

## Rising US wages support spending

AFP, Washington

American wages continued to rise in April, supporting an ongoing increase in consumption in the face of an inflation wave that nonetheless shows signs of waning, according to government data released Friday.

US personal income rose 0.4 per cent compared to March, while personal consumption expenditures (PCE) gained 0.9 per cent, slowing from the gain in the prior month, according to the Commerce Department report.

But in a bit of good news for shoppers, the PCE price index slowed sharply, increasing just 0.2 per cent after several months of accelerating at more than twice that pace and 0.9 per cent in March.

The world's largest economy has been battered for months by a cresting inflation wave, made more painful by the surge in energy prices caused by the fallout from the Russian invasion of Ukraine.

Over the last 12 months, the key inflation measure slowed to 6.3 per cent from 6.6 per cent in the prior month, according to the data.

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Excluding volatile food and energy goods, the increase in the "core" PCE price index was a more modest 4.9 per cent.

PCE is the Federal Reserve's preferred price gauge, and the central bank has launched a counter-offensive against inflation with a series of aggressive interest rate hikes to cool the economy.

The process began in March and was followed early this month by a half-point increase, the biggest since 2000.

Policymakers argue that the US economy is strong enough to withstand the increased borrowing costs, and though the hot housing market has cooled, consumers show no signs of reducing spending.

The data show "consumers are resilient, for now," said Rubeeela Farooqi of High Frequency Economics.



Workers are seen loading cucumbers onto a truck bound for Dhaka and other parts of the country at a market in Mithapukur upazila of Rangpur. Here, the local retail and wholesale prices of various vegetables are posted daily to ensure that both buyers and sellers always get their money's worth.

PHOTO: MD ASADUZ ZAMAN

## Agent banking a blessing for northern farmers

MD ASADUZ ZAMAN

Angura Begum, a 45-year-old farmer who hails from Mithapukur upazila of Rangpur, was seen beaming while selling her vegetables at the local farmers' centre last Sunday.

She had a sense of relief about her that day as she sold her fresh cucumbers at a wholesale price of Tk 14 per kilogramme without facing any hassle.

Along with her, other local farmers such as Lavli Akhter and Mohammad Mohiruddi were seen selling their crops as well.

Meanwhile, wholesalers like Abdur Rahman were purchasing the products from farmers and loading them onto various vehicles for shipping to Dhaka.

They were all informed about the daily price of various crops through a regularly updated price chart hung on a wall of the market. The chart listed the local retail and wholesale rates as well as that of markets in Dhaka.

Other than buying and selling crops, some farmers had come to conduct financial transactions at the local agent banking outlet of Bank Asia while others bought fertilisers and machinery from the market.

Located in Pairaband union under Mithapukur upazila of Rangpur, the Pairaband Farmers Centre is a place where local growers farmers always get a good deal for their produce.

Bank Asia partnered with Voluntary Service Overseas and Syngenta to establish

20 farmer centres across two northern regions -- Dinajpur and Rangpur -- under the "Growing Together" project, which ended in December 2019.

Now, the project is being run by local entrepreneurs who have formed committees.

Farmer Lavli Akhter said she came to the centre to buy various inputs like seeds, fertilisers, pesticides and machinery, such as rice threshers and power tillers.

In addition, farmers can avail transportation services from the spot.

"Without paying an extra transport cost, we can easily sell our fresh vegetables at the centre. At the same time, we can buy necessary agricultural elements," said Angura, a mother of three.

Angura, who is the lone earner of her family, was in a financial crisis just three years ago.

But in 2019, as a sharecropper, she started potato cultivation on 40 decimals of land after taking a Tk 35,000 agriculture loan from an agent banking outlet of Bank Asia.

Angura sold all her potatoes to earn Tk 76,000, with which she bought a cow at a cost of Tk 42,000. Now, she has taken out another loan of Tk 50,000 at 4 per cent interest.

"It was my great support to continue the education cost of my three children," she said, adding that without the loans she would have been forced to move to Dhaka in search of a livelihood.

Another farmer, Mohammad Mohiruddin, took Tk 50,000 as an agri-loan

from the Bank Asia outlet with 4 per cent loan just a week ago. In the current season, he also took land from Atiar Rahman as a sharecropper and he must pay Tk 150 per decimal.

"Earlier, I took loans with 16 per cent interest from another non-government organisation, which was a burden for me," he said.

Azizar Rahman, in-charge of the farmer centre, said they now have 960 members.

After the project ended, he and other farmers continued conducting operations in the centre.

"The farmer centre was formed as a one stop solution for farmers where they connect with both input and output markets, avail agricultural machinery from rental shops and financial support through agent banking outlets as well," said Rumana Akhter Tulee, programme manager of the project.

"The centre also provides them with physical spaces where farmers can access quality inputs such as seeds, crop protection products, rent simple farming equipment, get necessary advice, and aggregate crops," said Tulee, one of the assistant vice presidents of Bank Asia.

