



MAJOR ECONOMIC INDICATORS

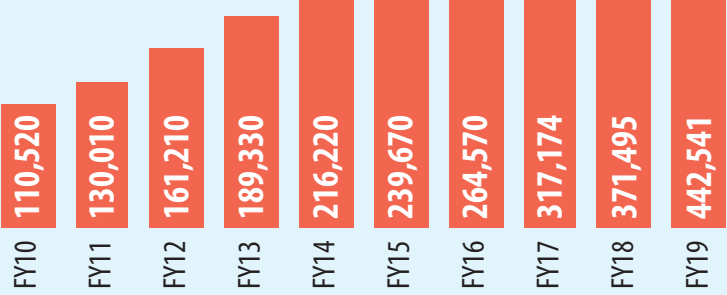
- GDP grew nearly **3** times
- Economic growth hit **8.15%** in FY19, highest since FY74
- Budget grew **4** times
- FY22 budget to be **6** times higher compared to FY10
- Budget as % of GDP grew **3.5** percentage points to **17.4%** in FY19
- Foreign aid and loan commitment grew **3.32** times to **\$9.9b** in FY19
- Tax collection shot up **3.5** times to Tk **220,771cr**
- Bangladesh reached lower-middle income status in 2015

BEGINNING OF MEGA PROJECTS

- Padma bridge
- Rooppur nuclear power plant
- Bangladesh's first metro rail
- Karnaphuli tunnel
- Matarbari deep seaport and power plant

GOVT'S BUDGET DURING MUHITH'S TENURE

(In crore taka)
SOURCE: FINANCE MINISTRY



You should have good intentions for the nation and its people. This will bring good outcomes for the countrymen as well as the nation

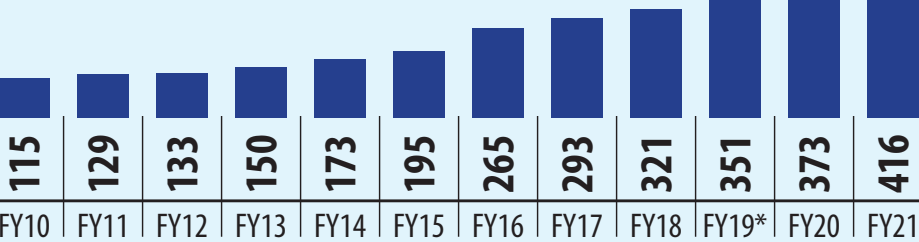
My family members and near ones have requested me not to utter the word 'rubbish' any more. But it was a habit. I would call anything 'rubbish' if it was so

We had no other alternative but to begin the implementation of this project with our own funding arrangements, Muhith said in his budget speech for 2013-14 after World Bank cancelled funding for Padma bridge

It will depend on the condition of my health. I am already 81. If there is no health problem, I will serve as minister for full term, he said replying to the media in September 2014 if he would continue as a minister

BANGLADESH'S GDP

(At current market prices; in billion \$) *Last fiscal year under Muhith as finance minister
SOURCE: WORLD BANK AND BBS



Job growth in manufacturing plunges: BBS survey

MD ASADUZ ZAMAN

Despite double-digit growth in manufacturing output, job growth has slowed down in Bangladesh alarmingly, which may raise unemployment and prevent the economy from benefitting from the abundance of working age population, official figures showed.

According to the latest Survey of Manufacturing Industry (SMI) 2019 released recently by the Bangladesh Bureau of Statistics (BBS), the annual growth of jobs declined to 1.23 per cent between 2011 and 2018, way lower than the 6.24 per cent recorded between 2006 and 2011.

Medium industries culled more than half of their jobs as the number of medium factories dipped 48 per cent to 3,178 in 2018 from 6,103 in 2011. Micro factories cut the number of units by 4 per cent, bringing the number of jobs down.

Only small and large industries added jobs, offsetting the sharp slide in micro and medium factories, which together made up 14 per cent of total industrial jobs of 54.65 lakh in 2018, albeit down from

26 per cent in 2011.

Large factories, which registered a slump in terms of numbers of units during the seven-year period, took in 24 per cent more jobs to raise it to 36.69 lakh in 2018 compared to 2011.

Rising capital intensity and adoption of advanced technologies were major reasons behind the sluggish employment growth, and this takes place at a time when the economy recorded more than 6 per cent annual growth.

"Slowdown of employment growth will result in higher unemployment and can affect wages and labour income adversely," said Rushidan Islam Rahman, executive chairperson of the Centre for Development and Employment Research.

Bangladesh's unemployment rate is 4.3 per cent, according to the latest Labour Force Survey 2016-17.

She identified two forces: the lack of rapid growth of the numbers of establishments with lower per-unit employment growth and the rising capital intensity in the large establishments.

The total employment in micro, small and medium

(MSM) industries declined to 18 lakh in 2018 from 20.5 lakh seven years ago.

