

Time to set realistic dollar exchange rates

Authorities should read the market and revise rules to ensure stability

Amid myriad challenges overwhelming the banking sector—liquidity shortfall, dollar crisis, money laundering, loan scams and defaults—we are alarmed to learn of a new trend of irregularity that may further destabilise it. According to a report by this daily, a number of banks have been paying Tk 120-125 per dollar to remitters. This is in violation of the maximum rate of Tk 116 per dollar set for inward remittance by the Bangladesh Foreign Exchange Dealers’ Association (Bafeda) and Association of Bankers, Bangladesh (ABB)—based on an unofficial directive of Bangladesh Bank.

While this trend has boosted the remittance earnings of some banks, we are apprehensive of its potential repercussions in the long run. Some effects are already visible. The managing director of a state-owned bank has said that since he was unable to defy the Bafeda-ABB rate like some of their private counterparts, the bank has been losing out on increased foreign exchange earnings. That such violations would occur less than two months after the central bank had fined 10 banks for manipulating the dollar exchange rate is alarming.

The more concerning issue is the lack of discipline within the banking sector that has become evident through this turn of events. Another report by this daily revealed that importers are paying higher than the stipulated rate of Tk 111 per dollar—albeit under various “arrangements.” Edible oil refiners even wrote to the Bangladesh Trade and Tariff Commission, asking it to raise cooking oil prices so they could cover the increased costs incurred by inflated exchange rates. Traders also said that sometimes even paying the higher rates that some banks demand cannot guarantee access to the required amounts of the greenback, thanks to the dollar crunch we are facing.

But can the banks be solely blamed for this situation? Even with the official rates, the outflow of foreign exchange clearly surpasses the inflow. Unofficially, the banks have to buy dollars from exporters and remitters at higher rates, as the chief of treasury of a private bank told this daily. This is certainly not sustainable as the banks stand to incur significant losses.

The responsibility to check this, we must say, lies with the regulators. This situation has once again brought to light their failure to make pragmatic decisions to maintain discipline in the banking sector. Right now, the central bank should prioritise ensuring that all the banks operate under its regulations. And to this end, it must revise said regulations in line with the market trend. A realistic adjustment of the exchange rates, as experts have been recommending for months now, would serve the banks, traders and all others involved.

Yet another reserved forest in peril

In ensuring amenities, authorities must not destroy nature

Yet another natural habitat is facing potential peril, as the Bangladesh Rural Electrification Board (Palli Bidyut) is trying to take power lines through a reserved forest in Chattogram’s Fatikchhari upazila, ignoring the forest department’s objection as well as environmental laws. Forest officials fear that thousands of trees would be cut down if the lines go through the 998-acre jungle, while experts say its wildlife, including birds and monkeys, will be endangered leading to irreparable damage to biodiversity. Taking all this into account, we have to ask: was there no alternative other than ravaging the area?

According to the Forest Act, no structure can be set up in a reserved forest, and the National Forest Policy 1994 prohibits development projects within a forest unless the prime minister permits it. A local Palli Bidyut official said no line would be installed without permission from the authorities concerned, which it has not received. So, why has it already erected electric poles at the site? Clearly, Palli Bidyut’s action does not reflect its commitment. While ensuring vital amenities is important, we expect government agencies to at least follow the law before any undertaking.

Unfortunately, this is the latest in numerous incidents of government agencies—supposed guardians of the environment—putting forests in danger for development. Earlier this month, the forest department decided to build a safari park in the Lathitila reserved forest, ignoring repeated objections from environmentalists. In a video message, Environment Minister Md Shahab Uddin openly backed the project, saying, “The construction of the safari park will... create employment, and above all improve the quality of life of the people in the area.” And let’s not forget how, last year, the Roads and Highways Department sought 174 acres to widen a road through the Ramgarh-Sitakunda Reserve Forest in Chattogram, or the government handed over 20 acres of the Ramu reserve forest to Bangladesh Football Federation to build a training facility, or the land ministry allotted 160 acres in a protected forest in Ukhiya to build a prison.

True, citizens deserve basic utilities including electricity, but they also deserve a country that protects its natural environment. With the spectre of climate change already haunting our people, the government must ensure that its initiatives do not come at the expense of nature. To do so, it has to thoroughly evaluate all options, and whenever possible, find alternative solutions to undertaking development projects in forests. If no such option exists, the least that it can do is follow the legal framework and ensure minimal adverse impacts on the environment.

