Instead of spending on a machine and purchasing its fuel, farmers use their own brute strength to level a crop field. Preparing the land after a harvest or during fallow period involves plowing to overturn the soil, harrowing to break up the chunks of soil and incorporate plant residue and finally levelling. The photo was taken at Kalyankathi village in Jhalakathi over a week ago.

PHOTO: TITU DAS

How US became top remittance source beating Saudi Arabia

SUKANTA HALDER

The USA has once again become Bangladesh's top source of remittance, surpassing Saudi Arabia even though the Middle Eastern nation has four times higher number of Bangladeshi workers than the North American country.

Some five lakh Bangladeshis live in the USA whereas the number is as high as 20 lakhs in case of the Kingdom of Saudi Arabia (KSA).

In the October-December period of 2022, remittance sent home by the Bangladeshis from the USA rose by 16 per cent year-on-year to $966.89 million, according to Bangladesh Bank data.

But the money remitted by the migrants in Saudi Arabia declined by 19.5 per cent year-on-year to $910 million in the same period.

The USA was also the top remittance sender for Bangladesh with $999.76 million, posting a 16.5 per cent year-on-year rise in the July-September quarter of 2022. Saudi Arabia also stood second here.

But it is worth mentioning that the money remitted from the KSA decreased by 23.4 per cent year-on-year to $999.01 million in the three months to September.

Experts and economists gave different explanations when they were asked why the inward remittance to Bangladesh from the KSA is declining and how the USA is consistently topping the list.

A foreign ministry official said the income of Bangladeshis is much higher in the USA than that of a migrant in Saudi Arabia or other Middle Eastern or Southeast Asian countries.

"One day's income of a Bangladeshi in the USA could be even equal to one month's salary of a Bangladeshi in Saudi Arabia," the official said seeking anonymity for not having the permission to talk to the media.

Besides, a big chunk of the Bangladeshi Americans has family connections, who keep sending money to their relatives or making investments here in the south Asian country, the official said.

"The remittance could have been even higher from the USA given that there were flexible regulations for investments," he added.

According to Bangladesh Bank data, remittances coming from the USA was 20.06 per cent of Bangladesh's total inflow of $4.82 billion in the three months to December 2022.

On February 18, Bangladesh Bank released the data in its quarterly report on remittance inflows.

However, the overall remittance inflow declined 0.22 per cent year-on-year to $4.82 billion in the period mentioned in the report.

Inflow of remittance, one of the key pillars of Bangladesh's economy, fell 15 per cent on a quarter-to-quarter basis too.

In the central bank report, the United Arab Emirates (UAE) and United Kingdom came up as the third and fourth biggest sources of remittance for Bangladesh followed by Kuwait, Qatar, Malaysia and Oman.

In the last three months of last year, Saudi Arabia hired 98,765 Bangladeshi workers, the highest or 37.8 per cent of the 261,134 people who left the country for jobs.

Malaysia, Oman, the UAE and Singapore were the next top employers of Bangladeshi workers after the Saudi kingdom by hiring 17.13 per cent, 16.9 per cent, 6.93 per cent and 6.19 per cent of the total respectively.

However, Professor Mustafizur Rahman, distinguished fellow of the Centre for Policy Dialogue, has a somewhat different explanation.

The use of hundi, an informal way of remitting money, in the Middle East has increased in recent times and it normally spirals during election years, he said.

"A strong syndicate of corrupt people, including loan defaulters and tax dodgers, are laundering money to these countries. This trend has increased in recent times."

This is one of the factors why remittance from these countries is lower, the economist said.

"About 14 lakh people went from Bangladesh to Saudi Arabia in the last two years. But there is no reflection of that in remittance. This means that the syndicate is now more powerful than ever."

There are many laws in Bangladesh to curb money laundering, but the admin should be stricter at the time of their application, Rahman said.

Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh, said there is no way of informal money transaction in the USA, but it is rampant in the Middle East.

That is the only reason why the remittance from the US is higher, he said.

On the other hand, hundi is widely used in Saudi Arabia, which is why the remittance inflow to Bangladesh through formal channels is low, he added.

Premier Bank gets two new AMDs

Md Shahid Hassan Mallik

Shamsuddin Chowdhury

STAR BUSINESS DESK

Premier Bank has recently promoted two deputy managing directors to the post of additional managing directors.

One of the officials, Shamsuddin Chowdhury, was the manager of Motijheel Branch of the bank, said a press release.

