

India's forex reserve fifth largest in the world

OUR CORRESPONDENT, New Delhi

With its foreign exchange reserves hitting \$608.99 billion as on June 25, India has emerged as the fifth largest foreign exchange reserve holder in the world after China, Japan, Switzerland and Russia, parliament was told yesterday.

This was stated by the Minister of State for Finance Pankaj Chaudhary in a written reply to a question in the Lok Sabha.

The minister said India's foreign exchange reserve was at a comfortable position in terms of import cover of more than 18 months and providing a cushion against unforeseen external shocks.

The government and the Reserve Bank of India (RBI) are closely monitoring the emerging external position calibrating policies or regulations to support robust macroeconomic growth, he added.

Chaudhary said the RBI takes regular steps for diversification of forex reserves by scaling up operations in forex swap

and repo markets, acquisition of gold and exploring new markets and products while adhering to safety and liquidity standards.

The minister said a current account deficit, accompanied by increasing foreign exchange reserves reflects a surplus on the balance of payments.

In 2020-21, India's balance of payments recorded a surplus in both current account and capital account, which contributed to the increase in foreign exchange reserves during the year.

Other than exports and imports of goods and services, the overall stability of the external sector depends on other components of balance of payments, including remittances, income in the current account, the size of net capital flows and external debts.

India is comfortable in most of these external sector vulnerability indicators, the minister said.

RMG factories owe \$844m in wages to workers

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Based on the estimated wage gaps in seven production countries, namely Bangladesh, Cambodia, India, Indonesia, Myanmar, Pakistan and Sri Lanka, the Campaign estimates that garment workers lost a combined \$11.85 billion from March 2020 through March 2021.

The estimated wage gap for the workers in Cambodia was \$343 million, for India \$1.02 billion, for Indonesia \$721 million, for Myanmar \$422 million, for Pakistan \$404 million, and for Sri Lanka \$313 million.

The first "Un(der)Paid in the Pandemic" report of the CCC estimated a wage gap of \$501 million for Bangladesh from March to May 2020. This was a period when up to 89 per cent of factories were temporarily closed.

After the initial shock of the pandemic in Bangladesh, 79 per cent of the factories that had closed down reopened with 92 per cent of their workforce, according to research of the MiB, an initiative of the Brac University's Centre for Entrepreneurship Development.

This suggests that approximately 1.2 million workers were furloughed in June 2020, said the report.

Data from the ILO Briefing Report indicates factories, on average, were operating at a significantly reduced capacity of 57 per cent of the workforce by July 2020, which corresponds to 1.89 million workers being furloughed in July last year.

According to the rules of retrenchment, the workers were given 60 per cent of their wages.

The CCC estimated the furloughed workers faced a wage gap of at least \$117 million from June to July in 2020. After July, employers were officially allowed to terminate workers.

The report cites another study by the MiB that states that 3.5 lakh garment workers lost their jobs.

MiB's database covers three-quarters of the garment industry in Bangladesh, so the number of jobs lost was extrapolated to 4.76 lakh for the whole sector.

A separate study by the Bangladesh Institute for Labour

Studies, in September 2020, estimated that around 4 lakh garment workers might have lost their jobs, said the report.

The CCC averaged the numbers and concluded that 4.38 lakh garment workers lost their jobs last year.

The MiB's survey in October 2020 found that only 3.6 per cent of factories paid the full severance owed to terminated workers, and these were small and medium-sized factories.

All large factories and 86 per cent of medium-sized factories reported withholding legally owed compensation and allowances and paying only the salary owed.

"Allowing for higher worker numbers in large factories, we estimate that 95 per cent of workers dismissed during the pandemic were not paid their legally owed severance," said the report, putting the severance pay gap at \$151 million.

The CCC also took into consideration the non-payment of wages and Eid bonuses.

The Bangladesh Industrial Police

reported 756 garment factories had not paid in June 2020, and 177 factories had not paid July wages and Eid bonuses.

