



INDUSTRIAL UNITS
Operational: 5
Under-construction: 21

LAND
About 33,800 acres
Allocated so far 5,271 acres

JOBS CREATED
5,870

MAJOR CHALLENGE
Getting utility connections, particularly gas

INVESTMENT

- Total proposed amount: \$18.5b
- Realised so far: \$768m
- Of the realised amount, \$80m came from foreign investors
- Realised only 4.15% of the proposal
- Total number of proposals is 152 from home and abroad

Labour market in a low gear

ZAHID HUSSAIN

Bangladesh has delivered decent economic growth relative to the rest of the globe braving the coronavirus pandemic, supply chain disruptions, successive wars and macroeconomic stress. However, labour market recovery since the pandemic has been anemic. There are lingering concerns about growth lacking the shine of good jobs.

Last week, the Bangladesh Bureau of Statistics published data on some key labour market indicators in 2023. These suggest meagre job growth in labour markets. Sluggish job creation came with a noteworthy structural change: employment outside agriculture rose more than employment in agriculture fell.

The size of the working age population increased by 1.26 million, equivalent to 1.1 percent of the working age population at the beginning of the year. Including the 1.2 million workers who migrated abroad raises the growth rate of the working age population to about 2.1 percent in 2023.

Marginally better labour allocation
How did we utilise the increments to the working-age population? Nearly half of them went abroad. The other half comprises the labour force (LF) and the not in labour force (NILF) categories.

The LF increased by 0.55 million. The remaining 0.71 million went into the NILF category. The economy created 0.54 million additional jobs, about 0.01 million lower than the increase in the size of the LF. Yet the number of unemployed declined as the unemployed exited the labour force.

Services and industry, respectively, created 0.7 million and 0.3 million jobs while agriculture shed 0.46 million. The sum of the increase in the number employed by the sector exceeds by 3 lakh the total increase in the number reported employed, a statistical discrepancy the BBS must pay attention to.

Job creation in services is likely to have benefited from the expansion of the global economy, including the participation of Bangladeshi workers in the global online market for labour services. Bangladesh has the second highest presence in this market next to India.

The creation of 3 million jobs in industry where investment and capacity utilisation is severely constrained by energy and foreign exchange shortages looks remarkable. Yet, the 2.5 percent industrial employment growth is certainly weak relative to the 11 percent increase in the index of all manufacturing enterprises in September 2023 relative to September 2022, as reported by the Bangladesh Bank.

Job losses in agriculture probably reflect overseas migration of severely underemployed agricultural labour and perhaps some labour displacing mechanisation. The number of employed does not in itself measure gainful employment. Agriculture still employs a disproportionately large share of employment relative to its share in GDP, indicating low labour productivity.

Large and increasing slack
A supposedly significant fraction of the employed in agriculture and informal services work fewer days in a year and fewer hours in a day than they prefer. Low-earning families on farms and family enterprises give everyone something to do even though they add little value. These are the vast number of the hard-to-measure underemployed.

Changes in the size of the NILF population reflect the dynamics of labour utilisation better than the number unemployed. As many as 9.6 million out of 26.8 million youth in the labour force were not in employment, education or training in 2022. This number, not available for 2023, has surely grown. Educated youths queuing for premium jobs in the public and private sectors, skills mismatch, between jobs transition, and discouraged workers most likely explain why this category is so large (equivalent to 39 percent of the working age population and 64 percent of the labour force) and increasing at a rate (about 1.9 percent) higher than the (1.1 percent) growth of the population potentially available for work in the domestic labour market.

Such a large and growing slack in the labour market underpins the decline in real wages in all sectors in 2023. The bargaining power is buried in such large numbers. Notwithstanding a record migration overseas, domestic labour supply growth exceeded growth in labour demand. When production is constrained by macroeconomic imbalances, as experienced from day one in 2023, the demand for labour runs out of oxygen.

Regression on gender parity
Female participation in the labour force declined. The number of females in the labour force and the number of employed females decreased by 0.41 million and 0.35 million, respectively, in 2023 relative to 2022.

Female presence in the NILF increased by 0.11 million. Females constituted two-thirds of youth not in employment, education or training in 2022. The dynamics for males were exactly the opposite. The number of men employed increased 0.86 million, their number in the labour force increased 0.91 million and male NILF decreased 0.28 million. The 0.56 million increase in the number of males employed came predominantly from increases in working age males. Males' transit to employment more easily than females as they enter working age.

