low- and unskilled and poor, shrank in the last fiscal year despite the historically high GDP growth.

And their situation did not improve this fiscal year either, showed the BBS's consumer price index (CPI) and wage rate index (WRI).

For instance, in November inflation was 6.05 percent, which was 1.19 percentage points higher than the nominal wage growth rate in the same month in the fishery sector and 1.18 percentage points higher than that in the construction sector.

The trend in wage growth coincides with



People working in the fisheries sector have continued to see their real wages fall as inflation rate exceeds the rise in their nominal wages.

the declining pace of poverty reduction and widening inequality between the affluent and the poor, raising questions and concerns about the quality of Bangladesh's much-lauded GDP growth. The best performers in fiscal 2018-19 were manufacturing sector, followed by farming and service sectors. The real wages of workers in the sectors had been higher than the rates of inflation over the last one and a half years.

Real wage growth in agriculture was very small (0.54 percentage points) and it would be important to see if that can be sustained as a long-term trend in future, said Rizwanul Islam, a former special adviser of employment sector at the International Labour Office,

Geneva, in an email. He cited his earlier work on longer-term trend in real wages that showed a rise from 2008-09 to 2010-11 and a fall from 2010-11 to 2015-16.

"The decline took place both in agriculture and manufacturing. Hence, the reversal of the trend for these two sectors comes as good news. However, rather than being complacent, one should note a few more points," he added.

The BBS has been producing the WRI since 1974 on a regular basis using 1969-70 as the base year. The WRI measures the movement of low-paid skilled and unskilled labour over time in three broad sectors of the economy: agriculture, industry and service. Later, the WRI was rebased to 2010-11.

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OMS onion now Tk 35/kg

STAR BUSINESS REPORT

The Trading Corporation of Bangladesh (TCB) has cut the price of onions under its open market sale (OMS) to Tk 35 per kilogramme from Tk 45.

The new price will come into effect from today and sales will continue till further orders, said a TCB press release yesterday.

"We have decided to cut the prices of the bulbs considering the downward trend in the market," said Md Humayun Kabir, the agency's spokesperson.

The state-run corporation started running the OMS on September 17 after prices reached record highs resulting from India banning exports to rein in the price in its domestic market.

Bangladesh annually imports roughly 10 lakh tonnes of the cooking ingredient as local production falls short of domestic requirement.

As imports and home-grown stocks

continued to decline, retail prices skyrocketed to an all-time high of Tk 250 per kg in the third week of November.

Hundreds of people started queuing behind the TCB's OMS trucks to purchase the bulbs at Tk 45 per kg.

The government faced criticism for failing to take timely action for increasing supplies and many consumers cut onion use in dishes.

Prices began falling from this month as supply increased through imports and early harvests.

Yesterday, retail prices hovered around Tk 60-120 per kg, down 11 percent from that a week ago, shows the TCB's market data.

Kabir said the TCB initially offered the subsidised onion in Dhaka city and later expanded to other cities and towns to cool down prices of the popular vegetable.

The TCB is using 175-180 trucks, including 50 in Dhaka, every day for the OMS of onions.

Invest in compliance Experts, labour leaders urge owners of shipbreaking yards

STAR BUSINESS REPORT

The shipbreaking industry should improve working conditions at yards by following labour laws, ensuring minimum wages, and training up workers, said rights activists and government officials yesterday.

They also called for a change in the mindset of owners so that they invest to ensure compliance as well as adopt advanced technologies and raise safety awareness among the workers.

"The number of accidents in the shipbreaking sector has risen over the years, so preventive measures are needed," said Shubh Nath Roy, inspector general of the Department of Inspection for Factories and Establishments (DIFE).

"Many industries don't follow labour

laws and safety issues for workers. We are trying to compel them to follow the laws but the labour laws are very weak," he said.

He said many government agencies are working to ensure decent work in the sector. However, there is a lack of coordination.

Roy was speaking at a roundtable at The Daily Star Centre in Dhaka. The Bangladesh Institute of Labour Studies (BILS) organised the roundtable styled "Ensuring decent work in shipbreaking industry: role of different stakeholders".

At present, 60-65 ship yards are active in Bangladesh and all of them are based in Chattogram. They bring scrap ships from abroad and break them and sell the scraps to steel millers, according to the BILS.

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