"With an average of 790 workers per factory, we estimate that 7.37 lakh workers lost withheld wages of \$74.2 million," said the report.

Considering the wage gap for furloughed workers in the five months up to July 2020, the amounts owed to workers who were terminated but not paid their legal entitlements, and the widespread non-payment of wages to employed workers during the pandemic, the total estimated wage gap for workers in Bangladesh is \$844 million, the CCC said.

"Global brands, retailers and e-tailers remain responsible, under international standards and their own codes of conduct, for ensuring that workers employed in their supply chains are paid at least their legally mandated or regular wages - whichever is higher," said the report.

"They must take direct responsibility for the workers in their supply chains."

Women make up nearly a third of financial service firm boards

REUTERS, London

The proportion of women on the board at 200 of Britain's top financial firms has risen to nearly a third in the five years since the government launched an initiative to improve gender balance in the sector, a report on Monday said.

Since the launch of the HM Treasury Women in Finance Charter in March 2016, the number of women on the board at the companies had risen to 32 per cent from 23 per cent, think tank New Financial said in a review of the charter's impact.

Female representation on executive committees, meanwhile, had increased to 22 per cent from 14 per cent, it added. Based on the current rate of change, women would reach parity in the boardroom in 2029 and on executive committees in 2033. "While female representation is moving

in the right direction, there is still a long way to go," said Yasmine Chinwala, partner at New Financial and co-author of the report.

"If the industry is to maintain the pace of change in the next half decade, it will have to take on the tougher challenges."

Among them are the need to build a pipeline of female talent, ensure accountability is taken across the organisation and to develop more women in revenue-generating roles.

"Over the next five years, we need to move from talk to action, from working in isolation to working together, and move from a narrow perception of gender diversity to encompass women from every walk of life and every part of society," said Amanda Blanc, chief executive at British insurer Aviva.

Farmers in a remote village selling cattle online

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Now, farmers have come up.

In a remote village named Haropara of northwest district Pabna, livestock farmers and traders are selling their reared cattle through online platforms in order to avoid the hassle of visiting haats or bazars in the wake of the Covid-19 pandemic outbreak and its spread.

Md Ashrafur Alam, a small cattle farmer of the village under Pabna, one of the biggest dairy and livestock farming districts, is one of them.

He sold all three bulls he reared through an online platform maintained by one of his peers. They took photos and recorded videos of the bulls and posted those on YouTube and Facebook for sale.

It worked. "It provided a lot of relief from hassles. I do not need to count extra costs for transporting cattle from one haat to another," he said.

Alam is one of over 150 livestock farmers who have sold their bulls online. Until midday yesterday, they could sell nearly 3,500 bulls

out of 4,000 online.

The sales figure is insignificant when it comes to total sales of cattle nationally through haats and also through online marketplace developed and operated under the government patronage to enable people to buy animals by avoiding physical contacts and prevent spread of the contagious virus.

Until yesterday, roughly 3.50 lakh cattle were sold through online platforms at Tk 2,424 crore through the online markets tracked by the Department of Livestock Services (DLS).

Farmers of Haropara village of Pabna expected that the rest of the 500 bulls will be sold online before the Eid.

Md Shahabul Islam, a cattle trader in Pabna's Haropara, said he used to sell cattle in local haats a few years ago and often did not get the expected profits due to the hassles of cattle market.

Now, he is free of tension. "I often buy cows from local farmers and outside of the village a month before Eid-ul-Azha and go for nourishing the animal.

When I take photos and videos of the animal and upload it onto Facebook and YouTube under the name of my cattle farm, ABC Farm, including my cellphone numbers," Sahabul said.

"If the buyers like an animal they see, they contact me. If I get the expected price then I give my word on the sale. Buyers, however, send us money through banks and then I send the animal to the desired address on a vehicle," he added.

"If anybody wants to keep the cattle in my farm, then we take an extra charge of Tk 3,000 for maintenance per month," he said.

Sahabul has nine bulls in his farm. He, however, bought 10 more last week and sold at least 15 till Friday.