The author is an economist

QatarEnergy, Excelerate sign deal for LNG supply to Bangladesh

STAR BUSINESS REPORT

QatarEnergy and Excelerate Energy (Excelerate) have signed an agreement to supply liquefied natural gas (LNG) to Bangladesh.

As per the deal, Excelerate will purchase up to one million tonnes per annum (MTPA) of LNG from QatarEnergy to be delivered to floating storage and regasification units in Bangladesh for 15 years starting in January 2026, according to a press release.

Excelerate will purchase 0.85 MTPA of LNG in 2026 and 2027, and one MTPA from 2028 to 2040.

"This new agreement will further strengthen our relationship with Excelerate while also supporting the energy requirements of the People's Republic of Bangladesh and its stride towards greater economic development," said Saad Sherida Al-Kaabi, minister of state for energy affairs of Qatar and president and CEO of QatarEnergy.

Qatar is the largest LNG supplier to Bangladesh.

Profit of Pran's AMCL falls 10% in Q2

STAR BUSINESS REPORT

Agricultural Marketing Company Ltd (AMCL), a concern of Pran Group, posted a 10 percent year-on-year decrease in profit to Tk 1.38 crore in the October-December quarter of the current financial year.

The profit stood at Tk 1.54 crore in the second quarter of the previous financial year.

Thus, the earnings per share was Tk 1.73 in October-December of 2023-24 against Tk 1.92 a year earlier, according to the un-audited financial statements.

The profit was Tk 2.71 crore in July-December of FY24 against Tk 3.10 crore during the first half of FY23, a fall of 12.5 percent year-on-year. So, the EPS fell to Tk 3.39 from Tk 3.87.

The net operating cash flow per share improved to Tk 14.18 in July-December of FY24 against Tk 3.83 in the identical half of FY23. The net asset value per share rose to Tk 88.94 on December 31 from Tk 88.59 on June 30.

Shares of Pran rose 0.16 percent to Tk 246.60 on the Dhaka Stock Exchange yesterday.

Bangabandhu Shilpa Nagar so far gets 4% of proposed investment

JAGARAN CHAKMA

The Bangabandhu Sheikh Mujib Shilpa Nagar (BSMSN), the biggest economic zone in Bangladesh, is set to be a gamechanger for the country's trade as its strategic location offers easy access to domestic and international markets.

Built on about 33,800 acres of land in Chattogram, the BSMSN is located 200 kilometres from Dhaka and 70 kilometres from both Chattogram port and Shah Amanat International Airport.

So, with easy access to these transport networks leading in and out of the country, the BSMSN found no trouble attracting local and foreign investment proposals worth \$18.5 billion in the past four years.

However, the actual implementation of these proposals ever since the economic zone was launched in November 2022 has been going far slower than expected.

This is because a number of investors are complaining of inadequate gas supply and other utility connections, according to officials of the Bangladesh Economic Zones Authority (BEZA).

As such, just 4.15 percent, or \$768 million, of the proposed investment has been realised so far with \$80 million coming from foreign investors, which is far lower than what they had initially pledged.

Nevertheless, BEZA Executive Chairman Shaikh Yusuf Harun said they expect to see an almost immediate increase in the realisation of investment proposals as measures have been taken to this end.

"We are strongly urging investors who were allotted plots to start establishing industries as per their proposals," he added.

Citing how investors will have their land allocations cancelled for failing to implement projects within the stipulated time, he said Beza has prepared a list of those who will be issued warnings in this regard.

Regarding the allegations of poor gas supply, Harun said they would intervene if any investor faces such problems as they are strict about ensuring proper utility services.

Besides, Beza has already discussed the issue with owners of under construction industrial units and reduced the advance deposit for utility connections to three months from six months.

A number of investors are complaining of inadequate gas supply and other utility connections, BEZA officials said

Harun said foreign direct investment proposals for the BSMSN have come from Japan, China, India, Australia, Germany, the Netherlands, the US, UK, Singapore, South Korea and Norway.

Meanwhile, Beza expects the industrial enclave will attract another \$500 million as foreign direct investment in different sectors by 2028.

Till now, the state agency tasked with developing economic zones in the country has allocated about 5,271 acres of land at the BSMSN to 152 investors from home and abroad.

Beza aims to attract investments of \$20 billion for the BSMSN by 2030, generating employment opportunities for around 14 lakh people at the same time.

So far, five companies have started commercial operations at their industrial

units in the industrial zone.

The companies are Nippon Steel of Japan, Marico Bangladesh, Asian Paints Bangladesh, Macdonald Steel and Samuda Construction, a concern of TK group.