The BBS survey found the number of large establishments declined 22 per cent to 2,856 in the seven years to 2018. Remarkable changes took place in the garment industry, which accounts for about 85 per cent of national exports, as the number of units plummeted by 30 per cent to 1,924 in 2018.

Apparel shipment, however, surged 49 per cent \$28.14 billion to the fiscal year of 2016-17, from \$18.91 billion in 2010-11, data from the Export Promotion Bureau showed.

Yet the share of large factories in the total employment has increased. "This implies a rise in average employment per unit," said Rushidan, also a former research director of the Bangladesh Institute of Development Studies.

"The declining trend in manufacturing sector employment is alarming for the economy," said Sayema Haque Bidisha, a professor at the economics department at the University of Dhaka.

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MFS providers in a costly battle for supremacy

MAHMUDUL HASAN

Mobile financial service (MFS) providing companies are spending big in the form of cashbacks on purchases made during the ongoing Eid sales season as they are fighting a costly battle for digital payment supremacy in the country.

For instance, even two weeks before Ramadan, a customer of clothing brand Sara Lifestyle came across a 20 per cent cashback offer for payments through MFS provider Trust Axiata pay (tap).

And since the beginning of Ramadan, bKash and Nagad, the country's top two MFS providers, offered the same percentage of cashback for payments to Sara Lifestyle.

However, there is a limit on how much cashback a customer can avail.

For example, a tap customer can get up to Tk 600 while Nagad

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Reminiscent of celebratory paper lanterns used in outdoor decorations, there is no festivity behind the hanging of these lunchboxes on this tree but simply the stark reminder that workers loading sacks onto a truck in the background have no place to keep their belongings while they work, a far cry from the decent workplaces envisioned through the observance of May Day today. The photo was taken at Anu Majhir Ghat in Chattogram recently.

PHOTO: RAJIB RAIHAN

High growth in manufacturing didn't ensure job creation

Says an economist

The annual rate of growth of employment in Bangladesh has slowed, impacting wages and labour income. There is also a lack of rapid growth in the number of small and medium establishments and growth in employment per unit. Rushidan Islam Rahman, executive chairperson of the Centre for Development and Employment Research, speaks about employment growth, the share of female employment, real wage and how to encourage the growth of both large and small units, in an interview with The Daily Star.



DS: What does the new Survey of Manufacturing Industry (SMI) reveal about manufacturing sector growth?

Rushidan Islam Rahman: We are discussing the results of SMI 2019 (data is for the fiscal year of 2017-18). Although the publication of the full report has been delayed, I think it is still useful as it provides pre-Covid benchmark data.

Also, it makes possible a comparison with the 2012 SMI Report to track changes during the seven-year period. Growth of the manufacturing sector based on gross value-added shows an impressive 16.4 per cent compound annual rate of growth between 2011 and 2018 whereas it was 16.7 per cent between 2006 and 2011. The earlier phase's high growth may have been considered an early surge from a low base. But SMI 2019 shows that the growth has been maintained.

DS: Has there been commensurate growth in employment? Has it been a jobless growth as feared?

Rushidan Islam Rahman: When it comes to employment growth in manufacturing, the picture is not as bright as value-added growth. The annual rate of growth of employment in the

When it comes to employment growth in manufacturing, the picture is not as bright as value-added growth. The annual rate of growth of employment in the recent phase was 1.23 per cent, much less than the 6.24 per cent annual employment growth during the earlier phase

recent phase was 1.23 per cent, much less than the 6.24 per cent annual employment growth during the earlier phase. If this trend continues, growth can become literally jobless. A slowdown of employment growth will result in higher unemployment and can affect wages and labour income adversely.

DS: Why did employment growth decline compared to the earlier period?

Rushidan Islam Rahman: Two forces can be readily identified. The first is the lack of rapid growth in the number of small and medium establishments and the lack of growth in employment per unit. Total employment in MSM (micro, small and medium) declined from 2.05 million in 2011 to 1.80 million in 2018.

The second is the rising capital intensity, especially among the large establishments. Despite that, employment growth could have been maintained if the number of such enterprises had grown. As this did not materialise, the number of large establishments has gone through a decline between 2011 and 2018 from 3,639 to 2,856.

DS: How did the micro, small and medium enterprises perform compared to large scale ones?

Rushidan Islam Rahman: The first observation is that the share of MSM in total employment in the sector declined from 41 per cent in 2011 to 34 per cent in 2018 although the number of such establishments grew by 10 per cent over the seven years.

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STOCKS				WEEK-ON WEEK
DSEX ▼		CASPI ▼		
0.10%		0.60%		
6,655.66		19,474.45		

COMMODITIES				AS OF FRIDAY
Gold ▲		Oil ▲		
\$1,906.00		\$107.14		
(per ounce)		(per barrel)		

ASIAN MARKETS				FRIDAY CLOSINGS
MUMBAI	TOKYO	SINGAPORE	SHANGHAI	
▼ 0.80%	▲ 1.75%	▲ 0.65%	▲ 2.41%	
57,060.87	26,847.90	3,356.90	3,047.06	