Chowdhury joined Premier Bank in 2006.

He started his career at National Bank in 1985 and later worked for First Security Islami Bank.

The second promotee, Md Shahid Hassan Mallik, was the head of Narayanganj Branch and Zonal Head of the bank.

Mallik joined Premier Bank in 2002.

He started his banking career at Al Baraka Bank Bangladesh in 1990.

India's steel imports from Russia rise to eight-year high

REUTERS, *New Delhi*

India's imports of Russian steel rose to an eight-year high during the first 10 months of the financial year that began in April 2022, government data compiled by Reuters showed.

India, the world's second-largest crude steel producer, imported 281,000 tonnes of steel from Russia between April and January, nearly five times higher than the same period a year ago, the data showed.

The rising imports are the result of shift in Russian steel trade flows to Asia after Western sanctions were imposed on Russia after its invasion of Ukraine last year. The change is displacing some traditional suppliers and domestic steel producers are raising concerns about potentially losing market share to the lower priced imports.

Moscow was the fourth-biggest steel supplier to India during the April to January period, emerging as one of the top five steel exporters to the country for the first time since the 2016/17 fiscal year, the data showed.

Between April and January, about 72 per cent of Moscow's steel shipments to India constituted hot-rolled coil (HRC) and strips.

Russia displaced Japan as the second-biggest supplier of HRC to India for the first time in at least eight years, the data showed.

Russian suppliers sold some of their HRC to Indian buyers at around 46,000 Indian rupees ($555.86) a tonne, at least 21 per cent cheaper than domestic prices, said a government official with direct knowledge of the matter.

Indian steel companies have expressed concerns over cheaper Russian steel imports.

SMEs to conglomerates

FROM PAGE B1

The job creation process has also been impacted seriously with the war as most of the businesses are simply trying to stay afloat.

In this situation, countries whose macroeconomic condition was already vulnerable fell into more problems, he added.

There is no statistics on job creation but industry insiders say most firms in Bangladesh are not recruiting new employees. Moreover, some cut jobs are taking place under austerity measures.

Job recruitment advertisements dropped by around 20 per cent, according to industry insiders of an online job seeking platform.

So, all the countries should work together to end the clash and revive the economy, Ahmad said.

Never did Bangladesh realise it will have to pay the price of a European war but every Bangladeshi is having to do so, said Rizwan Rahman, president of the Dhaka Chamber of Commerce and Industry (DCCI)

The situation affected forex reserves, hampering import-oriented businesses. Besides, the sudden surge in demand for jet fuel to sponsor a war led to the global energy crisis.

"Finally, the global demand for the dollar led to the devaluation of the taka and the final nail in the coffin was inflation that has affected the entire population," he added.

In August, the Consumer Price Index skyrocketed to a 10-year high of 9.52 per cent, according to the Bangladesh Bureau of Statistics (BBS). It declined to 8.71 per cent in December, which was still higher compared to historical trends.

Therefore, businesses suffered for the rising costs of imports due to the dollar crisis and high utility costs due to energy crises. Demand for goods was also downed due to high inflation. So, this was a three-dimensional attack on the private sector.

On impacts on investment, Rahman said: "A small factory setup that would cost me Tk 8.5 crore last year will now cost me over Tk 11 crore."

"On top of that, inflation has driven up other costs. So, who is going to invest extra 20 per cent in this inflated market?" he added.

Because of businesses being more watchful of the scenario, there is barely any new investment coming in. A recent BBS study showed a hike in unemployment due to a lack of job creation. Rather, people are cutting costs to survive.

"Bangladesh has been impacted to a less extent compared to the previous world economic turmoil as it was a US-led recession," said Rahman.

"But at the time, Bangladesh was a small fish in the ocean. Today, Bangladesh has turned into a shark and our macroeconomic indicators are clear proof of that," he added.

The DCCI chief went on to say that Bangladesh has grown exponentially and will continue to do so.

"We are a large contributor to global trade today. So, if the world market is down, we will automatically be affected," he said.

Apparel shipments to the European Union (EU) grew 41.76 per cent year-on-year to hit $19.40 billion in the January-October period of 2022.

At present, Bangladesh is the second largest garment supplier to the EU after China, according to data from Eurostat, the statistics department of the EU.

"In order to save ourselves from the next turmoil, we need to diversify our exports and markets as well as our products. In any trade, putting all your eggs in one basket is never safe," Rahman added.