Meanwhile, BEZA expects another 21 industrial units that are currently under construction will begin operations by March, creating around 50,000 employment opportunities.

Of them, Modern Syntex Limited, another concern of TK Group, is set to begin commercial activities at its manmade fibre manufacturing plant next month.

Built at a cost of \$141 million financed with 30 percent equity while the rest came from banks, the manmade fibre factory will be one of the biggest of its kind in Bangladesh.

The unit was scheduled for commissioning in October last year but the start of its commercial activities was ultimately delayed due to a lack of gas supply.

According to a senior official of TK group, Modern Syntex will be able to meet 38 percent of the country's annual demand for manmade textiles.

Modern Syntex will have a daily production capacity of about 460 tonnes while the present annual demand for manmade textiles in Bangladesh is 12,250 lakh tonnes.

Mir Masud Kabir, managing director of local automobile company Bangladesh Auto Industries Ltd, said they have invested Tk 1,500 crore to set up an electric vehicle manufacturing unit at the BSMSN.

However, they are yet to commission the factory as the gas connection is yet to be installed, he added.

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Singer's profit jumps

STAR BUSINESS REPORT

Singer Bangladesh sold Tk 1,700 crore worth of goods in 2023, which helped the company post a staggering 615 percent year-on-year rise in profits.

The electronics and home appliance maker's profit after tax increased to Tk 52.2 crore in 2023 from Tk 7.3 crore in 2022.

The company's gross profit margin surged to 28.8 percent in 2023 from 23 percent the previous year thanks to the strong pricing policy, optimised expenses and a shift from trading goods to manufacturing products, Singer said in a statement.

The company's earnings per share also jumped to Tk 5.24 from Tk 0.73 and net operating cash flow per share hit Tk 22.76 in 2023 from Tk 18.19 in the previous year.

After the announcement of the audited results, the board of directors of Singer also announced 35 percent cash dividend for the year.

The company successfully managed its financial performance from the preceding year despite an overall industry de-growth and many challenges in 2023, Singer Bangladesh said in a press release yesterday.

Throughout 2023, Singer faced various challenges, including the devaluation of the local currency, barriers to opening letters of credit, rising finance costs, ongoing supply side crises caused by the Ukraine war and undue turbulence during national elections, it said.

"The financial expenses were higher than the last year. Due to 2 percent increase in average interest rate, 2023 expenses increased by 10 percent in comparison to last year," the company mentioned in the statement.

"Despite these challenges, the company remained committed to staying competitive in the market by considering both consumers' and competitors' price sensitivity."

Hong Kong court orders liquidation of China's Evergrande

AFP, Hong Kong

A Hong Kong court on Monday ordered the liquidation of China's property giant Evergrande, but the firm said it would continue to operate in a case that has become a symbol of the nation's deepening economic woes.

Once China's biggest real estate firm, its astronomical debt of more than \$300 billion had become emblematic of a years-long crisis in the country's property market that had reverberated throughout the world's second-largest economy.

The order kickstarts a long process that should see Evergrande's offshore assets liquidated and its management replaced, after the company failed to develop a working restructuring plan.

The company's executive director vowed the Hong Kong court's decision would not impact its operations domestically, while analysts said the ruling would further erode foreign investor confidence in China.

"(Given) the obvious lack of the progress on the part of the company in putting forward a viable restructuring proposal and the insolvency of the company... I consider that it is appropriate for the court to make a winding up order against the company



This aerial view shows a housing complex by Chinese property developer Evergrande in Nanjing, in China's eastern Jiangsu province, yesterday.

PHOTO: AFP

and I so order," High Court judge Linda Chan said.

In her written judgment issued Monday afternoon, Chan wrote creditors' interests would be "better protected" if the company is wound up and independent liquidators can

take over to secure assets and restructure as needed.

Edward Middleton and Tiffany Wong of law firm Alvarez & Marsal were appointed by Chan as liquidators.

The winding-up petition was filed in 2022 by creditor Top Shine Global, which wanted its money back after Evergrande formally defaulted in December 2021.

But analysts are sceptical any creditors will get repaid in full.

Ninety percent of Evergrande's assets are in the mainland, according to Chan's judgment.

"I doubt (Evergrande's) offshore creditors would receive substantial recovery proceeds from the liquidation order," Zerlina Zeng, a credit analyst at CreditSights Singapore LLC, told Bloomberg.

Stability of domestic business Evergrande's executive director, Shawn Siu, called the decision "regrettable," but vowed Monday the company's operations in China would continue.