

‘Best of Bangladesh’ show in Netherlands

STAR BUSINESS REPORT

A two-day exposition of goods made in Bangladesh titled “Best of Bangladesh” will begin at Gashouder of Westergas in the Netherlands’ Amsterdam on September 4.

The event will showcase the remarkable progress and the potential of different sectors of Bangladesh economy, especially manufacturing.

The Bangladesh Apparel Exchange (BAE) in collaboration with the Bangladesh embassy in the Netherlands will organise the event, the BAE said a statement.

About 40 leading companies of Bangladesh from apparel, textile, agriculture, handicraft, fast-moving consumer goods, digital industry and publication sectors are participating in the event.

The two-day event comprises inauguration, exhibition, networking, panel sessions, denim walkway and immersion visits highlighting Bangladesh as an untapped economic frontier and an unrivalled sourcing destination.



PHOTO: TITU DAS

Workers in Kuakata are seen sorting through various fishes, which will be sold at wholesale to nearby fish stalls. Selected fish sold by auction are then shipped to markets in Barishal and Khulna. Each worker earns between Tk 15,000 to Tk 20,000 per month.

Wage growth below inflation for 18th month straight

MD ASADUZ ZAMAN

Although wage growth in Bangladesh has been slowly climbing since July 2021, it has remained below the inflation rate for the past 18 months consecutively, according to the Bangladesh Bureau of Statistics (BBS).

The wages of low and unskilled workers grew 7.52 percent year-on-year in July 2023, which was 2.17 percentage points below the inflation rate of 9.69 per cent that month, shows the Wage Rate Index of the BBS.

The case was similar in June, when the wages of workers across 44 occupations in agriculture, industry and services grew 7.32 percent, which was 2.42 percentage points below the inflation rate at the time.

Analysts say the widening gap between the inflation rate and wage growth is forcing low-income and unskilled workers to cut consumption amid falling real incomes and rising cost of living.

Rizwanul Islam, an economist and former special adviser for employment at the International Labour Office in

Geneva, said real wages have been falling for almost one-and-half years now.

Besides, the rate of decline quickened in recent months, when the economy attained healthy growth.

“This is an issue of concern,” he added.

Islam said the decline in real wages is an important factor contributing to rising inequality in the distribution of income.

“The distress caused by rising prices is affecting not only the poor, but also lower middle-income groups,” he added.

The current inflation has spread to food items that are usually consumed by lower income people and that is why the impact is falling on a broader group of people.

“The bottom 40 percent of the population has been hit hard by the current inflation,” Islam said.

He went on to say that a bigger concern is that the sharp rise in prices of certain items like fish, meat and eggs might compel lower income groups to stop consuming them.

“This could have adverse long-term effects on the health and nutrition

of people. When that happens to the children and younger people, it can adversely affect the productive capacity of the working age population, which in turn affects future productivity,” he added.

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Echoing the same, Professor Selim Raihan, executive director of the South Asian Network on Economic Modeling (Sanem), said peoples’ real income has been falling consistently.

“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.

This is because it indicates that the low-income people could not get enough recovery time.

For example, when any foreign nation faces higher inflation, it becomes soothing for a certain period and people get relief. And, they get enough strength to combat such a situation.

“But in the case of Bangladesh, we usually don’t see it. There is no comfort room for low-income people,” Raihan said.

Raihan went on to say that if we take food inflation into account, then the situation is actually worse.

“People are now suffering from food insecurity as it has increased by a large extent,” he said.

So, addressing food insecurity should be the key concern of policy makers.

“If we look at our nearby countries like India, Thailand, Indonesia and Vietnam, they have controlled the inflationary pressure well,” Raihan added.

On the other hand, Bangladesh could not handle the inflationary pressure for two reasons, namely ineffective monetary policies and domestic market management.

Bid to groom workers for high-end garment

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Swedish government’s private arm Swisscontact and the Swedish embassy in Dhaka yesterday signed a memorandum of understanding with local Team Group to groom the skilled young workers in the making of high-end value-added garment items.

The Sweden government signed the agreement to commemorate the International Youth Day and the theme of this year’s International Youth Day is Green Skilling for Youth in the Garment Sector.

Currently, Swisscontact, in partnership with the Embassy of Sweden, is actively implementing the Promoting Green Growth in Ready-Made Garments Through Skills (Progress) project that began in October of 2022.

Standard Bank gets new DMD

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Md Siddiqur Rahman recently joined the shariah-based Standard Bank Ltd as its deputy managing director and chief operating officer.

