



A worker in a factory located inside the Mongla Export Processing Zone (EPZ) stitches together a bag. The Bangladesh Export Processing Zones Authority announced a new minimum wage for workers inside EPZs, effective from December this year. PHOTO: HABIBUR RAHMAN

# EPZ workers see over 50% hike in minimum wage

## STAR BUSINESS REPORT

The government has declared new minimum wage for over 4.8 lakh workers in export processing zones (EPZs), a development that comes nearly two weeks after it finalised a new pay structure for workers in the garments sector, the largest export-oriented industry in the country.

Helpers in garment factories inside EPZs will get Tk 12,800 as minimum wage from the current month, which is 56 percent higher than the Tk 8,200 set five years ago, according to a notification published by the Bangladesh Export Processing Zones Authority (Bepza) yesterday.

The amount is 2.4 percent, or Tk 300, higher than the Tk 12,500 minimum wage set for garment workers in factories outside EPZs, finalised on November 26 following protests.

“The new minimum wage has been determined based on a consensus between

owners’ and workers’ representatives,” said Abu Syeed Md Anwar Parvez, executive director (public relation) of Bepza.

He added that it was not yet final and that if anyone has any objections or recommendations then they can place it to the board within 14 days in written form. Based on that, the minimum wage will be finalised.

Bepza formed a board to fix the minimum wage of employees in EPZs last month, which came five years after the previous wage board was formed by the authority in 2018.

In its notification, Bepza said the board considered proposals from representatives of owners and workers in view of current issues such as volatile global trade, geopolitical tensions, reduced export orders and increased cost of raw materials as well as spiralling costs of essentials.

Parvez said the new minimum wage would be effective from December this

year and workers in EPZs would get their salary as per the revised structure in January.

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As per the notification, senior operators in garment factories in EPZs will see their minimum wage go up by 52 percent to Tk 15,200. However, high-skilled workers will see their wages rise by 20 percent.

Bepza also published the lowest wage for workers in sectors apart from garments, namely electronics and electrical goods,

automobile and auto parts, textiles and chemicals, agro-based industries as well as terry towel and sweater factories.

For example, a junior operator in the sector of electronics and electrical goods, automobile and auto parts, bicycle and cosmetics will get Tk 14,025 as minimum wage as per the latest decision. The amount will be 50 percent higher than the Tk 9,325 lowest wage fixed five years ago.

In the case of unskilled workers in textile, chemical or agro-based industries, the new minimum wage is Tk 13,250, up 53 percent from earlier, according to the Bepza notification.

Factories in the EPZs represent 30 sectors, including textiles, agro-based industries, chemicals, backward and forward linkage industries and electrical equipment and components.

Exports from factories in EPZs accounted for 11 percent of total receipts, standing at \$43.5 billion in the fiscal year 2022-23, according to data by the Bangladesh Bank.

## Stamp duty waiver for Unique Meghnaghat

### STAR BUSINESS REPORT

The commerce ministry has waived the stamp duty amounting to more than Tk 4 crore for registering the financial documents of Unique Meghnaghat Combined Cycle Power Plant, according to a gazette issued last week.

Unique Meghnaghat, the country’s largest combined cycle power plant located in Sonargaon of Narayanganj, has a production capacity of 584 megawatts fuelled by natural gas.

Unique, a subsidiary of Unique Hotels and Resorts, signed an array of agreements in 2019 with the Bangladesh Power Development Board (BPDB), the Power Grid Company of Bangladesh, and Titas Gas Transmission and Distribution Company Limited to set up the independent power producer project.

Previously, the Power Construction Company of China, S Alam Power Plant, and SEPCO Electric Power Construction Corporation received stamp duty waivers.

## Dollar up after strong US job growth

### REUTERS, Washington

The dollar rose on Friday after new data showed US job growth accelerated in November and the unemployment rate dropped, pointing to underlying strength in the labour market.

The US dollar index was last up 0.3 percent at 104.0, on track for a modest weekly gain after a bruising November, in which it shed 3 percent. The yen was 0.52 percent lower against the dollar at 144.35, following its biggest rally in almost a year the day before.

US nonfarm payrolls added 199,000 jobs last month, the Labor Department’s Bureau of Labor Statistics said on Friday. Economists polled by Reuters had forecast 180,000 jobs created.

The employment report, which showed the unemployment rate fell to 3.7 percent, suggested that financial market expectations that the US Federal Reserve could pivot to cutting interest rates as soon as the first quarter of 2024 were premature.