Mid Ruhul Motin, first assistant vice president of the lender's agent banking division (communication and development), said that through the Pairaband centre, local farmers can get fair prices as the prices are updated daily.

"There is no possibility of cheating anyone from here," he added.

Mid Nura Alam Siddeke, SEO and head of Rangpur branch of Bank Asia, said they are working to provide financial assistance to farmers at the right time and to keep them engaged with year-round agriculture in Rangpur region.

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## Reforms needed to avoid middle-income trap

Says CPD's Mustafizur Rahman

SOHEL PARVEZ

Bangladesh may find it difficult to avoid the middle-income trap and become a high-income country if it can't bring in the second generation of policy reforms and focus on the quality of macroeconomic management, said Mustafizur Rahman, a distinguished fellow at the Centre for Policy Dialogue.

On the back of years of steady economic growth and social gains, Bangladesh is set to be a developing country in 2026. It transitioned to a lower-middle nation from the lower-income category in 2015 after meeting the World Bank's criteria.

The dual graduation entails the second generation of challenges, said Rahman.

"The countries that have not been able to tackle the challenges properly have fallen into the middle-income trap, whereas those that have dealt with the challenges appropriately have become high-income countries."

"Bangladesh has to address structural challenges to ensure modern industrialisation and services sector, more equitable distribution, and a climate-resilient economy."

The transition will bring challenges in terms of macroeconomic management, diversification of the economy, overcoming structural weaknesses, raising productivity, blending skills and productivity, and technology transfer.

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The LDC graduation will have impacts in four areas: market access; relationship with foreign partners; obligation; and compliance. And Bangladesh is graduating at a time when compliance and rights will become major preconditions for market access, according to Rahman.

"We will have to put in place the basic structures. We already know what we will have to do. We have to carry out reforms to raise more revenues domestically and restructure incentives to develop entrepreneurship."

Another important achievement for Bangladesh is it has moved from a predominantly aid-receiving country to a trading nation.

Now, Bangladesh needs to make another transition: from pre-dominantly preference-driven competitiveness to skills and productivity-driven competitiveness.

It is easier said than done.

"In order to transition to skills and productivity-driven competitiveness, we have to blend skills and technology and tune the education system with that," said the former professor at the University of Dhaka.

Rahman, who did his masters in economics from the Kharkov State University in Ukraine and PhD in development economics from Moscow State University in Russia during the Soviet Union era, called for incentivising the vocational education system.

"We have to revise and redirect incentive structures so that entrepreneurs move to technology and innovation-driven practices."

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## India's Q1 GDP growth likely slowed: poll

REUTERS, Bengaluru

India's economic recovery from the Covid-19 pandemic likely stumbled again in the first quarter of this year primarily due to Omicron-related restrictions and higher inflation, a Reuters poll showed.

Growth in Asia's third-largest economy was pencilled in at 4.0 per cent for the January-March quarter from the same period a year ago in a May 23-26 Reuters poll of 46 economists, down from 5.4 per cent in Q4 2021.

If realised, that would be the slowest in a year, and a third consecutive quarter of weaker growth.

Rahul Bajoria, chief India economist at Barclays, pointed to the surge in Covid-19 infections caused by the Omicron variant of the coronavirus and the resulting restrictions on activity imposed by various state governments. "While the movement restrictions were short-lived, other headwinds from global supply shortages and higher input costs also impeded the pace of expansion," he said.

Forecasts for the data, due at 1200 GMT on May 31, ranged widely, from 2.8 per cent to 5.5 per cent.

Economists also noted part of the weakness in the upcoming release would be due to a higher base one year ago. The government does not officially release quarter-on-quarter GDP data.

January-March was the final quarter of 2021/22 fiscal year. The economy grew at 20.3 per cent, 8.5 per cent and 5.4 per cent in the first three quarters of the financial year, respectively, which could be revised.

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A labourer reacts as he carries a goods-filled sack at a wholesale market in the old quarters of Delhi.

PHOTO: REUTERS/FILE

## Russia looking to boost grain exports

AFP, Moscow

Russia said Friday it was looking to ramp up its production of grain to export in the coming season, amid a global food crisis exacerbated by Moscow's military campaign in Ukraine.

The military action and sanctions imposed on Russia over the offensive have disrupted global supplies of grain, wheat and other commodities.

Russia and Ukraine alone produce 30 per cent of the global wheat supply.

"In the current season (2021-2022) we have already exported over 35 million tonnes of grain, including 28.5 million tonnes of wheat," Agriculture Minister Dmitry Patrushev said at a Russian grain forum, adding that before the end of the season on June 30 the export volume will exceed 37 million tonnes.

"In the coming season (starting July 1, 2022) we estimate our export potential for grain at 50 million tonnes," he said.