Is a minimum wage offer of Tk 12,500 even logical?



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Wages are not an expression of kindness or charity towards a worker. They are disbursed to a person appointed to perform a specific task. Now, whether the wage is high or low depends on the amount and quality of work, and the output overall. The ready-made garment (RMG) factory owners, the government, and even the workers need to keep this in mind. Too often, we intentionally or unintentionally imply that wages are a form of showing sympathy or being kind towards workers who are in need. This notion, we must move away from.

Secondly, the minimum wage should at least be parallel to the poverty line—never below it. Even this doesn’t guarantee a proper livelihood, but ensures bare minimum survival.

Now, the RMG industry is the main driving force behind Bangladesh’s export sector, and our main source of foreign currency income. Over the last 30 years, the RMG sector has experienced compounding growth, which has made RMG products the main item in our export basket. In the global context of garment manufacturing, Bangladesh is in a favourable position. China being the largest producer, Vietnam and Bangladesh are competing for second place.

However, compared to the high export earnings by our RMG industry, the wages offered to its workers are dangerously low. In fact, Bangladesh has the lowest wage for RMG workers in the world. In Vietnam, our closest competitor, the garment workers’ minimum wage is a little less than \$200. In Cambodia, an economy much weaker than ours, they offer a minimum wage of about \$200. In India and Pakistan, RMG workers are paid around \$170-180. And in China, the biggest exporter of RMG products, the minimum wage for RMG workers is around \$300. Meanwhile, the last time the minimum wage for Bangladeshi RMG workers was raised was in 2018—to \$95.

Given that all the big players in the global RMG market are paying around \$200-\$300 of minimum wage, while also staying competitive, why can’t Bangladesh do the same? This is one question that the factory owners here always evade. Demands for an increase in minimum wage have come and gone throughout the years. Not once has there been a decision on the wage unless in the face of protests, fighting, blockades, boycotts, and attacks on the workers—wherein at least one or more have been injured, or even killed in

some cases.

This time, too, there were a number of fights before the wage board even agreed to sit for a discussion. In that meeting, RMG factory owners proposed a figure that is lower than the dollar amount of the wage back in 2018. Five years ago, the minimum wage was equivalent to \$95. And now in 2023, after all these protests, inflation and industry growth, the owners offered \$94—an offer so absurd and widely criticised that they were actually forced to propose a slight increase. Their latest proposed minimum wage amount stands at Tk 12,500.



Does the opinion of workers, on whose backs the RMG industry is built, not matter at all?

PHOTO: PALASH KHAN

The duty of the wage board and the government is to listen to the workers, listen to the factory owners, and mediate between them. Instead, as soon as the owners proposed a number, the wage board, along with the finance minister, declared it as the new minimum wage. Where is the workers’ opinion in all this? Does the opinion of workers, on whose backs the RMG industry is built, not matter at all?

Besides, is a minimum wage of Tk 12,500 even logical? The wage five years ago was \$95, and the amount being offered now is around \$112-\$113. This raise is insufficient to meet the bare minimum cost of living, given the significant rise in inflation and prices of basic essentials since 2018.

does not have the capacity to pay more than what they are offering. If they offer more, the RMG industry will supposedly collapse. This is also entirely wrong, of course. If we look at data from the Bangladesh Economic Review of the Finance Division, we can see that in 1994, when the minimum wage was Tk 930, the industry earned \$2 billion. In 2006, the sector’s earning increased to \$6 billion, and this was also when protests by RMG workers pushed minimum wage up to Tk 1,662.50. In just a few years, the earnings from RMG exports rose to \$13 billion. Having stayed on this trajectory of year-on-year increase of earnings, Bangladesh’s RMG manufacturing industry now earns more than \$46 billion annually.

increase productivity, they should assume their due responsibilities and improve these factors.

In the current scenario, the government should have played the role of mediator and helped the workers get the minimum wage they are demanding—which is half of what one needs to live above the poverty line. Instead, the government seems to be advocating for the owners only. The demanded minimum wage of Tk 25,000 is a lot less than the logical requirement of our RMG sector workers, and the government and the BGMEA must work towards having it approved.

