Low-income groups in Bangladesh are facing the threat of deepening impoverishment as the growth in wage rates is still far below inflation levels in the country.
PHOTO: STAR/FILE

Wage growth below inflation for 14th month

MD ASADUZ ZAMAN

Although wage growth in Bangladesh has been slowly climbing since July last year, it has still remained below inflation for the 14th month consecutively, according to the Bangladesh Bureau of Statistics (BBS).

This trend indicates a worsening poverty situation as many people are being compelled to cut consumption amid falling real income and the rising cost of living.

In March this year, wages of low and unskilled workers grew 7.18 per cent, which was 2.15 percentage points below the inflation rate of 9.33 per cent that month, shows the Wage Rate Index (WRI) of the BBS.

In February, wages of workers across 44 occupations in agriculture, industry and services grew 7.11 per cent against a consumer price hike of 8.78 per cent.

But on Tuesday, Planning Minister MA Mannan officially announced that inflation and wage rates were up by 55 and seven basis points respectively.

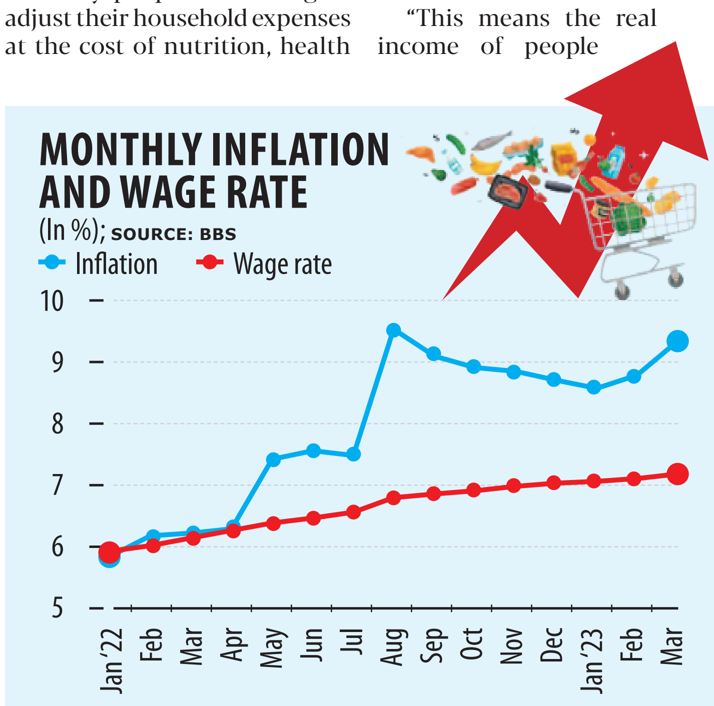
"The rise in the wage rate might give a little relief to people from the inflation," he said.

However, Hossain Zillur Rahman, executive chairman of the Power and Participation Research Centre, said the clearly marginal increase in real wages will not give any relief to poor or low-income people.

"Many people are having to adjust their household expenses at the cost of nutrition, health and education as inflation is higher than their income growth," he added.

Professor Selim Raihan, executive director of the South Asian Network on Economic Modeling (Sanem), said peoples' real income has been falling consistently as wage growth remains below inflation.

"This means the real income of people is being eroded, especially for those who have no other source of income and only depend on their wages," he added.



Raihan then said if a commodity cost about Tk 100 a year ago, then that same item would cost Tk 150 or Tk 160 at present.

As growth in the wage rate has remained below inflation for a long stretch, it has led to the erosion of real income among lower-income groups.

"So, the slight increase in wage growth does not give any happiness as it is still below the inflation rate," the executive director of Sanem added.

Sanem recently conducted a survey on lower-income groups with a sample of 1,600 households across eight divisions, where they found more than 96 per cent of the people reduced their meat consumption in the last six months.

"In our survey, we found that the income of households remained unchanged from September to February but the food expenditure increased drastically," Raihan said.

Raihan, also a professor of economics at the University of Dhaka, went on to say the country should emphasise on policy making to address vulnerable people who depend on their wages.

Under this circumstance, the government should expand the coverage and allocations of social protection schemes to prevent people from falling into deeper impoverishment.

For example, coverage of the Trading Corporation of Bangladesh and Open Market Sales programmes are still low.

As a result, people have to stand in queues all day to get just a small amount of the basic commodities they need, he said.

With this backdrop, Raihan suggested that coverage should be increased as soon as possible.

The BBS collects data to measure the movement of nominal and real wages of low paid skilled and unskilled labour in different segments through the WRI.

The March WRI data shows that workers in industry, construction and production, were the victims of high inflation as their income growth fell compared to the previous month.