Md Abdul Kader, who started selling cattle of his farm online since 2017, said he has sold almost 2,000 bulls online from this village.

"Now we are expecting to sell more this year as many people are dependent on online markets owing to the alarming Covid

situation," he said.

Kader has 117 fattened cattle. Of them, he sold 110 till Friday. He said big cattle traders and industrialists were the key buyers of online markets.

Once the animals are sold, these are transported to the place opted for by buyers on trucks.

"Big traders or their representatives are coming to our village after viewing the animals at our online platform and complete deals through electronic transactions," he said.

Md Johurul Islam, acting livestock officer of Vangura upazila in Pabna, said cattle farmers and traders of Haropara village have set an example of digital marketing.

"Due to the alarming spread of coronavirus, we always request everybody to operate cattle markets following health guidelines but nobody does.

We have encouraged cattle farmers to sell on online platforms. Farmers of Haropara village have set an example through their own initiatives," he said.

Wage workers in double whammy

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This is happening at a time when employment opportunities also declined. That implies that the incomes of a large number of low-income people have gone down, he said.

"Thus, the conclusion -- based on BBS data -- is inescapable that many are joining the ranks of the poor."

The rate of the increase in real wages has been on a downward trend for a few years, according to Khondaker Golam Moazzem, research director of the Centre for Policy Dialogue.

He said inflation-adjusted real wages fell in all sectors except agriculture in June. The fisheries and construction sectors saw the most declines.

The wage rate in the agriculture sector grew by 6.13 per cent in June, down from 6.71 per cent a month ago. The fisheries sector's wage growth fell 53 basis points to 4.92 per cent and the construction sector's by 22 basis points to 4.31 per cent.

The broader industrial sector's wage growth was down 20 basis points to 5.59 per cent in June, and the service sector's wage growth dropped 24 basis points to 6.06 per cent.

The decline in the real wages for a major portion of the working class has negative consequences, Moazzem said. "Their savings capacity is squeezing. Jobs are relatively unavailable. There might not be any job sector growth. As a result, there will be more informality in the sector."

"As a result, food intake and nutrition will take a hit. Child labour in families may go up. Indebtedness will deepen."

Division-wise, the wage rate growth rose 12 basis points to 5.93 per cent in Dhaka in FY21 compared to a year ago and by 25 basis points to 7.05 per cent in Rajshahi.

It fell to 5.99 per cent in Chattogram, 7.27 per cent in Rangpur, 6.11 per cent in Khulna, 6.16 per cent in Barishal, and 6.01 per cent in Sylhet.

"The wage rate decline is the reflection of the real scenario," said Sayema Haque Bidisha, a professor of the economics department at the University of Dhaka.

She said the wage data represented the workers who were employed and about whom information was available.

Beyond this group of people, many people are unemployed or have lost jobs. There is another group of people who belong to the completely informal sector.

Food inflation has grown in the last several months. At the end of the fiscal year, the average food inflation rose to a three-year high of 5.73 per cent.

Prof Bidisha said the people in the urban areas had lost jobs and saw income cut. So, internal migrants were facing pressure, and even many of them returned to villages.

"Because of the declining purchasing power, food poverty among the poorest of the poor might have increased."

Bidisha, also the research director of the South Asian Network on Economic Modeling, called for expanding the operation of the open market sales of essentials to give some respite to the lower-income groups.

"Market monitoring has to be strengthened by deploying more people to keep the price stable of basic commodities and prevent their unusual price hike."

She urged the government to link the interest of the workers with the budgetary stimulus and incentive packages for industries and businesses to avoid job and wage cuts.

"The government may introduce an unemployment allowance even for a temporary period."

According to Moazzem, the main initiatives to support the workers would have to come from the government as the private sector was not in a position to invest in generating jobs.

"Government-led initiatives such as public works and social safety net schemes have to be expanded."

He called for implementing infrastructure projects in both rural and urban areas that created jobs.