The garment sector accounts for 85 per cent of Bangladesh's total export earnings annually.

Consumers feel the heat of war

FROM PAGE B1

"The prices of gas, power and fuel would have been stable had there been no war."

Ahmed's plight echoes the struggle confronting millions of his countrymen for the escalated cost of living as reflected by the sustained high inflation, which stood at 8.57 per cent in January.

From cooking gas, grains, edible oil, pulses, sugar, home and personal care products to electricity and papers, all registered an increase in prices over the past year.

And the Russia-Ukraine war is responsible for a large part of the spike, transmitting through higher import costs for petroleum, gas, commodities and many industrial raw materials.

Global food, fuel, and fertiliser prices have risen rapidly in recent months, driven in large part by the fallout from the ongoing war in Ukraine and the sanctions imposed on Russia. Other factors, such as export bans, have also contributed to rising prices, said the International Food Policy Research Institute (IFPRI) in a report in July.

Wheat, the second most-consumed grain in Bangladesh after rice, witnessed a record surge in prices. About 80 per cent of the grain supply comes from imports.

"Since the wheat grain supply is highly dependent on imports, we expect changes in world prices to have a relatively large effect on the domestic prices of wheat," said the report.

Its prediction was spot on.

In January this year, the prices of wheat flour surged to a record high of Tk 62.26 per kilogramme in Dhaka, up from Tk 34 a year ago, according to prices data compiled by the Food and Agriculture Organisation.

A 25 per cent depreciation of the taka against the US dollar and banks' lack of interest in opening letters of credit to facilitate imports for the shortage of the American greenback contributed to the fuelling of the wheat price.

"One year ago, I used to buy at least four kgs of flour in one go when one kg of flour cost Tk 30 to Tk 35. Now I dare not to buy a single kg of flour," said Mohammad Shahidul, a rickshaw-puller in the capital.

Due to the dearer rice, the 35-year-old used to purchase flour as a substitute.

"Now its price has gone out of my reach," he said.

Recently, Shahidul sent his four-member family back to his village home in Naogaon, a northern district, as he failed to afford the cost in the city.

Golam Moazzem, research director of the Centre for Policy Dialogue, says the war has affected developing economies through many channels.

The major impact came from the spike in the price of petroleum and gas after European nations went to the international market to buy fuel amid the cut in supply by Russia and the sanctions imposed by the European Union.

"This has directly impacted Bangladesh," he said.

The government has raised the prices of fuel, electricity, and gas to reduce the pressure of subsidies on the state exchequer, which, in turn, has pushed up the production cost of factories. The producers have been forced to pass the added costs onto customers to keep their heads above water.

The higher cost of the dollar is another major factor behind the increased price of imported items.

"As import cost rises, consumers have to pay more to get all sorts of items ranging from foods, medicines, soaps, cosmetics to papers," Moazzem said.

The economist says the prices of rice have been high owing to costlier wheat flour. "The consumption of rice has increased as many people have switched from wheat for the spike in prices."

Shahidul said the price of soap has increased by Tk 15 to Tk 20 apiece. "To cook foods, we need edible oil, but its price is also very high," he said.

Bangladesh banks on external sources to meet the majority of its requirement for edible oils.

Cereals and edible oils make up 14 per cent of the total value of household consumption in Bangladesh, and about one-fourth of the total food expenditure, said the IFPRI report.

Consumption fell in both rural and urban households. National consumption spending, including the value of home consumption, declined by 4.7 per cent, according to the report.

"Rural households are hit twice, by rising prices and falling income, while the dominant effect for urban households is higher food and fuel prices."

Ghulam Rahman, president of the Consumers Association of Bangladesh, said consumers are feeling the pinch of the war for almost all products.

"The war has also become an excuse for greedy businessmen to make extra bucks. And consumers are suffering for that."

"Many families have had to reduce consumption and this has impacted nutrition," Moazzem said.

Ahmed says his income has increased over the last one year, but the hike is not enough to bear the additional expenses.

"It is a relief that my salary has gone up. However, I know a number of people whose income has not risen. Besides, many don't get salaries regularly. Their situation is worse than me."

"The war needs to come to an end immediately. If it ends, it will be good for all of us."

Composition of household consumption spending in 2019

SOURCE: AUTHORS' CALCULATIONS USING SOCIAL ACCOUNTING MATRIX (SAM) DATA FROM IFPRI'S BANGLADESH RIAPA MODEL.