CEOs' time and their open-door policies

ARIJIT CHAKRABORTI

CEOs are increasingly pressed for time, both for managing everyday business as well steering their companies towards a better future. This poses challenges in terms of how well they can manage their time with the right priorities and focus.

Worldwide, the organisational culture of open workplaces has evolved in the last two decades. CEOs of many large companies, along with their deputies and other senior executives, have also embraced the open workplace and open-door policies. Now, accessing a CEO for a business discussion is not that difficult for another executive such as a CFO, CPO or CIO.

However, such easy accessibility has also decreased the time available for CEOs to focus on and think about strategic issues in their firms.

In PwC's 26th Annual Global CEO Survey: Bangladesh perspective, one of the key factors for survey and analysis was the CEOs' time. CEOs from Bangladesh said they spent 24 per cent of their time on strategizing for the future of their business, 22 per cent on driving business performance on a day-to-day basis, and 20 per cent on mentoring or developing their human capital.

This aligns with the global survey responses, where CEOs indicated they spent most of their time in driving business performance (25 per cent). Moreover, they spent lesser time (22per cent) in strategizing for the future and even lesser time (18 per cent) on mentoring and developing their human capital.

Comparatively, this shows that Bangladeshi CEOs have been doing a better job in terms of allocating their time towards strategic thinking. However, the survey also revealed an interesting finding on the empowerment of various executives.

Asked whether their business leaders make important and functional decisions by themselves, 77 per cent of Bangladeshi CEOs responded that such decision making happens rarely. Business executives reporting to CEOs regularly consult them before making any important functional decision.

Some CEOs indicated that they had already empowered their second line to make day-to-day business decisions so that they could spend more time on customer engagements and strategy formulation

While open-door policies have made it easier for business executives to get access to their CEOs and consult them for business matters, it also highlights the need to empower the second line of leaders to enable faster decision making. To begin with, this would require more mentoring and coaching time by the CEOs. However, once CEOs are able to accomplish this, they will be able to free up more time to engage in matters that are necessary for the future of the organisation.

The good news is that such changes have already started happening. While conducting the CEO survey, PwC also interviewed a few CEOs from Bangladesh to understand their perspective in detail. Some of these CEOs indicated that they had already empowered their second line to make day-to-day business decisions so that they could spend more time on customer engagements and strategy formulation.

Therefore, though it is crucial for CEOs today to maintain an open-door policy in their workplaces to remain easily accessible to their people. They also must set aside some time to strategize for the future. Appropriate delegation to the second line of leaders will enable CEOs to achieve the same.

The writer is a partner with PwC. The views expressed here are his own.

Opec+ in driver's seat as oil supply growth lags demand

REUTERS, *London*

The surprise oil output cuts announced on Sunday by Opec+ members illustrate their greater power over the market, given limited supply growth by other producers such as US shale firms and still-growing demand despite the energy transition.

Oil has jumped to $85 a barrel since members of the Organization of the Petroleum Exporting Countries and allies including Russia announced production cuts of about 1.16 million barrels per day (bpd), adding to curbs already in place.

ANALYSIS

While Opec or Opec+ decisions to cut output in the past have drawn warnings that higher prices and lower Opec+ output would encourage US shale producers to pump more, officials have not voiced such concerns recently.

Goldman Sachs said it sees "elevated Opec pricing power - the ability to raise prices without significantly hurting its demand - as the key economic driver", and estimates the production cut will raise Opec+ revenues.

"One thing is for certain, Opec is in control and driving price and US shale is no longer viewed as the marginal producer," said James Mick, senior portfolio manager at Tortoise Capital Advisors.

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A view of an under-construction coal jetty of a power plant on the coastline near India's southern tip in Udangudi of Tamil Nadu. Intense summer heatwaves, a colder-than-usual winter in northern India and an economic recovery led to a jump in electricity demand, forcing India to crank up output from coal plants and solar farms as it scrambled to avoid power cuts.
PHOTO: REUTERS/FILE

India's power output surges

REUTERS, *Singapore*

India's power generation grew at the fastest pace in over three decades in the just-ended fiscal year, a Reuters analysis of government data showed, fuelling a sharp surge in emissions as output from both coal-fired and renewable plants hit records.

Intense summer heatwaves, a colder-than-usual winter in northern India and an economic recovery led to a jump in electricity demand, forcing India to crank up output from coal plants and solar farms as it scrambled to avoid power cuts.

Power generation rose 11.5 per cent to 1,591.11 billion kilowatt-hours (kWh), or units, in the fiscal year ended March 2023, an analysis of daily load data from regulator Grid-India showed, the sharpest increase since year ended March 1990.

Output from plants running on fossil fuels

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