Non-governmental organisations directly work with the poor people, so the government's financing for the NGO-led initiatives should be increased, he said.

"Bangladesh is now at a stage where it has to prioritise the coronavirus vaccination programme to revive economic activities."

Plug policy gaps to deepen digital inclusion: experts

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Addressing as a panel discussant, Syed Almas Kabir, president of the Bangladesh Association of Software and Information Services (BASIS), underscored the need for developing the analytical and decision-making skills of human resources to enhance software and IT enable services.

About 22,000 IT students graduate every year in the country but they do not have the required skills, that is why they have to go through a training process for the next three to six months and then they become employable, he added.

This is the gap between the academy and industry, he said.

"We need to incorporate those training and skill development within the four-year academic curriculum," he said.

"Not all the e-commerce being practised in the country is digital service. If there is no digital payment done and if

it is a cash-on delivery, it cannot be called a digital service unless the transaction is made digitally," he said.

Ninety-five per cent of internet services depend on mobile operators while broadband internet covers only four to five per cent, he informed.

"The problem is that the services we want to provide digitally actually need high-speed broadband network," he said.

Reshmi Banga, senior economic affairs officer of the United Nations Conference on Trade and Development (UNCTAD), said cherry-picking policies or ad-hoc policies would not enable the required digital transformation.

There has to be a national comprehensive digital transformation strategy well coordinated with some at the national level as well as sectorial level policies while both demand and supply sides need to be addressed together, she said.

Agro-processors asked to ensure safe workplace

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"After the fire incident, many weaknesses and limitations of the factory were discovered and we are taking a lesson from them so that such issues do not recur," he added.

On July 8, at least 52 workers, including child labourers, died in a devastating fire at the Hashem Foods manufacturing unit that produced fruit drinks and biscuits. The incident occurred at a time when the country's agricultural exports crossed the \$1-billion mark for the first time despite the ongoing coronavirus pandemic.

According to BAPA, locally made agro-based products are being regularly exported to more than 145 countries.



Mashreqbank, PSC (Dubai, UAE) disburses USD 25 Million in Long Term Funding to Bangla Trac's 200 MW HSD Power Plant

Mashreqbank PSC, Dubai, United Arab Emirates has disbursed long-term foreign currency funding of USD 25 million to Bangla Trac Group, one of the leading conglomerates in Bangladesh. The funding is specifically for Bangla Trac Power Unit-1 Ltd (BTPU-1), the 200 MW High Speed Diesel (HSD) fired power plant located in Daudkandi, Cumilla.

The City Bank Ltd played a key role in securing the funding, acting as the Lead Arranger and Agent Bank. Alongside the USD 25 million from Mashreqbank PSC, The City Bank has also raised local currency funding of BDT 3,240 million through syndicate arrangement from Shahjalal Islamic Bank Limited, NRB Commercial Bank Limited, The City Bank Limited, Islamic Finance & Investment Limited and IDLC Finance Limited for BTPU-1 power plant project.

Mr. Mohammad Aminul Haque, Chairman and Mr. Tarique Ekramul Haque, Managing Director of Bangla Trac Limited, which is the majority shareholder entity of BTPU-1, expressed their gratitude and thanks to The City Bank Ltd. and Mashreqbank PSC for their relentless efforts in making this deal a success and expressed intent for more such collaborations in the future. As Bangladesh's economy leaps forward, Bangla Trac Group remains committed to support the country's economic growth through our continued contribution in power and infrastructure development sector.

ABOUT BANGLA TRAC GROUP

Bangla Trac Group, is one of the leading conglomerates in the country which started its journey in 2004 with Bangla Trac Ltd, the exclusive authorized dealer of Caterpillar Inc, USA in Bangladesh. The Group has established its presence in diverse sectors like power and infrastructure development, telecommunication, information technology and restaurant and hospitality and locally represents top global brands such as Caterpillar, Burger King, Dell, HP, Nextsco, Microsoft, Acer, Oracle, CISCO, RSA, Blackbox, Panasonic, VMware and f5.