“So far, there’s nothing in the data that forces (the Fed) off their ‘let’s see what happens’ stance. The market was clearly leaning in the other direction,” said Steven Englander, head of global G10 FX research at Standard Chartered Bank in New York.

Traders of short-term US interest-rate futures on Friday pared bets the Fed will start cutting interest rates in March after the report, and now see a May start to rate cuts more likely.

Markets had earlier priced in about a 60 percent chance of a March start to Fed rate cuts but, after the readout, pared that to just under 50 percent.

“In the short term, the US rates market has just gotten, I think, way too dovish on the Fed,” said Stephen Miran, co-founder of Amberwave Partners. “The massive ease in financial conditions since the start of November basically means that the Fed doesn’t need to cut to throw fuel on that fire.”

## US Fed expected to pause again as inflation edges closer to target

### AFP, Washington

The US Federal Reserve is widely expected to hold interest rates at a 22-year high for a third consecutive meeting on Wednesday as it continues to fight elevated inflation.

With the financial markets all but certain that another pause is coming, traders and analysts are now debating how soon the US central bank will start cutting interest rates, and how rapidly it will then do so.

“The given is that there won’t be a rate hike,” EY Chief Economist Gregory Daco told AFP. “But there’s

a lot of unknowns as to how the Fed will frame the policy outlook going into next year.”

The Fed, which has a dual mandate to lower inflation to its long-term target of two percent while also tackling unemployment, has continued to keep the threat of another rate hike alive. “It would be premature to conclude with confidence that we have achieved a sufficiently restrictive stance, or to speculate on when policy might ease,” Fed Chair Jerome Powell said recently.

Daco from EY said the Fed is fighting a “battle for optionality” in which policymakers continue

to insist that another interest rate hike could happen, “if deemed necessary.”

This battle is putting the Fed at odds with other central banks like the European Central Bank, whose policymakers have voiced growing support for an end to rate hikes amid a steep decline in inflation.

Recent US economic data point to low unemployment, resilient job creation, positive economic growth and falling inflation.

The latest consumer price index (CPI) showed an annual inflation rate of 3.2 percent, down from a pandemic-era peak of 9.1 percent.

## Govt ponders

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power generation methods such as diesel generators, said Asif Ibrahim, a director of the Bangladesh Garment Manufacturers and Exporters Association.

However, LPG is considered to be a cleaner and more environmentally-friendly fuel compared to diesel and its use can help reduce air pollution and greenhouse gas emissions, he said.

Switching to LPG can also help reduce operating costs for factories as LPG is often more cost-effective than diesel, said Ibrahim, also managing director of textile manufacturer Keilock Nevage Bangladesh Ltd.

Additionally, use of LPG can contribute to energy security as it will lead to the diversification of the types of energy used in industrial operations, he said.

However, making the switch will require factory owners to make a huge amount of investment, he said.

The government must provide cash incentives and tax breaks to factories that shift from captive power generation to LPG and adequate time must also be allowed, he noted.

It is important to note that while

LPG offers several advantages over traditional fuels, its use still comes with its own set of considerations, such as safe handling and storage practices, said Ibrahim.

Additionally, the availability and infrastructure for LPG distribution and storage need to be adequately developed to support widespread adoption in industrial settings, he said.

The challenge to increasing LPG use in existing industrial units lies in its price difference with LNG, said Jakaria Jalal, executive director of Bashundhara LP Gas Ltd.

The company is the market leader, accounting for a 24 percent of the \$3.2 billion LPG market in Bangladesh.

According to him, LPG is now priced at around Tk 103 per kilogramme (kg) while LNG is around Tk 40 per kg.

Industrialists will not be interested in making the shift from LNG to LPG, he said.

According to the minutes of the meeting held on November 7, a total of 30 multinational and domestic private companies, including franchisees, are bottling and

marketing LPG in Bangladesh.

Currently, the country has an annual demand for about 14 lakh tonnes of LPG, which is increasing continuously. Once it runs out of natural gas reserves, this demand will increase exponentially, read the minutes.

At present, providing uninterrupted supply of LPG to meet the huge demand for household fuel of about 16.5 crore people in the country is a big challenge for the government.

With natural gas production decreasing day by day at government and private company-managed gas fields, and natural gas reserves running out, use of alternative sources of energy was suggested at the meeting.

