Rising inflationary pressure contributed to an overall decrease in local demand for two-wheelers. As per market data, a total of 587,689 motorcycles were sold last year while 587,925 units were sold in 2021. The photo was taken from Khulna city last night. PHOTO: HABIBUR RAHMAN

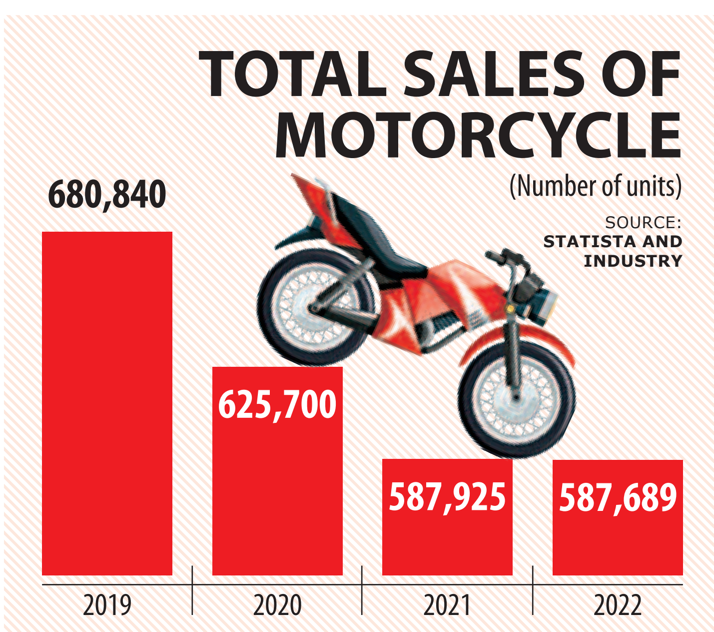
MOTORCYCLE SALES drop slightly in 2022

JAGARAN CHAKMA

Motorcycle sales in Bangladesh did not show any growth but rather shrunk in 2022 as the ongoing economic crises, such as rising inflationary pressure, contributed to an overall decrease in local demand, according to industry insiders.

As per market data, a total of 587,689 motorcycles were sold last year while 587,925 units were sold in 2021. However, the fall in sales was mostly limited to the second half of the year.

A total of 241,264 motorcycles were sold from July to December in 2022, down by 18 per cent compared to 294,815 units in 2021, the data shows.



Meanwhile, motorcycle registration ramped up last year with data from the Bangladesh Road Transport Authority (BRTA) showing that 465,484 units were added to its books from January to November compared to 375,252 units throughout 2021.

This is mostly due to a move by the BRTA making it mandatory for owners to hold a valid driver's licence when securing a registration number for every two-wheeler purchased from September 15 onwards.

The deadline was initially extended until December 14 before being pushed back by another two months on request from the Bangladesh Motorcycle Assemblers and Manufacturers Association.

Subrata Ranjan Das, executive director of ACI Motors, the local distributor of Japanese brand Yamaha, said overall sales were practically the same in 2022 as they were the year before due to inflationary pressure and the US dollar crisis.

According to him, two-wheeler prices have surged by an average of around 8 per cent following the taka's depreciation against the US dollar.

Referring to their market assessment report, Das said although overall sales declined, sales of high-end motorcycles increased significantly.

For example, sales of Yamaha and Suzuki motorcycles rose by 52 per cent and 55 per cent respectively.

Similarly, sales Hero motorcycles grew 12 per cent year-on-year in 2022.

On the other hand, sales of TVS, Honda, Runner and other brands fell by 4 to 29 per cent at the same time.

Abdul Matlub Ahmad, chairman of Nitol Niloy Group, the local distributor of India's Hero MotoCrop, said sales increased after September as the price hike of petrol and diesel led to increased fares for public transport.

"For this reason, the sale of motorcycles increased in rural and urban areas as people wanted to reduce their transport costs," he added.

Ahmad went on to say that sales of high-end bikes increased as buyers feared that their prices would increase further in the coming days due to further spikes in the US dollar prices.

The chairman of Nitol Niloy Group believes sales will reach 10 lakh units by 2025.

Shah Muhammad Ashequr Rahman, head of finance and commercial at Bangladesh Honda Private Limited (BHL), a joint venture between Japan's Honda Motor Co and the state-owned Bangladesh Steel Engineering Corporation, said their overall sales came down by as much as 40 per cent after August compared to the same period in 2021.

Two-wheeler prices have surged by an average of around 8 per cent following the taka's depreciation against the US dollar

Rahman believes the price adjustment is one of the factors that reduced sales as the price of Honda motorcycles increased along with the rise in the US dollar prices while peoples' purchasing power declined amid the ongoing inflation.

He then pointed out that a bike that sold for Tk 150,000 just four months ago is now priced at Tk 175,000.

Rahman went on to say that they previously sold an average of 50,000 units per month, but the number has since come down to 30,000 units for the last four months.

Biplob Kumar Roy, chief executive officer at TVS Auto Bangladesh Limited, the local distributor of India's TVS Motor Company, said their sales dropped by around 40 per cent over the last few months due to inflationary pressure and an unstable economy.