As told to Monorom Polok of The Daily Star.

Advocate nature conservation at COP28



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The COP28 will be held in Dubai, in the UAE, from November 30 till December 12. On December 9, participants will join a thematic session on nature, land use and the ocean, with a focus on restoring ecosystems and special focus on mangroves, on protecting 30 percent of the world’s lands and seas by 2030, as a part of climate action, on making climate finance nature-positive, and on considering nature in our towns and cities. In terms of Bangladesh, I can propose two other important issues to be discussed on December 9.

The first issue focuses on combining our climate change and biodiversity conservation strategies and frameworks. Bangladesh has already made that integration at the policy level, even more strongly over the last four years. Let’s take the National Adaptation Plan of Bangladesh 2023-2050 (NAP2050) as an example. Approved in October 2022, the NAP2050’s fourth goal promotes nature-based solutions (NbS) for biodiversity conservation and community well-being, to be achieved through 21 interventions and with an estimated Tk 51,500 crore.

Similarly, the Mujib Climate Prosperity Plan 2022-2041 (MCP2041) has deeply mainstreamed NbS into our journey towards prosperity. At COP28, our delegates should underscore Bangladesh’s leadership in integrating nature conservation into climate action.

But what about the other way round—that is, integrating climate action into biodiversity conservation?

In December 2022, at the 15th UN biodiversity conference, member nations adopted the Kunming-Montreal Global Biodiversity Framework (GBF). This strategic document, prepared under the UN Convention on Biological Diversity (CBD), acknowledged climate change in several of its 23 targets (to be achieved by 2030). At national level, to comply with the CBD, Bangladesh updated its National Biodiversity Strategy and Action Plan (NBSAP) in 2016 for a six-year period. So, we must now ensure that the forthcoming NBSAP strongly adopts climate action by protecting, conserving, restoring, sustainably managing, and creating diverse terrestrial and aquatic ecosystems.

The second issue I want to focus on is resilience as well as transformation of ecosystems and agrifood systems under climate change, especially through multi-stakeholder partnerships. We need to consider agriculture and agrifood systems as part of a much broader social-ecological system. It is not enough only to increase the adaptive capacity of our social and economic systems to reduce our vulnerability to climate change. Our diverse ecosystems’ capacity to adapt to climate change should be improved as well.

NbS in agriculture includes conservation agriculture (such as practising zero or low tillage, keeping organic cover in agricultural field, and increasing crop diversity), agroforestry (such as combining crops and trees on arable land), pasture management, water management, ecosystem-based aquaculture, and sustainability fisheries/wetland management. At COP28, Bangladeshi delegates need to advocate for NbS in agrifood systems to make our agriculture climate-smart. While doing so, we should also highlight Bangladesh’s almost 30-year experience of community-based natural resource management, adaptation, and co-management of protected areas.

I have a final request to the Bangladesh delegation at COP28. Since the establishment of a Loss and Damage Fund at COP27 in Egypt last year—a big milestone in the history of the UNFCCC negotiation—much has been discussed on how to make this fund functional.

Nevertheless, when we discuss climate change-induced losses and damages, we need to remember that the loss of biodiversity and agrobiodiversity, and associated traditional/indigenous knowledge and practices, are part of “non-economic losses and damages.” But these shouldn’t be undermined simply due to our inability to readily estimate these losses in monetary terms.

The existing climate change-related funds, such as the Global Environment Facility, the Green Climate Fund or the Adaptation Fund, also channel money to tackle loss and damage from climate change through the projects they support. While the new Loss and Damage Fund will take some time to start functioning, we need to explore other funding options. At the COP28, Bangladeshi delegates should advocate for directing funds from the newly established GEF-managed Global Biodiversity Framework Fund (GBFF) to reduce and stop climate change-induced biodiversity and ecosystem loss.

In light of the above opportunities to show leadership at COP28, in the post-GBF era, Bangladesh should make a prompt move to establish the Biodiversity Conservation Fund, as provisioned in the Bangladesh Biodiversity Act, 2017 almost seven years ago. Coupled with its pioneering 13-year-old Bangladesh Climate Change Trust Fund (BCCTF), the new biodiversity fund could be a milestone in integrating biodiversity conservation and climate action.