Rahman was serving as a deputy managing director, chief risk officer and chief anti money laundering compliance officer (CAMLCO) of Islami Bank Bangladesh Ltd prior to joining the current charge, said a

press release.

He has been accredited by Paris-based ICC and UK-based IFS as a certified documentary credit specialist (CDCS) in International Trade Finance.

NRB Bank reelects Ahmed as exec committee chief

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Ali Ahmed has been re-elected as chairman of the executive committee of the board of directors of NRB Bank Ltd in a meeting of the bank recently.

Ahmed is the director of Mirravale Holdings Ltd, BJ Brown Business Ltd, AAB Estate Ltd and AA Express Food Distribution Ltd, said a press release.

As a British citizen, he has emerged as a trailblazing force, spearheading thriving enterprises on foreign shores.

UK economy grows in Q2

AFP, London

Britain’s economy expanded slightly over the second quarter thanks to strong output in June and despite inflation remaining high, official data showed Friday.

Gross domestic product grew 0.2 percent in the April to June period after output expanded 0.1 percent in the first quarter, the Office for National Statistics (ONS) said in a statement.

“Across the quarter as a whole, GDP grew a little with widespread growth across manufacturing, aided by falling raw material prices,” said Darren Morgan, director of economic statistics at the ONS.

The economy grew by a stronger-than-expected 0.5 percent in June, sending the pound higher against the dollar in early London trading.

The data was a boost also for the Conservative government, forecast to lose power in a general election due next year as Britain struggles with a cost-of-living crisis.

“The actions we’re taking to fight inflation are starting to take effect, which means we’re laying the strong foundations needed to grow the economy,” finance minister Jeremy Hunt said in reaction to the GDP figures.

“If we stick to our plan to help people into work and boost business investment, the IMF has said over the longer-term we will grow faster than Germany, France and Italy,” he added.

The growth update came one day after British household goods company Wilko collapsed owing to big debts, putting about 12,500 jobs at risk as high inflation and interest rates hurt consumers and businesses.

Prime Minister Rishi Sunak has made it a government priority to get UK annual inflation down to five percent by the end of 2023, around half the rate it was at the start of the year.

What to buy

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Sumaiya Islam, who works at a private firm and lives in Mohammadpur, echoed the same sentiment about the abnormal price hike of eggs.

Selim Raihan, a professor of economics at the University of Dhaka, thinks the rate at which prices are rising is unusual.

This means the government agencies responsible for keeping the market for essential commodities stable are not performing their duties properly, he alleged.

He said due to market mismanagement, a section of unscrupulous traders is increasing the price of goods at an abnormal rate.

Officials of the Directorate of National Consumers Right Protection yesterday conducted raids in the capital’s Kaptan Bazar and Mohammadpur areas and fined five traders for their failure to cite the purchase price in the cash memos, record the sales price, and display the price list.

But Prof Raihan thinks: “If prices go up abnormally, the problem can’t be resolved simply by conducting raids. The people who are involved should be held accountable.”

Ghulam Rahman, president of the Consumers Association of Bangladesh, said: “I have never heard or seen that a kilogramme of broiler chicken cost the same of a dozen of eggs. This is unusual.”

Bangladesh close

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the international market for scanty domestic production, is projected to increase to 8 million bales.

The US agency, citing Bangladesh Textile Mills Association, said local textile mills meet 85 percent of the demand for knit fabrics and about 40 percent for woven fabric, which is mostly imported from China.

“Knitted cotton shirts and sweaters have been major products helping drive recent record high values,” it added.

The USDA said apparel exports are pivotal to Bangladesh’s economic

growth and stabilising the value of the domestic currency, specifically by obtaining US dollars through foreign sales.

Apparel accounts for over 80 percent of the country’s total exports each year, with the current export volume of nearly \$47 billion being more than double what it was a decade ago.

“This value surpassed the previous year’s record and indicates global importers’ increasing preference for Bangladeshi cotton products,” it said, adding that exports of knit apparel have been crucial to recent growth.

“This means there is no proper monitoring in the market.” He recalled the price of eggs increased at an unusual rate last year. “If the government had investigated the issue and taken actions accordingly, the common people might not have had to face the current situation.” Bangladesh is not the lone country that is witnessing a record jump in egg prices.

Dutch financial services provider Rabobank’s global egg price monitor reached a new record in the first quarter of 2023, with the index now peaking above 250, which means prices are 2.5 times higher than the reference year of 2007, and increased more than 100 percent since this time last year, it said in April.