In addition, there is an impact of the US dollar price increase as the price of bikes increased by around 8 to 10 per cent as a result, he added.

According to Roy, TVS would sell an average of 10,000 units per month before while the number has come down to 8,000 units at present.

Roy then said people are paying more to maintain their basic needs amid the ongoing economic crises and therefore are spending less on luxuries such as personal transport.

Layoff comes at a huge price

SAZZADUL HASSAN

Off-late job cuts, particularly in the major global tech companies, are being piled up. In some cases, the decision of laying off employees was taken so hastily that it not only drew the attention of the media. Policy-makers and people were also concerned.

In one of the instances, half of the total workforce of a popular micro-blogging and social networking company was forced to leave overnight and the way it was executed was quite disgraceful for the employees – least to say. The obvious reason, as said by these companies, for downsizing employees was their depressing financial performance.

Why have all these reputed companies had to take such massive downsizing decisions suddenly?

The coronavirus pandemic, which broke out in early 2020, came as a blessing for tech companies as the world rapidly moved to online platforms. Many investors and analysts envisaged that this transformation would continue even after the pandemic is over.

Thus, huge investments were made in this sector that unfortunately did not pay off as online commerce returned to the pre-pandemic trends. The Russia-Ukraine war had further aggravated the situation as many major economies of the world are struggling because of recession. Consequently, digital advertisers are cutting back on their budgets and rising inflation has curbed consumer spending.

Traditionally, job-cut has been considered as one of the quickest and easiest ways to slash costs. Companies do sometimes take abrupt decisions based on short-term financial results without being mindful about future prospects. There were companies that trimmed their workforce in one year, and in the very next year, they recruited more people they had laid off.

Businesses must keep in mind that layoff does come with huge prices like tumbling employee morale, weaker retention and productivity, and a skills gap due to the loss of years of experience that will affect the company's bottom-line and success in the long run. Attracting talents would also be a key challenge.

So, how could companies avoid layoffs?

First and foremost is to move away from an obsession with fast growth. They should rather focus on sustainable growth. Taking two steps forward today and then three steps backwards tomorrow is detrimental to everyone, be it shareholders or employees.

During crises, companies may practise furlough and unpaid time off to manage costs. Senior executives can sacrifice their bonuses and pay rise and thus, contribute to curtailing expenses. Salary increments, in general, can be halted for the time being. Employees, especially who are well-paid, can agree to lower their payoffs during a difficult period.

In case the layoff is inevitable, companies must approach this with the utmost empathy. Companies will have to make sure all stakeholders, including the trade union, are on board, proper communication is done, all options are being exhausted, and employees are compensated in the best possible manners.

Any abrupt approach may backfire and cause employee unrest, social protests, and even consumer boycotting the products and services that would be the last nail in the coffin.

More importantly, management, the board and the shareholders must be sensible and empathetic to their employees who are undoubtedly the best assets and the driving force for the sustained success of any organisation.

The writer is managing director of BASF Bangladesh Limited. Views are personal.

Rights body for 175pc hike in garment wage

STAR BUSINESS REPORT

The Bangladesh Garments Workers Unity Council (BGWUC) yesterday demanded that the monthly minimum wage of garment workers be hiked by 175 per cent to Tk 22,000 from the existing Tk 8,000.

The rise in the minimum wage for garment workers is needed because of the abnormal rise in the cost of living fuelled by spiralling inflation, said Md Towhidur Rahman, chairman of the BGWUC.

He spoke at a press conference at the National Press Club in Dhaka. He also demanded a 65 per cent rise in the minimum wage based on basic salary of the seventh-grade workers from Tk 600, which was fixed in 2006.

The seventh grade is the lowest grade in the wage structure for garment workers.

After 2006, four more wage structures were declared where, unfortunately, the basic salary was decreased every time in the name of giving other allowances, Rahman said.

As a result, the garment workers do not get dues properly when they leave the jobs or are terminated by the management, he said.

The leaders of BGWUC will submit a charter of demand to the labour minister and secretary for raising the salaries and other benefits of garment workers and for the formation of a new wage board to recommend wage structure for the workers.

If the government does not form the new wage board for the workers by January 20, they will take to the streets to realise their demand, said Salauddin Shapon, secretary general of BGWUC.

Experts think the hike in the minimum wage for garment workers is needed because of the abnormal rise in the cost of living. PHOTO: STAR/FILE

Area-wise wage gap 60% among female RMG workers

Survey finds

STAR BUSINESS REPORT

The country's female garment workers have a wage gap of around 51 per cent to 60 per cent depending on the area and living wage benchmark in five major industrial areas in Bangladesh, including Dhaka city, a survey finds.

However, the wage gap for male workers remains at 45 per cent to 54 per cent, according to the survey of the South Asian Network on Economic Modeling (Sanem).

The Sanem has been conducting the survey in collaboration with Microfinance Opportunities (MFO), a USA-based non-profit organisation, on 1,300 selected garment workers in Dhaka city, Chittagong, Gazipur, Narayanganj, and Savar every week since April 2020.

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