The meeting also mentioned that emphasis needs to be laid on the use of LPG in industrial and commercial sectors apart from in domestic settings.

The meeting recommended calling upon the public and private sectors to come forward in overcoming the challenges by determining the prospects and challenges of LPG use.

## Businesses want How much do the poor

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member of the NBR (VAT policy), while presenting a keynote paper.

Moreover, VAT evasion takes place on a significant scale, she said, recommending that the NBR raise its administrative spending behind revenue collection as it amounted to just 0.19 percent of the tax collected.

Businesspeople involved in trading onions sacrificed their morality simply to rake in more profits, said Commerce Secretary Tapan Kanti Ghosh regarding a recent spike in the vegetable’s price after India banned its export.

Prices increased by Tk 100 or more per kilogramme overnight as traders began stockpiling the vegetable after India on Thursday banned onion exports till March next year to increase availability and keep prices in check in its domestic market.

“Many traders take advantage of the crisis of essential commodities. This is not responsible behaviour. Businesspeople need to understand that business is for the people of the country,” said Ghosh.

Addressing the session as the special guest, Finance Secretary Md Khairuzzaman Mozumder welcomed a rise in the collection of VAT and income tax compared to customs duties.

He said the recommendation for raising the NBR’s spending behind revenue collection would be considered.

NBR Chairman Abu Hena Md Rahmatul Muneem and other members also spoke at the event.

**HIGHEST VAT DEPOSITS**

From the services sector, bKash, Nagad and Aarong were awarded by the NBR with the aim of encouraging businesses to properly deposit the indirect tax paid by the consumers to state coffers.

Olympic Industries Limited, UniMed UniHealth Pharmaceuticals Ltd and General Pharmaceutical Ltd won awards from the manufacturing sector while Walton Plaza, Unimart Ltd and HAMKO Corporation Ltd won from the trading sector.

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they are getting a lower volume of rice at the mill gate since the supply of paddy is lower in the markets.

Nirod Boron Saha, a rice trader in Naogaon, a trading hub, blamed the jump in transport costs in recent weeks for the price hike.

He said before the latest spell of blockades, it would cost Tk 12,000 to Tk 13,000 for them to send a truck full of rice as the number of vehicles available to move goods dropped sharply as owners feared torching.

Owing to the blockades, the fare went up to Tk 23,000-Tk 24,000, he said. “We are actually now seeing the impact of the additional transport cost.”

Ghulam Rahman, president of the Consumers Association of Bangladesh, said at a time when inflation is high, the price hike does not always depend on supply and demand.

“Traders want to make more profits because there is inflationary pressure. That’s why the price went up.”

He thinks if the government does not take measures to control inflation in the right way, this situation will not change.

“The government needs to focus more on this issue.”

Amid stubborn inflationary pressure, the government has expanded the schemes that give the poor and the lower-income groups cushion against higher prices.

For example, the government distributed 4.74 lakh tonnes of rice and flour through open market sales between July 1 and November 30 this fiscal year, up nearly 47 percent year-on-year from 3.23 lakh tonnes a year ago, data from the food ministry showed.

The distribution under the food-friendly programme rose 17 percent to 4.39 lakh tonnes from 3.75 lakh tonnes.

Still, the rice price is showing an

upward trend.

Anu Muhammad, a former professor of economics at Jahangirnagar University, said there is no accountability of the institutions responsible for ensuring discipline in the markets.

He said the spike in the prices of essential goods can’t be explained by factors such as demand and supply alone.

“The problem related to the price hike of rice can’t be resolved separately. This is a market failure. If this continues, people’s suffering will only intensify.”

The noted economist says the vested groups that are closed to the government have become desperate since they are not brought to book.

A senior official of a commodity processor says commodity prices usually remain volatile in the months leading to national elections. “One can’t explain it from the economics point of view.”

## Textile millers urge central bank

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is still recovering from the Covid-19 pandemic and challenges related to the Russia-Ukraine war, he added.

Many firms are running their businesses without making any profit while others are incurring losses.

At the same time, the minimum wage of workers has risen 50 percent.

The local currency was devalued by around 40 percent in the last two years.

Consequently, firms’ limit to open LCs reduced and, as a result, many companies are struggling to bring in enough raw materials.

As a result, it has become tough for them to provide salaries and wages to workers and pay utility bills.

So, the BTMA is demanding to raise LC limits and extend loan facilities as well as the repayment period for the stimulus package.