Between the first quarter of 2022 and the identical three-month period of 2023, prices in the US and European Union increased by 155 percent and 62 percent, respectively, while egg prices in Japan reached 235 Japanese yen in March, their highest level since 2003.

Prices in many other markets have reached historic highs as well, including in Thailand, the Philippines, New Zealand, Nigeria, Kenya, Brazil, Mexico, and Argentina.

Rabobank expects prices to stay relatively high throughout 2023, especially in markets heavily impacted by avian flu, high costs, and regulatory changes.

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Local banks substantially benefitted from the two-day summit and discussed what could be done to combat the risks. “We arranged the same summit in April this year,” he added.

The central bank recently passed a dozen instructions for banks, non-bank financial institutions and other payment gateways to implement to prepare against the threats of small to medium-scale cyberattacks.

Ignoring

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to think only about their business, as per Hussain.

The ABB chairman said consumer behaviour has changed significantly in the last three to four years and as a result, the majority of banks started laying emphasis on their digital presence.

“We have to learn from the biggest cyberattack on the Bangladesh Bank IT system, when malware entered the system,” he said.

Hackers had stolen \$101 million from BB’s accounts with the Federal Reserve Bank of New York on February 5, 2016 by hacking the central bank IT system.

“The existing manpower of banks will have to be trained and banks will have to take initiatives to raise awareness among them.”

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Prior to that, the government’s Computer Incident Response Team (BGD e-GOV CIRT) issued an alert saying several hacktivist groups had threatened targeting critical infrastructures of the country.

Stock market in bad patch

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Some investors are closing their beneficiary owner (BO) accounts on incurring losses for months, said Ahmed, who is a former chairman of the economics department at the University of Dhaka.

The number of BO accounts dropped 5 per cent to 17.44 lakh over the past year, shows data of Central Depository Bangladesh Ltd.

Political tension is now gripping investors. If an inclusive and acceptable national parliamentary election takes place, peoples’ confidence will be restored and foreign investors will invest again, he added.

The floor price was imposed to safeguard general investors amid global economic uncertainties in the aftermath of the Russia-Ukraine war, said Sharif Anwar Hossain, a former president of DSE Brokers Association.

But now it has turned detrimental to the interests of general investors as they are unable to sell their shares, he said.

Due to the lack of buyers, investors’ funds are stuck in most cases while stock market intermediaries are also passing a challenging period as their income from commissions dropped by a massive extent, he said.

The stock market regulator is saying that the floor price will be lifted once the economy returns to a comfort zone but there is no saying when that will come about, he added.

Average daily turnover of the Dhaka bourse fell 30 percent to Tk 413 crore last week whereas it was Tk 592 crore in the preceding week.

In the past one year after the launch of the floor price, average turnover of the DSE came down to less than Tk 600 crore whereas it was around Tk 1,475 crore in the previous year, according to the DSE data.

Due to the floor price, buyers are reluctant to purchase shares as existing prices of the stocks are artificially high according to their estimates, according to a top official of a stock brokerage firm.

So, there are very few buyers for most stocks of the market, he said, preferring not to be named apprehending “trouble” from the stock market regulator for commenting on the floor price.

“Only some of the stocks were traded in the past one year...most of them are companies with poor performance records...prices of the rest remained the same for the lack of trade,” he said.

Of the 397 listed companies, more than 200 has had their stocks stuck at the floor price with no trade taking place over the past year, the DSE data shows.

In this situation, only a few stock brokerage firms accounted for the daily turnover of the DSE. So, most brokerage firms, especially those owned by individuals, are struggling to bear operational costs, said the stock broker.

“Floor price is now a double-edged sword for both investors and stock market intermediaries,” he added.

The stock market investors are facing problems because they cannot sell shares even when they are willing to give in to low prices, said Tajul Islam, a retired government official who is now a stock market investor.

“In the last one year, I could not trade any of my shares although I have shares worth Tk 18 lakh,” he said.

The stock market regulator has no option but to lift the floor price to save the intermediaries, even if it causes the stock market index to plunge by a big margin. “The floor price is now a big problem,” he said.

“It (floor price) was imposed to safeguard general investors. Now we are also eagerly waiting for a suitable time to lift the provision,” said Mohammad Rezaul Karim, spokesperson of the regulator.

Once it is understandable that the capital of investors no longer needs to be protected and that no crash of the stock market will recur, the BSEC will lift the floor price, he added.